

# SENATE, No. 2400

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MAY 7, 2020

**Sponsored by:**

**Senator STEPHEN M. SWEENEY**

**District 3 (Cumberland, Gloucester and Salem)**

**Senator CHRIS A. BROWN**

**District 2 (Atlantic)**

**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.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 6/8/2020)

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2

1 AN ACT concerning temporary modifications to the payment and use  
2 of certain casino gaming taxes and fees due to COVID-19 Public  
3 Health Emergency and State of Emergency, and permanent  
4 modifications to the types and taxation of promotional gaming  
5 credits and amending P.L.2008, c.12.

6

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

9

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

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

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

39

40 2. Notwithstanding the provisions of the “Casino Control Act,”  
41 P.L.1977, c.110 (C.5:12-1 et seq.), or any law, rule, or regulation to  
42 the contrary, any surplus funds held by the Division of Gaming  
43 Enforcement in the Casino Control Fund, or held by the division due  
44 to an overpayment of the investment alternative tax imposed pursuant  
45 to section 3 of P.L.1984, c.218 (C.5:12-144.1) in the case of a

**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.**

1 downward adjustment of a casino licensee’s audited gross revenues,  
2 shall be returned to each casino licensee in proportion to the  
3 licensee’s share of the surplus or overpayment, if any, within five  
4 business days following the effective date of this act, P.L. ,  
5 c. (pending before the Legislature as this bill), and then, for the  
6 six months following the effective date of this act, within 30 days  
7 following the end of each fiscal quarter, to mitigate the impacts on  
8 the casino licensee due to the COVID-19 Public Health Emergency  
9 and State of Emergency declared by the Governor in Executive Order  
10 No. 103 of 2020.

11

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

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

29

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

43

44 5. Notwithstanding the provisions of P.L.1991, c.376 (C.40:48-  
45 8.45 et seq.), or any other law, rule, or regulation to the contrary, the  
46 fee of \$2 per day for each occupied room in the case of any hotel in  
47 the eligible municipality which provides casino gaming, and the fee  
48 of \$1 per day for each occupied room in the case of the other hotels  
49 or transient accommodations in the eligible municipality shall be

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1 waived commencing on the effective date of this act, P.L. ,  
2 c. (pending before the Legislature as this bill) through December  
3 31, 2020. The fees shall be imposed again commencing January 1,  
4 2021 and thereafter.

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

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

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

34 (2) for each calendar month in which the gross revenues are at  
35 least 25 percent and not more than 49 percent of the gross revenues  
36 for the same calendar month immediately prior to March 1, 2020, the  
37 gross revenues tax and investment alternative tax obligations shall be  
38 25 percent of the full amounts that would normally be due for each  
39 tax;

40 (3) for each calendar month in which the gross revenues are at  
41 least 50 percent and not more than 74 percent of the gross revenues  
42 for the same calendar month immediately prior to March 1, 2020, the  
43 gross revenues tax and investment alternative tax obligations shall be  
44 50 percent of the full amounts that would normally be due for each  
45 tax; and

46 (4) for each calendar month in which the gross revenues are at  
47 least 75 percent and not more than 99 percent of the gross revenues  
48 for the same calendar month immediately prior to March 1, 2020, the  
49 gross revenues tax and investment alternative tax obligations shall be

1 75 percent of the full amounts that would normally be due for each  
2 tax.

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

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

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

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

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

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

27 A casino licensee's failure to submit the report required under this  
28 subsection shall deem the licensee ineligible to receive the reduced  
29 tax liabilities under this act.

30

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

33 1. "Promotional gaming credit" - A slot machine credit, sports  
34 wagering credit, match play coupon, table game wager coupon, or  
35 other item approved by the division that is issued by a licensee to a  
36 patron for the purpose of enabling the placement of a wager at a slot  
37 machine, a gaming table, or in a sports pool in the licensee's casino  
38 or through the licensee's Internet gaming system. No such credit shall  
39 be reported as a promotional gaming credit unless the casino licensee  
40 can establish that the credit was issued by the casino licensee and  
41 received from a patron as a wager at a slot machine, a gaming table,  
42 or in a sports pool in the licensee's casino or Internet gaming system.  
43 (cf: P.L.2018, c.33, s.13)

44

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

47 2. a. A casino licensee shall receive **【an annual】** a deduction  
48 from the gross revenue taxed pursuant to subsection a. of section 144  
49 of P.L.1977, c.110 (C.5:12-144) in an amount equal to **【either (1)】**

1 the promotional gaming credits, including match play coupons and  
2 table game wager coupons, reported by that licensee **【**in its annual  
3 tax return or (2) such other portion of the promotional gaming credits  
4 reported by all casino licensees as the division may allocate to a  
5 particular licensee to reflect that licensee's pro rata share of the costs  
6 of the 2008 agreement executed between the New Jersey Sports and  
7 Exposition Authority and the Casino Association of New Jersey for  
8 the benefit of the horse racing industry**】**.

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

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

32 d. **【**(1) The division shall establish, by regulation, procedures to  
33 ensure that the promotional gaming credit deduction established  
34 pursuant to this section does not result in a negative fiscal impact to  
35 the Casino Revenue Fund. If necessary, the division may reduce the  
36 value of the available deduction to eliminate any negative fiscal  
37 impact to the Casino Revenue Fund attributable solely to the  
38 deduction and not to other economic or other factors that cause a  
39 negative fiscal impact to the Casino Revenue Fund.

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

46  
47 9. Notwithstanding the provisions of the "Casino Control Act,"  
48 P.L.1977, c.110 (C.5:12-1 et seq.), or any law, rule, or regulation to

1 the contrary, the Casino Reinvestment Development Authority,  
2 established under P.L.1984, c.218 (C.5:12-153 et seq.), shall commit  
3 any available funds in that agency's general fund to the purpose of  
4 undertaking a marketing campaign to assist in returning Atlantic  
5 City's tourism and gaming activities to their levels prior to the Public  
6 Health Emergency and State of Emergency declarations issued by the  
7 Governor under Executive Order No. 103 of 2020 due to the COVID-  
8 19 pandemic. The Casino Reinvestment Development Authority shall  
9 include input from the casino industry in developing the marketing  
10 campaign required to be conducted under this section which shall  
11 commence immediately upon the effective date of this act, P.L. , c.  
12 (pending before the Legislature as this bill), and shall continue  
13 through June 30, 2021. Nothing in this section shall be interpreted to  
14 impair the distribution of any funds otherwise committed under this  
15 act, statutorily obligated or pledged by the authority for other  
16 purposes, the payment of bonds issued by it or otherwise  
17 contractually obligated by the authority, or any bonds issued to  
18 refund those bonds.

19

20 10. Nothing in this act, P.L. , c. (pending before the Legislature  
21 as this bill) shall affect the tax liabilities imposed on any amount  
22 received by a casino from casino simulcasting pursuant to the  
23 "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.), from  
24 Internet gaming pursuant to section 17 of P.L.2013, c.27 (C.5:12-  
25 95.19), or from sports wagering pursuant to P.L.2018, c.33 (C.5:12A-  
26 10 et al.).

27

28 11. This act shall take effect immediately.

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#### STATEMENT

32

33 This bill provides for temporary modifications to the payment and  
34 use of certain casino gaming taxes and fees due to the COVID-19  
35 Public Health Emergency and State of Emergency declared by the  
36 Governor in Executive Order No. 103 of 2020. This bill also amends  
37 current law concerning the use of promotional gaming credits by  
38 casino licensees and their deduction from gross revenues.

39

40 The bill allows for certain licensing and other fees imposed on  
41 casino licensees, that are deposited to the Casino Control Fund, to be  
42 deferred during the period the licensee's casino hotel facility remains  
43 closed due to the emergencies, and during the six-month period  
44 immediately following the date that the casinos are permitted to  
45 reopen after the emergency declarations. The amounts deferred  
46 would be required to be paid by each casino licensee in equal monthly  
47 installments over the 12-month period following the deferment  
48 period. However, the annual license fee of \$500 imposed on each slot  
49 machine, and that fee imposed on a pro-rata basis, would be entirely  
waived from July 1, 2020 through June 30, 2021, inclusive. The

1 deferment or waiver would not apply to any fees imposed on a casino  
2 licensee or its Internet gaming affiliate for the issuance or renewal of  
3 any Internet gaming license or permit, or to any amounts required to  
4 be deposited in the Casino Control Fund from Internet wagering  
5 inactive or dormant accounts.

6 The bill requires any surplus funds held by the Division of Gaming  
7 Enforcement in the Casino Control Fund, or held by the division due  
8 to an overpayment of the investment alternative tax in the case of a  
9 downward adjustment of the casino licensee's audited gross  
10 revenues, to be returned to the casino licensee within five business  
11 days following the effective date of the bill, and then, for the six  
12 months following that effective date, within 30 days following the  
13 end of each fiscal quarter, to mitigate the impacts of the emergencies.

14 The bill also waives, for a period of 24 months beginning on the  
15 date that the casinos are permitted to reopen, the provisions of law  
16 requiring the imposition of a minimum charge of \$3.00 and minimum  
17 fee of \$3.00 for any parking space in a casino parking garage. In  
18 addition, the bill waives certain hotel room fees related to casino  
19 gaming for the remainder of calendar year 2020. The fee of \$3 per  
20 day on each hotel room in a casino hotel facility that is occupied by  
21 a guest, and the fee of \$2 per day on each occupied room in a casino  
22 hotel and fee of \$1 per day fee on each occupied room in a non-casino  
23 hotel in Atlantic City, are waived for the remainder of calendar year  
24 2020. The fees will again be due starting January 1, 2021. The bill  
25 allows the Casino Reinvestment Development Authority to use other  
26 funds in its possession to pay for the bonds and other obligations that  
27 are currently secured by the parking and hotel proceeds,  
28 notwithstanding that the agency's other funds are committed to other  
29 purposes.

30 This bill provides for a reduced tax liability on casino gross  
31 revenue tax and investment alternative tax obligations for brick-and-  
32 mortar casino properties reopening following their closure due to the  
33 COVID-19 emergency declarations. The reduced tax liability would  
34 be in effect during the 24-month period commencing on the date that  
35 the casinos are permitted to reopen after the declarations and ending  
36 on the last day of the 24th month thereafter. Under current law,  
37 casinos are required to pay an 8% tax on gross revenues, plus a 1.25%  
38 investment alternative tax for reinvestment by the Casino  
39 Reinvestment Development Authority, on the gross revenues  
40 generated from gaming at their brick-and-mortar casino properties.  
41 Under the bill, each casino's tax obligations would be reduced, on a  
42 monthly basis during that period, to be calculated subject to  
43 rounding, as follows:

44 (1) for each calendar month in which the gross revenues are less  
45 than 25% of the gross revenues for the same calendar month  
46 immediately prior to March 1, 2020, the gross revenues tax and  
47 investment alternative tax obligations would be zero for each tax;

48 (2) for each calendar month in which the gross revenues are at  
49 least 25% and not more than 49% of the gross revenues for the same



1 calendar month immediately prior to March 1, 2020, the gross  
2 revenues tax and investment alternative tax obligations would be  
3 25% of the full amounts that would normally be due for each tax;

4 (3) for each calendar month in which the gross revenues are at  
5 least 50% and not more than 74% of the gross revenues for the same  
6 calendar month immediately prior to March 1, 2020, the gross  
7 revenues tax and investment alternative tax obligations would be  
8 50% of the full amounts that would normally be due for each tax; and

9 (4) for each calendar month in which the gross revenues are at  
10 least 75% and not more than 99% of the gross revenues for the same  
11 calendar month immediately prior to March 1, 2020, the gross  
12 revenues tax and investment alternative tax obligations would be  
13 75% of the full amounts that would normally be due for each tax.

14 The full tax obligations would be due in each calendar month in  
15 which the gross revenues are 100% or more of the gross revenues for  
16 the same calendar month immediately prior to March 1, 2020.

17 To remain eligible to receive the tax liability reductions, the bill  
18 requires each casino licensee to submit to the State Treasurer and the  
19 Division of Gaming Enforcement, at the same time that the reduced  
20 tax payments are made, a report documenting that an amount equal  
21 to the entire dollar amount reduced, that was not subject to collection  
22 by the State, is being expended by the licensee to: (1) promptly re-  
23 hire and employ former employees and new applicants; (2) attract  
24 tourists, gaming, and hospitality patrons to visit and stay at the casino  
25 hotel property; (3) market and promote events that would draw  
26 visitors to the property or Atlantic City, such as entertainment and  
27 conventions; and (4) any other activity the State Treasurer or the  
28 division deem beneficial to the return of pre-emergency economic,  
29 gaming, and tourism levels to Atlantic City.

30 This bill amends current law to permit each casino licensee to take  
31 a deduction against gross revenues equal to the full amount of  
32 promotional gaming credits, including match play and table game  
33 coupons, that are issued by the licensee and redeemed its patrons.  
34 Currently, casinos are permitted to take such deductions only for the  
35 amount of promotional gaming credits redeemed in a tax year that  
36 exceed \$90,000,000. This bill also removes the division's ability to  
37 limit the negative fiscal impact of the promotional gaming credit  
38 deduction on the Casino Revenue Fund.

39 This bill directs the Casino Reinvestment Development Authority  
40 to commit any available funds in its general fund to undertaking a  
41 marketing campaign to assist in returning Atlantic City's tourism and  
42 gaming activities to their levels prior to the emergencies. Under the  
43 bill, the authority would include input from the casino industry in  
44 developing the marketing campaign, which would begin immediately  
45 upon the bill's effective date and continue through June 30, 2021.  
46 The bill would not be interpreted to impair the distribution of any  
47 funds otherwise committed under the bill, statutorily obligated or  
48 pledged by the authority for other purposes, the payment of bonds

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1 issued by it or otherwise contractually obligated by the authority, or  
2 any bonds issued to refund those bonds.

3 This bill does not impact any casino licensee's tax liabilities on  
4 gross revenues realized from casino simulcasting, internet gaming,  
5 or sports wagering.