§1
C.52:27BBBB-19.1
§§7,8
C.52:27BBBB-27 and 52:27BBBB-28

P.L. 2021, CHAPTER 315, ***approved December 21, 2021***
Senate, No. 4007 ***(First Reprint)***

AN ACT concerning the operations and obligations of casino gaming properties, and the finances of the municipality in which they are located, amending P.L.1977, c.110, and amending and supplementing P.L.2016, c.5.

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

1. (New section) The Legislature finds and declares:

a. The "Casino Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et seq.), was enacted on May 27, 2016, to address a dire financial circumstance that affected casino gaming properties in Atlantic City, and the finances of the city itself. Competition from other states in New Jersey's region had siphoned off many of the out-of-State and foreign gamblers who had frequented the casino gaming properties in Atlantic City for many years. The regional competition in casino gaming had a deleterious effect on Atlantic City in several ways, including an increase in unemployment due to the closing of four casino properties out of the 12 that had been operating in the city; a strain on Atlantic City's municipal budget due to property tax refunds required by successful assessment appeals of casino gaming properties in the years immediately prior to the enactment of that law; and an increased property tax burden on Atlantic City and Atlantic County residents based on the decreasing value of the remaining casino gaming properties.

b. The Legislature responded to this dire financial circumstance by devising a 10-year payment in lieu of property tax (PILOT) program that avoided costly property tax assessment appeals for the operators of casino gaming properties and Atlantic City, and that provided an annual mandatory minimum property tax-related payment to Atlantic City by the casino gaming properties, payments that Atlantic City is able to rely upon each year to support its municipal budget. This annual PILOT payment was first implemented in calendar year 2017, and is to end at the end of calendar year 2026. The operation of the "Casino Property Tax

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:
[1]Senate SBA committee amendments adopted December 6, 2021.

Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et seq.) has stabilized the finances of each individual casino gaming property as well as the finances of Atlantic City.

c. The Legislature notes, with interest and approval, the stabilizing effect that the "Casino Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et seq.) has had on the finances of the Atlantic City and the casino gaming industry during the first five years of the law. The Legislature also notes that two additional casino gaming properties have opened in Atlantic City since the enactment of the "Casino Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et seq.), and that Atlantic City's overall financial condition is more stable since the casino gaming properties began making PILOT payments. This financial stability benefits the casinos, their employees, property taxpayers in Atlantic City, and all New Jersey residents.

d. The Legislature finds that this financial stability achieved between the casino gaming properties and Atlantic City may be adversely impacted by certain provisions in the current version of the "Casino Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et seq.). As part of the agreement that led to the enactment of that law, it was determined that each casino gaming property would not pay more in the annual PILOT payments than it paid in property taxes in 2015. This provision was made in order to incentivize the casino gaming properties to enter into the PILOT agreement, which was critical to achieving financial stability for both the casino gaming properties and ensuring Atlantic City's ability to anticipate the amount of PILOT funds they would receive from the casino gaming properties. Separately, the investment alternative tax (IAT) levied on the casinos, which had historically funded the Casino Reinvestment Development Authority, was to be paid instead to Atlantic City for the purposes of paying down the city's debt. The "Casino Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et seq.), provided that if, in any year, a casino gaming property's PILOT payment exceeded its 2015 property tax bill, it would receive a "credit" against its IAT obligation. This crediting mechanism only extends through calendar year 2021, so beginning in calendar year 2022, current law will require each casino operator in Atlantic City to pay their full PILOT and IAT obligations.

e. The Legislature is concerned that, due to the State's public health emergency declared in response to the COVID-19 pandemic, which negatively impacted tourism in Atlantic City by restricting the public's right to travel; closing casino gaming properties for months on end and then allowing them to open only partially for another extended period of time; and closing other businesses that would have been visited by tourists to the city for months as well; requiring each casino gaming property to make an annual PILOT payment, as calculated under the current version of the "Casino

Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et seq.), and also satisfy its full IAT obligations for calendar years 2022 through 2026 may create financial difficulties for those gaming properties.

Similarly, the Legislature is also concerned with the impact on the casino gaming properties in Atlantic City of the total amount of the PILOT payments, as calculated under the current version of the "Casino Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et seq.), owed by those casino gaming properties, as well as the current manner of determining each individual casino gaming property's PILOT payment responsibility, due to all of the issues experienced in Atlantic City resulting from the public health emergency. The Legislature is concerned that the impact of all of the public health emergency limitations on Atlantic City's casino gaming properties will affect the finances of those casinos for the foreseeable future, and thereby impact their ability to pay the required PILOT payments to the city and impact their ability to contribute to the quality of life of the State's senior and disabled residents who rely on casino revenue deposited into the Casino Revenue Fund to fund programs that reduce property taxes as well as utility assistance programs benefiting those residents.

f. Therefore, the Legislature declares that it is a compelling public purpose for the State to establish appropriate alternative obligations for the final five years of the "Casino Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et seq.), in order to: (1) adjust policies to reflect the operations of existing casino gaming properties and to compensate for the impacts that the public health emergency, declared in response to the COVID-19 pandemic, has had and will continue to have on in-person and internet gaming, (2) lessen the financial impact of the end of the IAT crediting mechanism at the end of 2021 on the casino gaming properties, and (3) ensure that Atlantic City continues to receive sufficient PILOT payments and IAT payments to fund its municipal budget. The Legislature further declares that such an alternative is in the best interest of the casino gaming industry which serves as a vital part of the economy of the State, in the best interests of Atlantic City, and in the best interests of the State's senior and disabled residents who rely on casino revenue deposited into the Casino Revenue Fund to fund programs that reduce property taxes as well as rentals, telephone, gas, electric, and utility charges for those populations. The Legislature further declares that it is in the best interests of the casino gaming industry to revise the calculation of the PILOT payment each casino is required to pay under the "Casino Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et seq.) in order to lessen the impact of these payments on the casino's finances during and after the public health emergency declared in response to the COVID-19 pandemic.

g. As the Legislature is empowered by the provisions of Article VIII, Section I, paragraph 2 of the New Jersey Constitution to grant property tax exemptions by general law, and the Legislature exercised this authority in 2016 through enacting the "Casino Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et seq.) to create the 10-year PILOT program that began in 2017, the Legislature also has the authority, by law, to revise that PILOT program to thereby address the impact of the expiration of the IAT credit mechanism and its effects on the casino gaming industry in the State, as well as the amount, and calculation, of the PILOT payments required to be paid to Atlantic City by the casino gaming properties in Atlantic City.

h. The Legislature has also determined to address in this act other matters related to the continued successful operation of New Jersey's casino gaming properties by ensuring: (1) that the casino gaming properties dedicate sufficient sources of revenue to provide for necessary capital improvements, and (2) that the City of Atlantic City also has adequate funds available to it for capital improvements and other needed quality of life expenditures.

2. Section 84 of P.L.1977, c.110 (C.5:12-84) is amended to read as follows:

84. Casino License--Applicant Requirements. Any applicant for a casino license must produce information, documentation and assurances concerning the following qualification criteria:

a. Each applicant shall produce such information, documentation and assurances concerning financial background and resources as may be required to establish by clear and convincing evidence the financial stability, integrity and responsibility of the applicant, including but not limited to bank references, business and personal income and disbursement schedules, tax returns and other reports filed with governmental agencies, and business and personal accounting and check records and ledgers. In addition, each applicant shall, in writing, authorize the examination of all bank accounts and records as may be deemed necessary by the commission or the division. The commission or the division may consider any relevant evidence of financial stability; provided, however, it is presumed that a casino licensee or applicant is financially stable if it establishes by clear and convincing evidence that it meets each of the following standards:

(1) The ability to assure the financial integrity of casino operations by the maintenance of a casino bankroll or equivalent provisions adequate to pay winning wagers to casino patrons when due. A casino licensee or applicant shall be presumed to have met this standard if it maintains, on a daily basis, a casino bankroll, or a casino bankroll and equivalent provisions, in an amount which is at least equal to the average daily minimum casino bankroll or equivalent provisions, calculated on a monthly basis, for the

corresponding month in the previous year. For any casino licensee or applicant which has been in operation for less than a year, such amount shall be determined by the division based upon levels maintained by a comparable casino licensee;

(2) The ability to meet ongoing operating expenses which are essential to the maintenance of continuous and stable casino operations. A casino licensee or applicant shall be presumed to have met this standard if it demonstrates the ability to achieve positive gross operating profit, measured on an annual basis;

(3) The ability to pay, as and when due, all local, state and federal taxes, including the tax on gross revenues imposed by subsection a. of section 144 of P.L.1977, c.110 (C.5:12-144), the investment alternative tax obligations imposed by subsection b. of section 144 of P.L.1977, c.110 (C.5:12-144) and section 3 of P.L.1984, c.218 (C.5:12-144.1), the payment in lieu of property taxes imposed by P.L.2016, c.5 (C.52:27BBBB-18 et al.), and any fees imposed by the act or the regulations promulgated pursuant thereto;

(4) The ability to make necessary capital **[**and maintenance**]** expenditures in a timely manner which are adequate to ensure **[**maintenance of**]** a superior, first-class facility of exceptional quality pursuant to subsection i. of section 83 of P.L.1977, c.110 (C.5:12-83). A casino licensee or applicant shall be presumed to have met this standard if it demonstrates that its capital **[**and maintenance**]** expenditures, over the **[**five-year period which includes the three most recent calendar years and the upcoming two**]** immediately preceding five calendar years, average at least five percent of net revenue **[**per annum**]**, except that any casino licensee or applicant which has been in operation for less than **[**three**]** five years shall be required to otherwise establish compliance with this standard to the division; and

(5) The ability to pay, exchange, refinance or extend debts, including long-term and short-term principal and interest and capital lease obligations, which will mature or otherwise come due and payable during the license term, or to otherwise manage such debts and any default with respect to such debts. The division also may require that a casino licensee or applicant advise as to its plans to meet this standard with respect to any material debts coming due and payable within 12 months after the end of the license term.

b. (Deleted by amendment, P.L.2011, c.19)

c. Each applicant shall produce such information, documentation and assurances as may be required to establish by clear and convincing evidence the applicant's good character, honesty and integrity. Such information shall include, without limitation, information pertaining to family, habits, character, reputation, criminal and arrest record, business activities, financial affairs, and business, professional and personal associates, covering

at least the 10-year period immediately preceding the filing of the application. Each applicant shall notify the commission and division of any civil judgments obtained against any such applicant pertaining to antitrust or security regulation laws of the federal government, of this State or of any other state, jurisdiction, province or country. In addition, each applicant shall produce letters of reference from law enforcement agencies having jurisdiction in the applicant's place of residence and principal place of business, which letters of reference shall indicate that such law enforcement agencies do not have any pertinent information concerning the applicant, or if such law enforcement agency does have information pertaining to the applicant, shall specify what the information is. If the applicant has conducted gaming operations in a jurisdiction which permits such activity, the applicant shall produce letters of reference from the gaming or casino enforcement or control agency which shall specify the experiences of such agency with the applicant, his associates, and his gaming operation; provided, however, that if no such letters are received within 60 days of request therefor, the applicant may submit a statement under oath that he is or was during the period such activities were conducted in good standing with such gaming or casino enforcement or control agency.

d. Each applicant shall produce such information, documentation and assurances as may be required to establish by clear and convincing evidence that the applicant has sufficient business ability and casino experience as to establish the likelihood of creation and maintenance of a successful, efficient casino operation. The applicant shall produce the names of all proposed casino key employees as they become known and a description of their respective or proposed responsibilities.

e. Each applicant shall produce such information, documentation and assurances to establish the suitability of the casino and related facilities subject to subsection i. of section 83 of P.L.1977, c.110 (C.5:12-83) and that its proposed location will not adversely affect casino operations. Each applicant shall submit to the division an impact statement which shall include, without limitation, architectural and site plans which establish that the proposed facilities comply in all respects with the requirements of this act and the requirements of the master plan and zoning and planning ordinances of Atlantic City, without any use variance from the provisions thereof; a market impact study which analyzes the adequacy of the patron market and the effect of the proposal on such market and on the existing casino facilities licensed under this act; and an analysis of the effect of the proposal on the overall economic and competitive conditions of Atlantic City and the State of New Jersey.

f. For the purposes of this section, each applicant shall be responsible for the submission to the division of the name, address,

fingerprints and written consent for a criminal history record background check to be performed for each person who must individually qualify in conjunction with the casino license application. The division is hereby authorized to exchange fingerprint data with and receive criminal history record information from the State Bureau of Identification in the Division of State Police and the Federal Bureau of Investigation consistent with applicable State and federal laws, rules and regulations. The applicant shall bear the cost for the criminal history record background check, including all costs of administering and processing the check. The Division of State Police shall promptly notify the division in the event a current or prospective licensee, who was the subject of a criminal history record background check pursuant to this section, is arrested for a crime or offense in this State after the date the background check was performed.
(cf: P.L.2011, c.19, s.48)

3. Section 3 of P.L.2016, c.5 (C.52:27BBBB-20) is amended to read as follows:

3. a. As used in P.L.2016, c.5 (C.52:27BBBB-18 et al.):

"Atlantic City" means the City of Atlantic City, in Atlantic County;

"Base amount" means, for calendar years 2018 through 2021, the amount of the payment in lieu of taxes as determined by subparagraph (d) of paragraph (3) of subsection c. of this section; and for calendar years 2022 through 2026, the amount of the payment in lieu of taxes as determined by subparagraphs (e) through (h) of paragraph (3) of subsection c. of this section;

"Casino gaming property" means one or more parcels of real property located in Atlantic City, and any adjacent property utilized in connection with such property, upon which there is located a facility licensed to be used for casino gaming in 2014 or thereafter, whether or not in actual operation, which has more than 500 guest hotel rooms, and is not subject to recorded covenants prohibiting casino gaming;

"Clean and Safe Fund" means the Clean and Safe Fund established pursuant to section 7 of P.L. , c. (C.) (pending before the Legislature as this bill);

"Division" means the Division of Gaming Enforcement in the Department of Law and Public Safety;

"Gross gaming revenue" (GGR) means the total amount of revenue raised through casino gaming, including revenue from sports pool operations, from all of the casino gaming properties located in Atlantic City as determined by the division for calendar years 2014 through 2020. For the purpose of determining the amount of the payment in lieu of taxes pursuant to this section, gross gaming revenue shall not include revenue derived from

Internet casino gaming and Internet sports wagering during calendar years 2021 through 2026 as determined by the division;

"Infrastructure Fund" means the Infrastructure Fund established pursuant to section 8 of P.L. , c. (C.) (pending before the Legislature as this bill);

"Local Finance Board" means the Local Finance Board in the Division of Local Government Services in the Department of Community Affairs; and

"Treasury" means the Department of the Treasury.

b. Beginning with calendar year 2017, and for the next succeeding nine calendar years, casino gaming properties located in Atlantic City shall be exempt from local property taxation on real property and improvements, including accessory hotels, conference centers, parking garages, and other appurtenant facilities, except that any new improvement developed on a casino gaming property that is made outside of the perimeter footprint of any improvement existing as of the effective date of this act and any real property, not formerly qualified as casino gaming property, acquired after such date by an owner of casino gaming property shall not be exempt from local property taxation in any calendar year and shall be subject to local property taxation annually at Atlantic City's general property tax rate. The provisions of this section shall not apply to any casino property that operates under a small scale casino facility license or a staged casino facility license pursuant to section 1 of P.L.2010, c.115 (C.5:12-80.1).

c. (1) In exchange for the property tax exemption granted in subsection b. of this section, each owner of each casino gaming property shall sign a 10-year financial agreement with Atlantic City for each casino gaming property based upon the provisions of P.L.2016, c.5 (C.52:27BBBB-18 et al.) for calendar years 2017 through 2021, which financial agreement shall be amended and continued to reflect and incorporate the amendatory and supplemental provisions of P.L. , c. (C.) (pending before the Legislature as this bill) for calendar years 2022 through 2026, promising to make quarterly payments to the city of its allocated portion of the annual amount of the payment in lieu of taxes as determined by this section. The continuation of the agreement for calendar years 2022 through 2026 is also provided in exchange for the prescribed uses of excess amounts of a casino gaming property's investment alternative tax, as described in subsection b. of section 9 of P.L.2016, c.5 (C.52:27BBBB-25). The owner of each casino gaming property shall be responsible for the payments allocated to that property and shall be subject to the lien provisions of R.S.54:5-6 and the interest for delinquency provisions of R.S.54:4-67 if those payments are not made.

(2) Any new owner of a casino gaming property following the effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.) shall immediately become responsible for signing **[**a**]** the financial

agreement with Atlantic City promising to make payments consistent with this section.

(3) (a) The total amount of the payment in lieu of property taxes owed to Atlantic City for calendar year 2017 shall be $120 million. To the extent that any owner of a casino gaming property has paid property taxes for calendar year 2017 prior to the date P.L.2016, c.5 (C.52:27BBBB-18 et al.) becomes operative, the amount of property taxes so paid shall be credited toward that owner's allocated share of the $120 million total payment in lieu of property taxes.

(b) For calendar **[**year**]** years 2018 **[**and for each calendar year thereafter**]**, 2019, 2020, and 2021, the amount of the payment in lieu of property taxes owed to Atlantic City shall increase by two percent per year in every year in which there is no upward adjustment to the base amount of the payment in lieu of taxes from the previous calendar year as determined by subparagraph (d) of this paragraph.

(c) For calendar **[**year**]** years 2018 **[**and for each calendar year thereafter**]**, 2019, 2020, and 2021, the total amount of the payment in lieu of property taxes owed to Atlantic City shall be the base amount as determined by subparagraph (d) of this paragraph and the total amount of the annual increases to date as determined by subparagraph (b) of this paragraph.

(d) For calendar **[**year**]** years 2018 **[**and for each calendar year thereafter**]**, 2019, 2020, and 2021, the base amount of the payment in lieu of taxes shall be determined as follows:

If the amount of the GGR in the preceding calendar year is between $3.4 billion and $3.8 billion, the base amount shall be $165 million, or in the case of an upward adjustment, $15 million more than the PILOT in the previous year, whichever is greater;

If the amount of the GGR in the preceding calendar year is between $3.0 billion and $3.4 billion, the base amount shall be $150 million, or in the case of an upward adjustment, $20 million more than the PILOT in the previous year, whichever is greater;

If the amount of the GGR in the preceding calendar year is between $2.6 billion and $3.0 billion, the base amount shall be $130 million, or in the case of an upward adjustment, $10 million more than the PILOT in the previous year, whichever is greater;

If the amount of the GGR in the preceding calendar year is between $2.2 billion and $2.6 billion, the base amount shall be $120 million, or in the case of an upward adjustment, $10 million more than the PILOT in the previous year, whichever is greater;

If the amount of the GGR in the preceding calendar year is between $1.8 billion and $2.2 billion and the aggregate gross revenues from all of the casino gaming properties located in Atlantic City from all revenue streams, excluding GGR, have not increased compared to the prior calendar year by more than the

amount by which GGR is less than $2.2 billion, as determined by the division, the base amount shall be $110 million, or in the case of an upward adjustment, $20 million more than the PILOT in the previous year, whichever is greater;

If the amount of the GGR in the preceding calendar year is $1.8 billion or less and the aggregate gross revenue from all of the casino gaming properties located in Atlantic City from all revenue streams, excluding GGR have not increased compared to the prior calendar year by more than the amount by which GGR is less than $1.8 billion as determined by the division, the base amount shall be $90 million.

(e) The total amount of the payment in lieu of property taxes owed to Atlantic City for calendar year 2022 shall be $110 million.

(f) For calendar years 2023, 2024, 2025, and 2026, in any calendar year in which there is not an upward or a downward adjustment to the base amount of the payment in lieu of property taxes owed to Atlantic City pursuant to subparagraph (h) of this paragraph, the total amount of the payment in lieu of property taxes owed to Atlantic City for the calendar year shall increase by two percent from the preceding year.

(g) For calendar years 2023, 2024, 2025, and 2026, the total amount of the payment in lieu of property taxes owed to Atlantic City shall be the base amount as determined by subparagraph (h) of this paragraph and the total amount of the annual increases to date as determined by subparagraph (f) of this paragraph.

(h) For calendar years 2023, 2024, 2025, and 2026, the base amount of the payment in lieu of taxes (PILOT) shall be determined as follows:

If the amount of the GGR in the preceding calendar year is less than $2.3 billion, the base amount shall be $100 million, or in the case of a downward adjustment, $10 million less than the PILOT in the previous year, whichever amount is greater;

If the amount of the GGR in the preceding calendar year is between $2.3 billion and $2.9 billion, the base amount shall be $110 million, or in the case of an upward adjustment, $10 million more than the PILOT in the previous year and in the case of a downward adjustment, $10 million less than the PILOT in the previous year, whichever amount is greater; and

If the amount of the GGR in the preceding calendar year is greater than $2.9 billion, the base amount shall be $120 million, or in the case of an upward adjustment, $10 million more than the PILOT in the previous year, whichever amount is greater.

(4) The amount of the payment in lieu of property taxes owed pursuant to this subsection shall be calculated annually each calendar year for each casino gaming property using a formula implemented by the Local Finance Board, in consultation with the division, using the following criteria:

The geographic footprint of the real property, expressed in acres, owned by each casino gaming property;

The number of hotel guest rooms in each casino gaming property; and

The gross gaming revenue of the casino in each casino gaming property from the prior calendar year.

Each of these three criteria shall bear equal weight in the formula implemented by the Local Finance Board, in consultation with the division, pursuant to this paragraph**[**, provided that during calendar years 2017, 2018, 2019, 2020, and 2021, if**]**.

(5) If the formula set forth in paragraph (4) of this subsection results in any individual casino gaming property being allocated an amount that is in excess of the total real property taxes due and payable by the casino gaming property in calendar year 2015, then, in calendar years 2017, 2018, 2019, 2020, and 2021, that casino gaming property shall receive a credit against the obligation of the operator of that property under paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) in the amount of such excess. If, after that credit against the obligation of the operator of that property under paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1), that casino gaming property would still be liable for a payment in lieu of property taxes in excess of the total real property taxes due and payable by the casino gaming property in calendar year 2015, the casino gaming property shall not be required to make any additional payment in lieu of property tax payment. Instead, any additional amount that would have been owed by that casino gaming property shall be added, by proportional share, to the payment in lieu of property taxes to be paid by every other casino gaming property in order to provide Atlantic City the total amount of the payment in lieu of property taxes due and owing for that calendar year, provided that no individual casino gaming property shall be allocated an amount that is less than the total real property taxes due and payable by the casino gaming property in calendar year 2015.

(6) Beginning in calendar year 2022, an individual casino gaming property shall no longer be allowed a credit against the obligation of the operator of that property under paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) in the amount that the payment in lieu of property taxes owed is in excess of the total real property taxes due and payable by the casino gaming property in calendar year 2015, as allowed under paragraph (5) of this subsection for calendar years 2017, 2018, 2019, 2020, and 2021; provided, however, any increase in the net liability of an individual casino gaming property resulting from the elimination of the credit allowed under paragraph (5) of this subsection shall not exceed: 25 percent for calendar year 2022; 50 percent for calendar year 2023; and 75 percent for calendar year 2024. Any amount that would be owed by a casino gaming property in excess of the limits

applied for calendar years 2022 through 2024 under this paragraph shall be added, by proportional share, and pursuant to the methodology developed by the division, to the payment in lieu of property taxes to be paid by every other casino gaming property.

(7) Notwithstanding the provisions of paragraph (6) of this subsection to the contrary, for an individual casino gaming property with less than 1,000 rooms, the increased net liability of such individual casino gaming property resulting from the elimination of the credit allowed under paragraph (5) of this subsection shall not exceed 50 percent between calendar years 2022 and 2026 with that 50 percent increase phased-in at 25 percent for calendar year 2022, 50 percent for calendar year 2023, and 75 percent for calendar year 2024. Any amount that would be owed to such individual casino gaming property in excess of the limits applied for calendar years 2022 through 2026 under this paragraph shall be credited against the obligation of the operator of the property under paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1).

(8) If the formula set forth in paragraph (4) of this subsection results in any individual casino gaming property not receiving the lower payment that is due that casino gaming property shall still be liable for its proportional share of the payment in lieu of property taxes determined pursuant to paragraph (6) of this subsection; provided, however, if the liability of the casino gaming property determined pursuant to the formula set forth in paragraph (4) of this subsection does not result in 50 percent of the savings due for 2022, 75 percent of the savings due for 2023, or 100 percent of the savings due for 2024, 2025, and 2026, that property shall be allowed a credit against the obligation of the operator of that property under paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) in an amount that will result in the savings of the individual casino gaming property equaling 50 percent for 2022, 75 percent for 2023, and 100 percent for 2024, 2025, and 2026. The total credits allowed against the obligation of the operator of a casino gaming property under paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) for all casino gaming properties in this category shall be distributed on a pro rata basis based upon the calculated payment in lieu of property taxes payment obligation.

(9) Notwithstanding the provisions of paragraph (6) of this subsection to the contrary, for an individual casino gaming property with more than 1,000 rooms, the increased net liability of such individual casino gaming property resulting from the elimination of the credit allowed under paragraph (5) of this subsection shall be no more than 90 percent, which shall be achieved by providing a credit against the obligation of the operator of a casino gaming property under paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) equivalent to 65 percent of the dollar value increase in that property’s payment in lieu of property tax obligation each

year, or such percentage in any year that limits the increase to 90 percent.

(10) The calculations in paragraphs (6) through (9) of this subsection shall be performed before the application of the two percent annual increase required under subparagraph (f) of paragraph (3) of this subsection. Thus, the final payment in lieu tax obligation and any credit against the obligation of the operator of a casino gaming property under paragraph (2) of subsection a. of section 3 of P.L.1984, .c218 (C.5:12-144.1) shall incorporate the two percent annual increase pursuant to the methodology developed by the division.

d. **[**When a new casino gaming property is added or when an existing casino gaming property no longer qualifies as a casino gaming property as defined in subsection a. of this section, Atlantic City's financial agreement with each owner of each casino gaming property shall be amended to reflect the change and the allocation of the payment in lieu of property taxes between the casino gaming properties**]** If a new casino gaming property becomes subject to the provisions of this subsection, then the new casino gaming property shall enter a financial agreement with Atlantic City to set its payment in lieu of taxes. A new casino gaming property shall pay its regular and conventional tax obligation as billed for the remainder of the calendar year in which it first qualifies as a casino gaming property. If an existing casino gaming property ceases to qualify as a casino gaming property, then the total amount of the payment in lieu of property taxes owed to Atlantic City pursuant to subparagraphs (e) through (h) of paragraph (3) of subsection c. of this section shall be decreased in the calendar year following the year in which the existing casino gaming property ceases to qualify as a casino gaming property by the payment in lieu of property taxes allocated to such casino gaming property pursuant to paragraph (4) of subsection c. of this section in the year in which such casino gaming property ceases to qualify as a casino gaming property. Any decrease to the total amount of the payment in lieu of taxes owed to Atlantic City precipitated by a casino gaming property no longer qualifying as a casino gaming property shall not take effect until the calendar year following the calendar year in which such casino gaming property ceases to qualify as a casino gaming property.

The payment in lieu of property taxes owed by a casino gaming property pursuant to this section shall be adjusted in each subsequent calendar year to reflect when any existing casino gaming properties no longer qualify as casino gaming properties.

e. The provisions of R.S.54:5-6 shall apply to any amount required to be paid under this section, and the municipality shall have the same rights against any casino gaming property for such unpaid amounts relating to that property as if such amounts were

unpaid property taxes.
(cf: P.L.2018, c.33, s.14)

4. Section 4 of P.L.2016, c.5 (C.52:27BBBB-21) is amended to read as follows:

4. a. In addition to the amounts required to be remitted under section 3 of P.L.2016, c.5 (C.52:27BBBB-20), the owner of each casino gaming property shall make a separate payment to the State **[**for calendar years 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, where the aggregate amount of these payments paid by the casino gaming properties shall**]** **1**, where the aggregate amount of these payments paid by the casino gaming properties shall be**1** equal to the following: (1) $30,000,000 for calendar year 2015; (2) $30,000,000 for calendar year 2016; (3) $15,000,000 for calendar year 2017; (4) $10,000,000 for calendar year 2018; **1**and**1** (5) $5,000,000 **1****[**for calendar year 2019; (6) $5,000,000 for calendar year 2020; (7) $5,000,000 for calendar year 2021; and (8) $5,000,000**]****1** **[**for calendar year 2022; and (9) $5,000,000**]** per year for calendar **[**year 2023**]** years **1****[**2022**]** 2019**1** through 2026.

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 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 no later than June 1 of each year. 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 from the State to Atlantic City, which, for purposes of preparing annual budgets pursuant to the "Local Budget Law," N.J.S.40A:4-1 et seq., must be applied to the Atlantic City budget for the calendar year for which funds are provided as identified in subsection a. of this section and to no other Atlantic City calendar year budget.
(cf: P.L.2016, c.5, s.4)

5. Section 5 of P.L.2016, c.5 (C.52:27BBBB-22) is amended to read as follows:

5. a. Annually, beginning in calendar year 2017 and ending on December 31, 2026, a portion of the payment in lieu of property tax moneys collected pursuant to section 3 of P.L.2016, c.5

(C.52:27BBBB-20) shall be remitted to the county and the school district for their own purposes. **[**These moneys shall be remitted to the county and to the school district in the same manner as property taxes are paid to counties and school districts pursuant to R.S.54:4-74, R.S.54:4-75, and R.S.54:4-76, except that the Local Finance Board may, in its discretion, apportion a specific percentage of the payment in lieu of property tax moneys to be remitted to the county.**]**

b. Notwithstanding the provisions of any other law to the contrary, for calendar years 2022, 2023, 2024, 2025, and 2026, a portion of the funds collected by Atlantic City from the payment in lieu of property taxes pursuant to section 3 of P.L.2016, c.5 (C.52:27BBBB-20), shall be allocated as follows:

beginning in calendar year 2022, the portion of the payment in lieu of property taxes collected pursuant to section 3 of P.L.2016, c.5 (C.52:27BBBB-20) that is allocated to Atlantic County shall be the same as 2021, with the allocation in each year thereafter increasing by two percent from the preceding year; provided, however, in the case of an upward adjustment pursuant to subparagraph (h) of paragraph (3) of subsection c. of section 3 of P.L.2016, c.5 (C.52:27BBBB-20) in calendar year 2023 or 2024, the portion of the payment in lieu of property taxes allocated to Atlantic County shall be increased by $1,350,000 in the year of the upward adjustment and shall thereafter increase by two percent from the preceding year, and in the case of an upward adjustment that occurs in calendar year 2025 or 2026, the portion of the payment in lieu of property taxes allocated to Atlantic County shall be increased by $1,200,000 in the year of the upward adjustment and shall thereafter increase by two percent from the preceding year; and provided further that in the case of a downward adjustment pursuant to subparagraph (h) of paragraph (3) of subsection c. of section 3 of P.L.2016, c.5 (C.52:27BBBB-20) in calendar year 2023 or 2024, the portion of the payment in lieu of property taxes allocated to Atlantic County shall be decreased by $1,350,000 in the year of a downward adjustment and shall thereafter increase by two percent from the preceding year and in the case of a downward adjustment that occurs in calendar year 2025 or 2026 the portion of the payment in lieu of property taxes allocated to Atlantic County shall be decreased by $1,200,000 in the year of the downward adjustment and shall thereafter increase by two percent from the preceding year.

c. Notwithstanding the provisions of any other law to the contrary, beginning in calendar year 2022, the portion of the payment in lieu of property taxes collected pursuant to section 3 of P.L.2016, c.5 (C.52:27BBBB-20) that is allocated to the Atlantic City School District shall be the same as 2021, with the allocation in each year thereafter increasing by two percent from the preceding year; provided, however, in the case of an upward adjustment

pursuant to subparagraph (h) of paragraph (3) of subsection c. of section 3 of P.L.2016, c.5 (C.52:27BBBB-20), the portion of the payment in lieu of property taxes allocated to the Atlantic City School District shall be increased by $3,500,000 in the year of the upward adjustment and shall thereafter increase by two percent from the preceding year; and provided further that in the case of a downward adjustment pursuant to subparagraph (h) of paragraph (3) of subsection c. of section 3 of P.L.2016, c.5 (C.52:27BBBB-20), the portion of the payment in lieu of property taxes allocated to the Atlantic City School District shall be decreased by $3,500,000 in the year of a downward adjustment and shall thereafter increase by two percent from the preceding year.

(cf: P.L.2016, c.5, s.5)

6. Section 9 of P.L.2016, c.5 (C.52:27BBBB-25) is amended to read as follows:

9. a. Notwithstanding the provisions of section 3 of P.L.1984, c.218 (C.5:12-144.1) or any other law to the contrary, including subsection k. of section 5 of P.L.2011, c.18 (C.5:12-219), for calendar years 2018, 2019, 2020, and 2021, the moneys received after the effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.), by the State Treasurer derived from the payment of the investment alternative tax in the amount specified in paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) and the investment alternative in the amount as specified in section 17 of P.L.2013, c.27 (C.5:12-95.19), except for any amount thereof pledged for the payment of bonds issued by the Casino Reinvestment Development Authority or otherwise contractually obligated by the authority prior to the effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.), or any bonds issued to refund such bonds, shall be allocated to Atlantic City for the purposes of paying debt service on bonds issued by Atlantic City prior to and after the effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.).

b. Notwithstanding the provisions of section 3 of P.L.1984, c.218 (C.5:12-144.1) or any other law to the contrary, including subsection k. of section 5 of P.L.2011, c.18 (C.5:12-219), for each calendar year from 2022 through 2026, of the moneys received by the State Treasurer derived from the payment of the investment alternative tax in the amount specified in paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) and the investment alternative in the amount as specified in section 17 of P.L.2013, c.27 (C.5:12-95.19), except for any amount thereof pledged for the payment of bonds issued by the Casino Reinvestment Development Authority or otherwise contractually obligated by the authority prior to the effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.), or any bonds issued to refund such bonds, shall be allocated first to Atlantic City for the purposes of paying debt service during each such calendar year on bonds issued

by Atlantic City prior to and after the effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.). In the event that the moneys received by the State Treasurer from the payment of the investment alternative tax, in the amounts identified in this section, exceed the debt service on bonds issued by Atlantic City prior to and after the effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.) in any year, then the amount in excess of the debt service shall be allocated as follows:

(1) for calendar year 2022, such residual moneys shall be allocated 20 percent to the Casino Reinvestment Development Authority, 15 percent to the Clean and Safe Fund established pursuant to section 7 of P.L. , c. (C.) (pending before the Legislature as this bill), 15 percent to the Infrastructure Fund established pursuant to section 8 of P.L. , c. (C.) (pending before the Legislature as this bill), and 50 percent of such residual moneys shall be allocated for use by Atlantic City for general municipal purposes;

(2) for calendar year 2023, 20 percent of such residual moneys shall be allocated to the Casino Reinvestment Development Authority, 12 percent of such residual moneys shall be allocated to the Clean and Safe Fund, 12 percent of such residual moneys shall be allocated to the Infrastructure Fund, and 56 percent of such residual moneys shall be allocated for use by Atlantic City for general municipal purposes;

(3) for calendar year 2024, 15 percent of such residual moneys shall be allocated to the Casino Reinvestment Development Authority, 11.5 percent of such residual moneys shall be allocated to the Clean and Safe Fund, 11.5 percent of such residual moneys shall be allocated to the Infrastructure Fund, and 62 percent of such residual moneys shall be allocated for use by Atlantic City for general municipal purposes;

(4) for calendar year 2025, 15 percent of such residual moneys shall be allocated to the Casino Reinvestment Development Authority, 11.5 percent of such residual moneys shall be allocated to the Clean and Safe Fund, 11.5 percent of such residual moneys shall be allocated to the Infrastructure Fund, and 62 percent of such residual moneys shall be allocated for use by Atlantic City for general municipal purposes; and

(5) for calendar year 2026, 10 percent of such residual moneys shall be allocated to the Casino Reinvestment Development Authority, 11.5 percent of such residual moneys shall be allocated to the Clean and Safe Fund, 11.5 percent of such residual moneys shall be allocated to the Infrastructure Fund, and 67 percent of such residual moneys shall be allocated for use by Atlantic City for general municipal purposes.

c. If, in any year, the aggregate amount allocated to Atlantic City for municipal purposes pursuant to subsection b. of this section results in an amount that is less than 2.5 percent higher than the amount for municipal purposes in the prior year, the distributions to the Casino

Reinvestment Development Authority, the Clean and Safe Fund, and Infrastructure Fund shall be reduced in equal amounts and allocated to Atlantic City for municipal purposes to meet a 2.5 percent growth target.

d. If, in any year, the amount allocated to the Casino Reinvestment Development Authority, the Clean and Safe Fund, and the Infrastructure Fund pursuant to subsection b. of this section exceeds the amount set forth in the table below, each casino gaming property shall receive reimbursement from the moneys received by the State Treasurer derived from the payment of the investment alternative tax in the amount specified in paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) up to its full obligation under that paragraph on a pro rata basis. Following reimbursement, if there are still excess funds, the amount in excess attributable to each casino will be distributed to the Casino Reinvestment Development Authority and deposited into an account for use in accordance with Article 11 and Article 12 of the "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.) governing casino reinvestment and authority operations.

YEAR OF PILOT	6	7	8	9	10
CALENDAR YEAR	2022	2023	2024	2025	2026
		(Expressed In Millions)			
CRDA	$2.7	$3.5	$3.2	$4.2	$3.1
INFRASTRUCTURE	$2.0	$2.1 .	$2.5	$3.2	$3.6
CLEAN AND SAFE	$2.0	$2.1	$2.5	$3.2	$3.6
CITY GENERAL FUND (Non-debt service)	$6.8	$9.8	$13.3	$17.5	$20.8
TOTAL	$13.5	$17.5	$21.5	$28.1	$31.1

e. The provisions of this section shall expire on December 31, 2026.

(cf: P.L.2016, c.5, s.9)

7. (New section) a. There is established the Clean and Safe Fund to be held by the State Treasurer, which shall be the repository for all moneys required to be deposited therein under subsection b. of section 9 of P.L.2016, c.5 (C.52:27BBBB-25) and any moneys appropriated annually to the fund. The State Treasurer may invest and reinvest any moneys in the fund, or any portion thereof, in legal obligations of the United States or of the State or of any political subdivision thereof. Any income from, interest on, or increment to moneys so invested or reinvested shall be included in the fund.

b. Moneys in the fund shall be expended by Atlantic City, or another governmental entity working on behalf of Atlantic City, to pay for capital public safety expenses, streetscape improvements, plantings, roadway median improvements, shade trees,

beautification, wayfinding, lighting, cleaning equipment, waste receptacles, sidewalk repair, and related maintenance. The governing body of Atlantic City may fund a project authorized under this subsection with moneys deposited in the Clean and Safe Fund subject to approval of the Director of the Division of Local Government Services in the Department of Community Affairs.

c. If Atlantic City is no longer deemed a municipality in need of stabilization and recovery, as defined in section 3 of P.L.2016, c.4 (C.52:27BBBB-3), then Atlantic City shall receive any money in the Clean and Safe Fund and any future dedication to the Clean and Safe Fund pursuant to subsection b. of section 9 of P.L.2016, c.5 (C.52:27BBBB-25) subject to a memorandum of understanding executed with the State Treasurer that restricts the use of such moneys to the purposes authorized under subsection b. of this section.

8. (New section) a. There is established the Infrastructure Fund to be held by the State Treasurer, which shall be the repository for all moneys required to be deposited therein under subsection b. of section 9 of P.L.2016, c.5 (C.52:27BBBB-25) and any moneys appropriated annually to the fund. The State Treasurer may invest and reinvest any moneys in the fund, or any portion thereof, in legal obligations of the United States or of the State or of any political subdivision thereof. Any income from, interest on, or increment to moneys so invested or reinvested shall be included in the fund.

b. Moneys in the fund shall be expended by Atlantic City to pay for any work that may be undertaken as a local improvement pursuant to R.S.40:56-1. The governing body of Atlantic City may fund a local improvement with moneys deposited in the Infrastructure Fund subject to approval of the Commissioner of Community Affairs, in consultation with the Casino Reinvestment Development Authority and other State agencies, as appropriate.

c. If Atlantic City is no longer deemed a municipality in need of stabilization and recovery, as defined in section 3 of P.L.2016, c.4 (C.52:27BBBB-3), then Atlantic City shall receive any money in the Infrastructure Fund and any future dedication to the Infrastructure Fund pursuant to subsection b. of section 9 of P.L.2016, c.5 (C.52:27BBBB-25) subject to a memorandum of understanding executed with the State Treasurer that restricts the use of such moneys to works that may be undertaken as a local improvement pursuant to R.S.40:56-1.

9. This act shall take effect immediately.

Concerns matters related to operations and obligations of casino gaming properties and finances of Atlantic City.