

[First Reprint]

SENATE, No. 2400

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MAY 7, 2020

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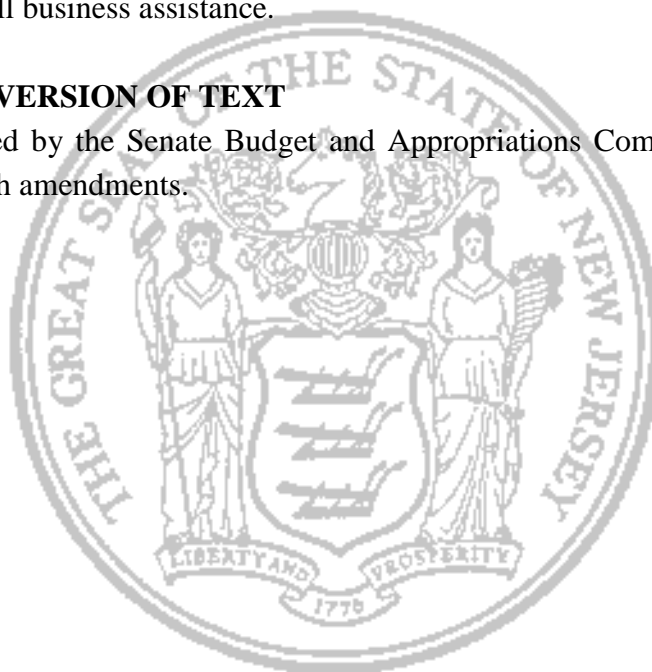
Senator Testa

SYNOPSIS

Provides temporary modifications to payment and use of certain casino gaming taxes and fees due to COVID-19 Public Health Emergency and State of Emergency; allows full deduction of promotional gaming credits and certain coupons from gross revenues; appropriates \$100 million of federal funds to EDA for small business assistance.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on June 11, 2020, with amendments.



(Sponsorship Updated As Of: 6/15/2020)

1 AN ACT concerning ¹**[**temporary modifications to the payment and
 2 use of certain casino gaming taxes and fees due to COVID-19
 3 Public Health Emergency and State of Emergency, and permanent
 4 modifications to the types and taxation of promotional gaming
 5 credits and**]** tax and economic relief for casinos and small
 6 businesses.¹ amending P.L.2008, c.12 ¹**[.]** and making an
 7 appropriation.¹

8
 9 **BE IT ENACTED** *by the Senate and General Assembly of the State*
 10 *of New Jersey:*

11
 12 1. a. Notwithstanding the provisions of the “Casino Control
 13 Act,” P.L.1977, c.110 (C.5:12-1 et seq.), or any law, rule, or
 14 regulation to the contrary, any license or other fee imposed on a
 15 casino licensee required to be deposited in the Casino Control Fund
 16 established by section 143 of P.L.1977, c.110 (C.5:12-143), other
 17 than as provided under subsections b. and c. of this section, shall be
 18 deferred during the period the licensee’s casino hotel facility
 19 remains closed due to the COVID-19 Public Health Emergency and
 20 State of Emergency declared by the Governor in Executive Order
 21 No. 103 of 2020, and during the six-month period immediately
 22 following the date that the casinos are permitted to reopen after the
 23 declarations. The amounts deferred shall be paid by each casino
 24 licensee in equal monthly installments over the 12-month period
 25 following the deferment period.

26 b. The annual license fee of \$500 imposed under section 140 of
 27 P.L.1977, c.110 (C.5:12-140) on each slot machine maintained for
 28 use or in use at a licensed casino establishment, and that fee
 29 imposed on a pro-rata basis, shall be waived from July 1, 2020
 30 through June 30, 2021, inclusive. If a fee due on July 1, 2020, or a
 31 pro-rata fee, is paid by a casino licensee on each slot machine
 32 maintained for use or in use during that period, the licensee shall
 33 receive a reimbursement of that fee within 30 days following the
 34 effective date of this act, P.L. , c. (pending before the
 35 Legislature as this bill).

36 c. This section shall not apply to any fees imposed on a casino
 37 licensee or its Internet gaming affiliate for the issuance or renewal
 38 of any Internet gaming license or permit under section 27 of
 39 P.L.2013, c.27 (C.5:12-95.29), or any amounts required to be
 40 deposited in the Casino Control Fund under section 22 of P.L.2013,
 41 c.27 (5:12-95.24).

42
 43 2. Notwithstanding the provisions of the “Casino Control Act,”
 44 P.L.1977, c.110 (C.5:12-1 et seq.), or any law, rule, or regulation to
 45 the contrary, any surplus funds held by the Division of Gaming

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
 not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted June 11, 2020.

1 Enforcement in the Casino Control Fund, or held by the division
2 due to an overpayment of the investment alternative tax imposed
3 pursuant to section 3 of P.L.1984, c.218 (C.5:12-144.1) in the case
4 of a downward adjustment of a casino licensee's audited gross
5 revenues, shall be returned to each casino licensee in proportion to
6 the licensee's share of the surplus or overpayment, if any, within
7 five business days following the effective date of this act, P.L. ,
8 c. (pending before the Legislature as this bill), and then, for the
9 six months following the effective date of this act, within 30 days
10 following the end of each fiscal quarter, to mitigate the impacts on
11 the casino licensee due to the COVID-19 Public Health Emergency
12 and State of Emergency declared by the Governor in Executive
13 Order No. 103 of 2020.

14
15 3. Notwithstanding the provisions of the "Casino Control Act,"
16 P.L.1977, c.110 (C.5:12-1 et seq.), section 7 of P.L.1996, c.118
17 (C.5:12-173.3a), and sections 2 and 3 of P.L.1993, c.159 (C.5:12-
18 173.2 and C.5:12-173.3), the minimum charge for and minimum
19 fee imposed upon the use of a parking space for the purpose of
20 parking, garaging, or storing a motor vehicle in a parking facility or
21 property owned or leased by a licensed casino hotel, or by any
22 person on behalf of a casino hotel, shall not be in effect and shall
23 not be collected from the period beginning on the date that the
24 casinos are permitted to reopen after the COVID-19 Public Health
25 Emergency and State of Emergency declarations, and ending on the
26 first day of the 25th month thereafter.

27 The Casino Reinvestment Development Authority may use or
28 redirect any funds under its purview, notwithstanding that such
29 funds may be dedicated to other purposes, to replace the amounts
30 from the minimum charge or fee for the payment of any bonds
31 secured by proceeds from such charges or fees.

32
33 4. Notwithstanding the provisions of the "Casino Control Act,"
34 P.L.1977, c.110 (C.5:12-1 et seq.), section 6 of P.L.2003, c.116
35 (C.5:12-145.8), or any other law, rule, or regulation to the contrary,
36 the fee of \$3 per day imposed on each hotel room in a casino hotel
37 facility that is occupied by a guest, for consideration or as a
38 complimentary item, shall be waived commencing on the effective
39 date of this act, P.L. , c. (pending before the Legislature as this
40 bill) through December 31, 2020. The fee shall be imposed again
41 commencing January 1, 2021 and thereafter. The Casino
42 Reinvestment Development Authority may use or redirect any funds
43 under its purview, notwithstanding that such funds may be
44 dedicated to other purposes, to replace the amounts from the hotel
45 room fee for the payment of any bonds secured by the fee's
46 proceeds.

47
48 5. Notwithstanding the provisions of P.L.1991, c.376 (C.40:48-
49 8.45 et seq.), or any other law, rule, or regulation to the contrary,

1 the fee of \$2 per day for each occupied room in the case of any
2 hotel in the eligible municipality which provides casino gaming,
3 and the fee of \$1 per day for each occupied room in the case of the
4 other hotels or transient accommodations in the eligible
5 municipality shall be waived commencing on the effective date of
6 this act, P.L. , c. (pending before the Legislature as this bill)
7 through December 31, 2020. The fees shall be imposed again
8 commencing January 1, 2021 and thereafter.

9
10 6. a. Notwithstanding the provisions of the “Casino Control
11 Act,” P.L.1977, c.110 (C.5:12-1 et seq.), or any law, rule, or
12 regulation to the contrary, a casino licensee reopening a casino
13 property following the property’s closure due to the COVID-19
14 Public Health Emergency and State of Emergency declarations
15 issued by the Governor under Executive Order No. 103 of 2020,
16 shall be entitled during the 24-month period commencing on the
17 date that the casinos are permitted to reopen after the declarations
18 and ending on the last day of the 24th month thereafter to receive a
19 reduction in their tax liability on the 8 percent tax on gross
20 revenues, as that term is defined in section 24 of P.L.1977, c.110
21 (C.5:12-24) and imposed under section 144 of P.L.1977, c.110
22 (C.5:12-144), and on the investment alternative tax on such gross
23 revenues imposed under section 3 of P.L.1984, c.218 (C.5:12-
24 144.1). The reduced tax liability required to be provided under this
25 act, P.L. , c. (pending before the Legislature as this bill), shall be
26 calculated in accordance with subsection b. of this section, and shall
27 be subject to the provisions specified under subsection c. of this
28 section.

29 b. A casino licensee reopening a casino property following its
30 closure due to the emergency declarations as provided under
31 subsection a. of this section shall be entitled to a reduction of the
32 licensee’s gross revenues tax and investment alternative tax
33 liabilities on a monthly basis, which obligations shall be calculated
34 subject to rounding, as follows:

35 (1) for each calendar month in which the gross revenues are less
36 than 25 percent of the gross revenues for the same calendar month
37 immediately prior to March 1, 2020, the gross revenues tax and
38 investment alternative tax obligations shall be zero for each tax;

39 (2) for each calendar month in which the gross revenues are at
40 least 25 percent and not more than 49 percent of the gross revenues
41 for the same calendar month immediately prior to March 1, 2020,
42 the gross revenues tax and investment alternative tax obligations
43 shall be 25 percent of the full amounts that would normally be due
44 for each tax;

45 (3) for each calendar month in which the gross revenues are at
46 least 50 percent and not more than 74 percent of the gross revenues
47 for the same calendar month immediately prior to March 1, 2020,
48 the gross revenues tax and investment alternative tax obligations

1 shall be 50 percent of the full amounts that would normally be due
2 for each tax; and

3 (4) for each calendar month in which the gross revenues are at
4 least 75 percent and not more than 99 percent of the gross revenues
5 for the same calendar month immediately prior to March 1, 2020,
6 the gross revenues tax and investment alternative tax obligations
7 shall be 75 percent of the full amounts that would normally be due
8 for each tax.

9 The reductions in the tax liabilities enumerated under paragraphs
10 (1) through (4) of this subsection shall not apply in each calendar
11 month in which the gross revenues are 100 percent or more of the
12 gross revenues for the same calendar month immediately prior to
13 March 1, 2020, in which case the gross revenues tax and investment
14 alternative tax obligations shall be the full amounts that would
15 normally be due for each tax.

16 c. Each casino licensee entitled to receive a reduction in their tax
17 liability under this section shall submit to the State Treasurer and
18 the Division of Gaming Enforcement, at the same time that the
19 reduced tax payments are made, a report documenting that an
20 amount equal to the entire dollar amount reduced under this act that
21 was not subject to collection by the State is being expended by the
22 licensee for any of the following purposes:

23 (1) the prompt re-hiring and employment of the casino
24 licensee's former employees and new applicants;

25 (2) attracting tourists, gaming, and hospitality patrons to visit
26 and stay at the casino hotel property;

27 (3) marketing and promotion for events that would draw visitors
28 to the property or Atlantic City, such as entertainment and
29 conventions; and

30 (4) any other activity deemed by the State Treasurer or the
31 division to be beneficial to the return of pre-emergency economic,
32 gaming, and tourism levels to Atlantic City.

33 A casino licensee's failure to submit the report required under
34 this subsection shall deem the licensee ineligible to receive the
35 reduced tax liabilities under this act.

36

37 7. Section 1 of P.L.2008, c.12 (C.5:12-38a) is amended to read
38 as follows:

39 1. "Promotional gaming credit" - A slot machine credit, sports
40 wagering credit, match play coupon, table game wager coupon, or
41 other item approved by the division that is issued by a licensee to a
42 patron for the purpose of enabling the placement of a wager at a slot
43 machine, a gaming table, or in a sports pool in the licensee's casino
44 or through the licensee's Internet gaming system. No such credit
45 shall be reported as a promotional gaming credit unless the casino
46 licensee can establish that the credit was issued by the casino
47 licensee and received from a patron as a wager at a slot machine,
48 a gaming table, or in a sports pool in the licensee's casino or

1 Internet gaming system.

2 (cf: P.L.2018, c.33, s.13)

3

4 8. Section 2 of P.L.2008, c.12 (C.5:12-144.2) is amended to
5 read as follows:

6 2. a. A casino licensee shall receive **[an annual]** a deduction
7 from the gross revenue taxed pursuant to subsection a. of section
8 144 of P.L.1977, c.110 (C.5:12-144) in an amount equal to **[either**
9 **(1)]** the promotional gaming credits, including match play coupons
10 and table game wager coupons, reported by that licensee **[in its**
11 annual tax return or (2) such other portion of the promotional
12 gaming credits reported by all casino licensees as the division may
13 allocate to a particular licensee to reflect that licensee's pro rata
14 share of the costs of the 2008 agreement executed between the New
15 Jersey Sports and Exposition Authority and the Casino Association
16 of New Jersey for the benefit of the horse racing industry**].**

17 b. **[Casino licensees]** A casino licensee shall be allowed a
18 deduction from gross revenues **[for a tax year]** pursuant to
19 subsection a. of this section for the total value of promotional
20 gaming credits, match play coupons, and table game wager coupons
21 redeemed by its patrons **[at all licensed casinos for that tax year in**
22 excess of \$90,000,000. For the first tax year in which this act
23 becomes operative pursuant to section 3 of this act, P.L.2008, c.12,
24 the division shall reduce the \$90,000,000 deduction threshold for
25 that tax year in proportion to the part of the tax year that has
26 elapsed prior to that operative date**].**

27 c. **[The division shall establish, by regulation, procedures and**
28 standards for allocating the deduction established pursuant to this
29 section to reflect each licensee's pro rata share of the costs of the
30 2008 agreement executed between the New Jersey Sports and
31 Exposition Authority and the Casino Association of New Jersey for
32 the benefit of the horse racing industry and procedures and
33 standards for each licensee to take the deduction established
34 pursuant to this section to reflect those deductions that exceed the
35 costs of the 2008 agreement. Such regulations shall include
36 standards for the allocation of the \$90,000,000 deduction threshold
37 established in subsection b. of this section, the timing of the
38 application of deductions, and all other matters related to the
39 provisions of this section.**]** (Deleted by amendment, P.L. , c.)
40 (pending before the Legislature as this bill)

41 d. **[(1)]** The division shall establish, by regulation, procedures to
42 ensure that the promotional gaming credit deduction established
43 pursuant to this section does not result in a negative fiscal impact to
44 the Casino Revenue Fund. If necessary, the division may reduce the
45 value of the available deduction to eliminate any negative fiscal
46 impact to the Casino Revenue Fund attributable solely to the
47 deduction and not to other economic or other factors that cause a
48 negative fiscal impact to the Casino Revenue Fund.

(2) For the purposes of this subsection, "negative fiscal impact to the Casino Revenue Fund" shall mean that the amount generated from taxation of promotional gaming credits falls below the level generated in calendar year 2007. **】** (Deleted by amendment, P.L. , c.) (pending before the Legislature as this bill) (cf: P.L.2011, c.19, s.100)

9. Notwithstanding the provisions of the "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.), or any law, rule, or regulation to the contrary, the Casino Reinvestment Development Authority, established under P.L.1984, c.218 (C.5:12-153 et seq.), shall commit any available funds in that agency's general fund to the purpose of undertaking a marketing campaign to assist in returning Atlantic City's tourism and gaming activities to their levels prior to the Public Health Emergency and State of Emergency declarations issued by the Governor under Executive Order No. 103 of 2020 due to the COVID-19 pandemic. The Casino Reinvestment Development Authority shall include input from the casino industry in developing the marketing campaign required to be conducted under this section which shall commence immediately upon the effective date of this act, P.L. , c. (pending before the Legislature as this bill), and shall continue through June 30, 2021. Nothing in this section shall be interpreted to impair the distribution of any funds otherwise committed under this act, statutorily obligated or pledged by the authority for other purposes, the payment of bonds issued by it or otherwise contractually obligated by the authority, or any bonds issued to refund those bonds.

10. Nothing in this act, P.L. , c. (pending before the Legislature as this bill) shall affect the tax liabilities imposed on any amount received by a casino from casino simulcasting pursuant to the "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.), from Internet gaming pursuant to section 17 of P.L.2013, c.27 (C.5:12-95.19), or from sports wagering pursuant to P.L.2018, c.33 (C.5:12A-10 et al.).

¹11. There is appropriated from the General Fund to the New Jersey Economic Development Authority the sum of \$100 million from a portion of those federal block grant funds allocated to the State from the federal "Coronavirus Relief Fund," established pursuant to the federal "Coronavirus Aid, Relief, and Economic Security Act," Pub.L.116-136, for use by the authority to provide financial support, such as loans or grants, to small businesses for the costs associated with business operation interruptions caused by any State-required closures due to the impacts of the COVID-19 pandemic.¹

¹**【11.】** 12.¹ This act shall take effect immediately.