

## **ASSEMBLY BILL NO. 3981**

To the General Assembly:

Today, I have taken action on a five-bill legislative package ostensibly intended to address the financial difficulties confronting Atlantic City. This attention by the Legislature to the myriad challenges facing Atlantic City is both welcomed and necessary. It is undeniable that the City has experienced historic economic uncertainty as a result of contraction in the casino industry, but also due to unwillingness by some to make the difficult decisions needed to restore the City's fiscal health. While I commend the Legislature for attempting to devise measures to stabilize the City's budget and finances, I am concerned that the bills, in their present form, fail to recognize the true path to economic revitalization and fiscal stability in the City.

Since the earliest days of my Administration, I have consistently asserted that Atlantic City's future success depends upon real reforms and innovation on the part of those who benefit from the City's unique attributes, as well as courageous leadership by those who are charged with its stewardship. Regrettably, many of the City's key stakeholders have failed to embrace the concepts of fiscal restraint and strong leadership, and instead have settled on a course toward self-preservation and vacillation. Equally regrettable are the provisions of this package of bills that simply shift resources to the City without requiring accountability on the part of those who receive the funds or those who benefit from the unique tax payment arrangements set forth in the legislation.

Accordingly, I am conditionally vetoing Assembly Bill No. 3981, which would establish a payment-in-lieu-of-taxes (PILOT) program for casinos operating in the City, Assembly Bill

No. 3984, which would reallocate revenue derived from the casino investment alternative tax from the Casino Reinvestment Development Authority to the City, to pay debt service on municipal bonds, and Assembly Bill No. 3985, which repeals the Atlantic City Alliance so that the revenue supporting its operations can be redirected to the City in tax years 2015 and 2016. The amendments I offer today keep intact the underlying goals and objectives of these bills but appropriately recalibrate the legislation to ensure that they do more than just provide temporary support to help the City meet its immediate obligations. Without these adjustments, the bills put before me by the Legislature will not set a course for renewed long-term prosperity, economic growth, and expansion in the region's tourism, entertainment, and gaming industries. To achieve these goals, the City's leaders and stakeholders must be held accountable and must come together to craft a more comprehensive plan, beyond the scope of these bills, that addresses the continuing structural deficit in a manner that does not merely shift the City's obligations to the State.

Additionally, I have approved Assembly Bill No. 3983 to authorize supplemental school aid to the Atlantic City School District.

Finally, I have returned Assembly Bill No. 3982 without my approval. This bill would do nothing to enhance the financial condition of Atlantic City. Under this legislation, each casino, as a condition of licensure, would be required to provide to its full-time employees "suitable" health care benefits and "suitable" retirement benefits. To be "suitable," benefits would need to be either "authorized pursuant to State or federal law," or "fully funded by employer contributions" and "commonly provided to full-time employees by the New Jersey

gaming industry," whichever is greater. To be sure, Assembly Bill No. 3982 would make it more costly for casinos to operate in Atlantic City, thereby impeding the industry's ability to grow and expand.

Accordingly, I herewith return Assembly Bill No. 3981 and recommend that it be amended as follows:

<u>Page 4, Section 3, Line 33:</u>	Delete "and"
<u>Page 4, Section 3, Line 39:</u>	Delete "." and insert ";"
<u>Page 4, Section 3, Line 40:</u>	Before "b." insert ""Division" means the Division of Gaming Enforcement in the Department of Law and Public Safety; and  "Local Finance Board" means the local finance board in the Division of Local Government Services in the Department of Community Affairs."
<u>Page 5, Section 3, Lines 1-6:</u>	Delete in their entirety
<u>Page 5, Section 3, Line 7:</u>	Delete "d." and insert "c."
<u>Page 5, Section 3, Line 8:</u>	Delete "member" and insert "owner"
<u>Page 5, Section 3, Line 8:</u>	Delete "the council" and insert "each casino gaming property"
<u>Page 5, Section 3, Line 9:</u>	After "Atlantic City" insert "for each casino gaming property"
<u>Page 5, Section 3, Line 11:</u>	Delete "Each" and insert "The owner of each"
<u>Page 5, Section 3, Line 14:</u>	After "made." insert "(2) Any new owner of a casino gaming property following the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill) shall immediately become responsible for signing a financial agreement with the City of Atlantic City promising to make payments consistent with this section."

<u>Page 5, Section 3, Line 15:</u>	Delete "(2)" insert "(3)"
<u>Page 5, Section 3, Line 16:</u>	Delete "by" and insert "for each casino gaming property"
<u>Page 5, Section 3, Line 17:</u>	Delete "the council"
<u>Page 5, Section 3, Line 45:</u>	Delete "(3)" and insert "(4)"
<u>Page 5, Section 3, Line 48:</u>	Delete "council" and insert "Local Finance Board, in consultation with the Division,"
<u>Page 6, Section 3, Line 8:</u>	Delete "council" and insert "Local Finance Board, in consultation with the Division,"
<u>Page 6, Section 3, Line 29:</u>	Delete "e." and insert "d."
<u>Page 6, Section 3, Line 33:</u>	Delete "the council" and insert "each owner of each casino gaming property"
<u>Page 6, Section 3, Line 35:</u>	Delete "council members" and insert "casino gaming properties"
<u>Page 6, Section 3, Line 36:</u>	Delete "f." and insert "e."
<u>Page 6, Section 4, Line 43:</u>	Before "In" insert "a."
<u>Page 6, Section 4, Line 45:</u>	Delete "council" and insert "owner of each casino gaming property"
<u>Page 6, Section 4, Line 46:</u>	Delete "of \$30,000,000 to the City of Atlantic City" and insert "to the State"
<u>Page 6, Section 4, Line 47:</u>	After "2016" insert ", where the aggregate amount of these payments shall equal \$30,000,000 for each tax year"
<u>Page 6, Section 4, Line 47:</u>	Delete "The amount under this section shall be remitted by"
<u>Page 6, Section 4, Line 48:</u>	Delete in its entirety and insert "b. The Local Finance Board, in consultation with the Division, shall determine the amount owed for each casino gaming property based on the proportion of gross gaming revenue of the casino in each casino gaming property in the prior year. The owner

of each casino gaming property where a casino is operated during the year in which the payments required by this section are due shall remit its payment to the State. The Local Finance Board shall provide the owner of each casino gaming property required to make a payment under this section with written notice of the amount of the payment for each casino gaming property, and instructions for how each payment shall be made. Each owner of a casino gaming property required to make a payment under this section shall remit its payment within five business days of receipt of the written notice from the Local Finance Board.

c. The funds comprised of the payments collected under this section shall be remitted to the City of Atlantic City upon approval by the Local Finance Board, at the board's discretion, of a financial plan submitted by the City of Atlantic City. The financial plan shall, at a minimum, set forth specific actions that the City of Atlantic City shall take to improve its financial condition and address its fiscal imbalance. The Local Finance Board, in its discretion, may require that the City of Atlantic City take steps to implement the financial plan before releasing the funds comprised of the payments to the City of Atlantic City."

Page 7, Section 4, Lines 1-3:

Delete in their entirety

Respectfully,

Chris Christie  
Governor

Attest:

Thomas P. Scrivo  
Chief Counsel to the Governor