

# SENATE STATE GOVERNMENT COMMITTEE

## STATEMENT TO

### **SENATE, No. 1123**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 6, 1996

The Senate State Government Committee reports favorably and with committee amendments Senate, No.1123.

This bill provides that investments made by the Casino Reinvestment Development Authority under P.L.1993, c.159 (C.5:12-173.1et seq.) exclude costs reasonably related to space used for the conduct of casino gaming. The bill addresses the decision of the trial court in CRDA v. Coking, et al., Docket No. ATL-L-2974-94, by clarifying that it was and continues to be the public purpose of P.L.1993, c.159 that investment monies may be used for hotel development projects which include, incorporate, facilitate or support an expansion of casino space in a casino hotel facility, but only for the costs reasonably related to constructing, reconstructing or rehabilitating hotel rooms or appurtenant facilities, and not for costs reasonably related to casino space. The trial court found that a hotel development project incorporating substantial casino floor space was outside the scope of projects eligible for CRDA funding. This bill expressly provides that casino licensees are entitled to receive investments for hotel development projects previously approved by the authority but not received by the casino licensees as a result of the decision of the trial court.

The bill mandates that the authority, as a condition for authority investment, shall require that casino licensees reserve hotel rooms in an approved hotel development project for convention business pursuant to an agreement with the authority.

The bill requires that the Casino Reinvestment Development Authority set aside for investment in hotel development projects in Atlantic City an additional \$75 million of moneys made available to the authority. The bill sets forth the order of priority for use of those investment moneys: first, for previously approved hotel development projects which were approved for less than the maximum amount of investment which they would have if sufficient funds were otherwise available; and second, for additional hotel development projects for casino licensees which apply after the effective date of the act. The bill provides application deadlines for new and additional hotel

development projects and deadlines by which construction, reconstruction or rehabilitation of a hotel development project must actually and substantially commence.

In addition, the bill provides for the appointment of two additional members to the authority, the Attorney General and a second member appointed by the Governor who may be the Commissioner of Commerce and Economic Development, the Commissioner of Community Affairs or a second Casino Control Commission member. The bill states that persons appointed to the authority as casino industry representatives cannot be reappointed to succeed themselves or to represent the same casino licensee as their immediate predecessors.

The bill includes a provision pledging not to repeal or reduce the parking fee on casino parking spaces during the time in which bonds secured by the parking fee revenues are outstanding.

#### COMMITTEE AMENDMENTS

The committee amended the bill to: 1) provide that casino licensees are entitled to receive investments for hotel development projects previously approved by the authority but not received by the casino licensees as a result of the decision of the trial court in CRDA v. Coking, et al.; and 2) to remove the exemption from the alternative investment tax for the first year of operation for casinos that commence operation after the effective date of the legislation. A casino licensee's alternative investment tax obligation continues to be for 30 years.