

SENATE, No. 4007

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED JUNE 28, 2021

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



S4007 SWEENEY

2

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

5

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

8

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

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

27 b. The Legislature responded to this dire financial circumstance
28 by devising a 10-year payment in lieu of property tax (PILOT)
29 program that avoided costly property tax assessment appeals for the
30 operators of casino gaming properties and Atlantic City, and that
31 provided an annual mandatory minimum property tax-related
32 payment to Atlantic City by the casino gaming properties, payments
33 that Atlantic City is able to rely upon each year to support its
34 municipal budget. This annual PILOT payment was first
35 implemented in calendar year 2017, and is to end at the end of
36 calendar year 2026. The operation of the “Casino Property Tax
37 Stabilization Act,” P.L.2016, c.5 (C.52:27BBBB-18 et seq.) has
38 stabilized the finances of each individual casino gaming property as
39 well as the finances of Atlantic City.

40 c. The Legislature notes, with interest and approval, the
41 stabilizing effect that the “Casino Property Tax Stabilization Act,”
42 P.L.2016, c.5 (C.52:27BBBB-18 et seq.) has had on the finances of
43 the Atlantic City and the casino gaming industry during the first
44 five years of the law. The Legislature also notes that two additional
45 casino gaming properties have opened in Atlantic City since the

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 enactment of the “Casino Property Tax Stabilization Act,”
2 P.L.2016, c.5 (C.52:27BBBB-18 et seq.), and that Atlantic City’s
3 overall financial condition is more stable since the casino gaming
4 properties began making PILOT payments. This financial stability
5 benefits the casinos, their employees, property taxpayers in Atlantic
6 City, and all New Jersey residents.

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

31 e. The Legislature is concerned that, due to the State’s public
32 health emergency declared in response to the COVID-19 pandemic,
33 which negatively impacted tourism in Atlantic City by restricting
34 the public’s right to travel; closing casino gaming properties for
35 months on end and then allowing them to open only partially for
36 another extended period of time; and closing other businesses that
37 would have been visited by tourists to the city for months as well;
38 requiring each casino gaming property to make an annual PILOT
39 payment, as calculated under the current version of the “Casino
40 Property Tax Stabilization Act,” P.L.2016, c.5 (C.52:27BBBB-
41 18 et seq.), and also satisfy its full IAT obligations for calendar
42 years 2022 through 2026 may create financial difficulties for those
43 gaming properties.

44 Similarly, the Legislature is also concerned with the impact on
45 the casino gaming properties in Atlantic City of the total amount of
46 the PILOT payments, as calculated under the current version of the
47 “Casino Property Tax Stabilization Act,” P.L.2016, c.5
48 (C.52:27BBBB-18 et seq.), owed by those casino gaming

1 properties, as well as the current manner of determining each
2 individual casino gaming property's PILOT payment responsibility,
3 due to all of the issues experienced in Atlantic City resulting from
4 the public health emergency. The Legislature is concerned that the
5 impact of all of the public health emergency limitations on Atlantic
6 City's casino gaming properties will affect the finances of those
7 casinos for the foreseeable future, and thereby impact their ability
8 to pay the required PILOT payments to the city and impact their
9 ability to contribute to the quality of life of the State's senior and
10 disabled residents who rely on casino revenue deposited into the
11 Casino Revenue Fund to fund programs that reduce property taxes
12 as well as utility assistance programs benefiting those residents.

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

39 g. As the Legislature is empowered by the provisions of Article
40 VIII, Section I, paragraph 2 of the New Jersey Constitution to grant
41 property tax exemptions by general law, and the Legislature
42 exercised this authority in 2016 through enacting the "Casino
43 Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-
44 18 et seq.) to create the 10-year PILOT program that began in 2017,
45 the Legislature also has the authority, by law, to revise that PILOT
46 program to thereby address the impact of the expiration of the IAT
47 credit mechanism and its effects on the casino gaming industry in
48 the State, as well as the amount, and calculation, of the PILOT

1 payments required to be paid to Atlantic City by the casino gaming
2 properties in Atlantic City.

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

10

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

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

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

31 (1) The ability to assure the financial integrity of casino
32 operations by the maintenance of a casino bankroll or equivalent
33 provisions adequate to pay winning wagers to casino patrons when
34 due. A casino licensee or applicant shall be presumed to have met
35 this standard if it maintains, on a daily basis, a casino bankroll, or a
36 casino bankroll and equivalent provisions, in an amount which is at
37 least equal to the average daily minimum casino bankroll or
38 equivalent provisions, calculated on a monthly basis, for the
39 corresponding month in the previous year. For any casino licensee
40 or applicant which has been in operation for less than a year, such
41 amount shall be determined by the division based upon levels
42 maintained by a comparable casino licensee;

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

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

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

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

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

32 c. Each applicant shall produce such information,
33 documentation and assurances as may be required to establish by
34 clear and convincing evidence the applicant's good character,
35 honesty and integrity. Such information shall include, without
36 limitation, information pertaining to family, habits, character,
37 reputation, criminal and arrest record, business activities, financial
38 affairs, and business, professional and personal associates, covering
39 at least the 10-year period immediately preceding the filing of the
40 application. Each applicant shall notify the commission and division
41 of any civil judgments obtained against any such applicant
42 pertaining to antitrust or security regulation laws of the federal
43 government, of this State or of any other state, jurisdiction,
44 province or country. In addition, each applicant shall produce letters
45 of reference from law enforcement agencies having jurisdiction in
46 the applicant's place of residence and principal place of business,
47 which letters of reference shall indicate that such law enforcement

1 agencies do not have any pertinent information concerning the
2 applicant, or if such law enforcement agency does have information
3 pertaining to the applicant, shall specify what the information is. If
4 the applicant has conducted gaming operations in a jurisdiction
5 which permits such activity, the applicant shall produce letters of
6 reference from the gaming or casino enforcement or control agency
7 which shall specify the experiences of such agency with the
8 applicant, his associates, and his gaming operation; provided,
9 however, that if no such letters are received within 60 days of
10 request therefor, the applicant may submit a statement under oath
11 that he is or was during the period such activities were conducted in
12 good standing with such gaming or casino enforcement or control
13 agency.

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

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

38 f. For the purposes of this section, each applicant shall be
39 responsible for the submission to the division of the name, address,
40 fingerprints and written consent for a criminal history record
41 background check to be performed for each person who must
42 individually qualify in conjunction with the casino license
43 application. The division is hereby authorized to exchange
44 fingerprint data with and receive criminal history record
45 information from the State Bureau of Identification in the Division
46 of State Police and the Federal Bureau of Investigation consistent
47 with applicable State and federal laws, rules and regulations. The
48 applicant shall bear the cost for the criminal history record

1 background check, including all costs of administering and
2 processing the check. The Division of State Police shall promptly
3 notify the division in the event a current or prospective licensee,
4 who was the subject of a criminal history record background check
5 pursuant to this section, is arrested for a crime or offense in this
6 State after the date the background check was performed.
7 (cf: P.L.2011, c.19, s.48)

8
9 3. Section 3 of P.L.2016, c.5 (C.52:27BBBB-20) is amended to
10 read as follows:

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

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

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

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

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

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

32 "Gross gaming revenue" (GGR) means the total amount of
33 revenue raised through casino gaming, including revenue from
34 sports pool operations, from all of the casino gaming properties
35 located in Atlantic City as determined by the division for calendar
36 years 2014 through 2020. For the purpose of determining the
37 amount of the payment in lieu of taxes pursuant to this section,
38 gross gaming revenue shall not include revenue derived from
39 Internet casino gaming and Internet sports wagering during calendar
40 years 2021 through 2026 as determined by the division;

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

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

47 "Treasury" means the Department of the Treasury.

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

17 c. (1) In exchange for the property tax exemption granted in
18 subsection b. of this section, each owner of each casino gaming
19 property shall sign a 10-year financial agreement with Atlantic City
20 for each casino gaming property based upon the provisions of
21 P.L.2016, c.5 (C.52:27BBBB-18 et al.) for calendar years 2017
22 through 2021, which financial agreement shall be amended and
23 continued to reflect and incorporate the amendatory and
24 supplemental provisions of P.L. , c. (C.) (pending
25 before the Legislature as this bill) for calendar years 2022 through
26 2026, promising to make quarterly payments to the city of its
27 allocated portion of the annual amount of the payment in lieu of
28 taxes as determined by this section. The continuation of the
29 agreement for calendar years 2022 through 2026 is also provided in
30 exchange for the prescribed uses of excess amounts of a casino
31 gaming property's investment alternative tax, as described in
32 subsection b. of section 9 of P.L.2016, c.5 (C.52:27BBBB-25). The
33 owner of each casino gaming property shall be responsible for the
34 payments allocated to that property and shall be subject to the lien
35 provisions of R.S.54:5-6 and the interest for delinquency provisions
36 of R.S.54:4-67 if those payments are not made.

37 (2) Any new owner of a casino gaming property following the
38 effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.) shall
39 immediately become responsible for signing **[a]** the financial
40 agreement with Atlantic City promising to make payments
41 consistent with this section.

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

1 owner's allocated share of the \$120 million total payment in lieu of
2 property taxes.

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

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

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

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

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

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

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

35 If the amount of the GGR in the preceding calendar year is
36 between \$1.8 billion and \$2.2 billion and the aggregate gross
37 revenues from all of the casino gaming properties located in
38 Atlantic City from all revenue streams, excluding GGR, have not
39 increased compared to the prior calendar year by more than the
40 amount by which GGR is less than \$2.2 billion, as determined by
41 the division, the base amount shall be \$110 million, or in the case of
42 an upward adjustment, \$20 million more than the PILOT in the
43 previous year, whichever is greater;

44 If the amount of the GGR in the preceding calendar year is \$1.8
45 billion or less and the aggregate gross revenue from all of the casino
46 gaming properties located in Atlantic City from all revenue streams,
47 excluding GGR have not increased compared to the prior calendar

1 year by more than the amount by which GGR is less than \$1.8
2 billion as determined by the division, the base amount shall be \$90
3 million.

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

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

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

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

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

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

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

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

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

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

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

46 Each of these three criteria shall bear equal weight in the formula
47 implemented by the Local Finance Board, in consultation with the

1 division, pursuant to this paragraph], provided that during calendar
2 years 2017, 2018, 2019, 2020, and 2021, if].

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

27 (6) Beginning in calendar year 2022, an individual casino
28 gaming property shall no longer be allowed a credit against the
29 obligation of the operator of that property under paragraph (2) of
30 subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) in the
31 amount that the payment in lieu of property taxes owed is in excess
32 of the total real property taxes due and payable by the casino
33 gaming property in calendar year 2015, as allowed under paragraph
34 (5) of this subsection for calendar years 2017, 2018, 2019, 2020,
35 and 2021; provided, however, any increase in the net liability of an
36 individual casino gaming property resulting from the elimination of
37 the credit allowed under paragraph (5) of this subsection shall not
38 exceed: 25 percent for calendar year 2022; 50 percent for calendar
39 year 2023; and 75 percent for calendar year 2024. Any amount that
40 would be owed by a casino gaming property in excess of the limits
41 applied for calendar years 2022 through 2024 under this paragraph
42 shall be added, by proportional share, and pursuant to the
43 methodology developed by the division, to the payment in lieu of
44 property taxes to be paid by every other casino gaming property.

45 (7) Notwithstanding the provisions of paragraph (6) of this
46 subsection to the contrary, for an individual casino gaming property
47 with less than 1,000 rooms, the increased net liability of such
48 individual casino gaming property resulting from the elimination of

1 the credit allowed under paragraph (5) of this subsection shall not
2 exceed 50 percent between calendar years 2022 and 2026 with that
3 50 percent increase phased-in at 25 percent for calendar year 2022,
4 50 percent for calendar year 2023, and 75 percent for calendar year
5 2024. Any amount that would be owed to such individual casino
6 gaming property in excess of the limits applied for calendar years
7 2022 through 2026 under this paragraph shall be credited against
8 the obligation of the operator of the property under paragraph (2) of
9 subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1).

10 (8) If the formula set forth in paragraph (4) of this subsection
11 results in any individual casino gaming property not receiving the
12 lower payment that is due that casino gaming property shall still be
13 liable for its proportional share of the payment in lieu of property
14 taxes determined pursuant to paragraph (6) of this subsection;
15 provided, however, if the liability of the casino gaming property
16 determined pursuant to the formula set forth in paragraph (4) of this
17 subsection does not result in 50 percent of the savings due for 2022,
18 75 percent of the savings due for 2023, or 100 percent of the
19 savings due for 2024, 2025, and 2026, that property shall be
20 allowed a credit against the obligation of the operator of that
21 property under paragraph (2) of subsection a. of section 3 of
22 P.L.1984, c.218 (C.5:12-144.1) in an amount that will result in the
23 savings of the individual casino gaming property equaling 50
24 percent for 2022, 75 percent for 2023, and 100 percent for 2024,
25 2025, and 2026. The total credits allowed against the obligation of
26 the operator of a casino gaming property under paragraph (2) of
27 subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) for all
28 casino gaming properties in this category shall be distributed on a
29 pro rata basis based upon the calculated payment in lieu of property
30 taxes payment obligation.

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

43 (10) The calculations in paragraphs (6) through (9) of this
44 subsection shall be performed before the application of the two
45 percent annual increase required under subparagraph (f) of
46 paragraph (3) of this subsection. Thus, the final payment in lieu tax
47 obligation and any credit against the obligation of the operator of a
48 casino gaming property under paragraph (2) of subsection a. of

1 section 3 of P.L.1984, .c218 (C.5:12-144.1) shall incorporate the
2 two percent annual increase pursuant to the methodology developed
3 by the division.

4 d. **【**When a new casino gaming property is added or when an
5 existing casino gaming property no longer qualifies as a casino
6 gaming property as defined in subsection a. of this section, Atlantic
7 City's financial agreement with each owner of each casino gaming
8 property shall be amended to reflect the change and the allocation
9 of the payment in lieu of property taxes between the casino gaming
10 properties**】** If a new casino gaming property becomes subject to the
11 provisions of this subsection, then the new casino gaming property
12 shall enter a financial agreement with Atlantic City to set its
13 payment in lieu of taxes. A new casino gaming property shall pay
14 its regular and conventional tax obligation as billed for the
15 remainder of the calendar year in which it first qualifies as a casino
16 gaming property. If an existing casino gaming property ceases to
17 qualify as a casino gaming property, then the total amount of the
18 payment in lieu of property taxes owed to Atlantic City pursuant to
19 subparagraphs (e) through (h) of paragraph (3) of subsection c. of
20 this section shall be decreased in the calendar year following the
21 year in which the existing casino gaming property ceases to qualify
22 as a casino gaming property by the payment in lieu of property
23 taxes allocated to such casino gaming property pursuant to
24 paragraph (4) of subsection c. of this section in the year in which
25 such casino gaming property ceases to qualify as a casino gaming
26 property. Any decrease to the total amount of the payment in lieu
27 of taxes owed to Atlantic City precipitated by a casino gaming
28 property no longer qualifying as a casino gaming property shall not
29 take effect until the calendar year following the calendar year in
30 which such casino gaming property ceases to qualify as a casino
31 gaming property.

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

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

41 (cf: P.L.2018, c.33, s.14)

42

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

45 4. a. In addition to the amounts required to be remitted under
46 section 3 of P.L.2016, c.5 (C.52:27BBBB-20), the owner of each
47 casino gaming property shall make a separate payment to the State
48 **【**for calendar years 2015, 2016, 2017, 2018, 2019, 2020, 2021,

1 2022, and 2023, where the aggregate amount of these payments
2 paid by the casino gaming properties shall **】** equal to the following:
3 (1) \$30,000,000 for calendar year 2015; (2) \$30,000,000 for
4 calendar year 2016; (3) \$15,000,000 for calendar year 2017; (4)
5 \$10,000,000 for calendar year 2018; (5) \$5,000,000 for calendar
6 year 2019; (6) \$5,000,000 for calendar year 2020; (7) \$5,000,000
7 for calendar year 2021; and (8) \$5,000,000 **【**for calendar year 2022;
8 and (9) \$5,000,000 **】** per year for calendar **【**year 2023**】** years 2022
9 through 2026.

10 b. The Local Finance Board, in consultation with the division,
11 shall determine the amount owed for each casino gaming property
12 based on the proportion of gross gaming revenue of the casino in
13 casino gaming property in the prior year. The owner of each casino
14 gaming property where a casino is operated during the year in
15 which the payments required by this section are due shall remit its
16 payment to the State no later than June 1 of each year. The Local
17 Finance Board shall provide the owner of each casino gaming
18 property required to make a payment under this section with written
19 notice of the amount of the payment for each casino gaming
20 property, and instructions for how each payment shall be made.
21 Each owner of a casino gaming property required to make a
22 payment under this section shall remit its payment within five
23 business days of receipt of the written notice from the Local
24 Finance Board.

25 c. The funds comprised of the payments collected under this
26 section shall be remitted from the State to Atlantic City, which, for
27 purposes of preparing annual budgets pursuant to the "Local Budget
28 Law," N.J.S.40A:4-1 et seq., must be applied to the Atlantic City
29 budget for the calendar year for which funds are provided as
30 identified in subsection a. of this section and to no other Atlantic
31 City calendar year budget.

32 (cf: P.L.2016, c.5, s.4)

33

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

36 5. a. Annually, beginning in calendar year 2017 and ending on
37 December 31, 2026, a portion of the payment in lieu of property tax
38 moneys collected pursuant to section 3 of P.L.2016, c.5
39 (C.52:27BBBB-20) shall be remitted to the county and the school
40 district for their own purposes. **【**These moneys shall be remitted to
41 the county and to the school district in the same manner as property
42 taxes are paid to counties and school districts pursuant to R.S.54:4-
43 74, R.S.54:4-75, and R.S.54:4-76, except that the Local Finance
44 Board may, in its discretion, apportion a specific percentage of the
45 payment in lieu of property tax moneys to be remitted to the
46 county.**】**

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

6 beginning in calendar year 2022, the portion of the payment in
7 lieu of property taxes collected pursuant to section 3 of P.L.2016,
8 c.5 (C.52:27BBBB-20) that is allocated to Atlantic County shall be
9 the same as 2021, with the allocation in each year thereafter
10 increasing by two percent from the preceding year; provided,
11 however, in the case of an upward adjustment pursuant to
12 subparagraph (h) of paragraph (3) of subsection c. of section 3 of
13 P.L.2016, c.5 (C.52:27BBBB-20) in calendar year 2023 or 2024, the
14 portion of the payment in lieu of property taxes allocated to Atlantic
15 County shall be increased by \$1,350,000 in the year of the upward
16 adjustment and shall thereafter increase by two percent from the
17 preceding year, and in the case of an upward adjustment that occurs
18 in calendar year 2025 or 2026, the portion of the payment in lieu of
19 property taxes allocated to Atlantic County shall be increased by
20 \$1,200,000 in the year of the upward adjustment and shall thereafter
21 increase by two percent from the preceding year; and provided
22 further that in the case of a downward adjustment pursuant to
23 subparagraph (h) of paragraph (3) of subsection c. of section 3 of
24 P.L.2016, c.5 (C.52:27BBBB-20) in calendar year 2023 or 2024, the
25 portion of the payment in lieu of property taxes allocated to Atlantic
26 County shall be decreased by \$1,350,000 in the year of a downward
27 adjustment and shall thereafter increase by two percent from the
28 preceding year and in the case of a downward adjustment that
29 occurs in calendar year 2025 or 2026 the portion of the payment in
30 lieu of property taxes allocated to Atlantic County shall be
31 decreased by \$1,200,000 in the year of the downward adjustment
32 and shall thereafter increase by two percent from the preceding
33 year.

34 c. Notwithstanding the provisions of any other law to the
35 contrary, beginning in calendar year 2022, the portion of the
36 payment in lieu of property taxes collected pursuant to section 3 of
37 P.L.2016, c.5 (C.52:27BBBB-20) that is allocated to the Atlantic
38 City School District shall be the same as 2021, with the allocation
39 in each year thereafter increasing by two percent from the preceding
40 year; provided, however, in the case of an upward adjustment
41 pursuant to subparagraph (h) of paragraph (3) of subsection c. of
42 section 3 of P.L.2016, c.5 (C.52:27BBBB-20), the portion of the
43 payment in lieu of property taxes allocated to the Atlantic City
44 School District shall be increased by \$3,500,000 in the year of the
45 upward adjustment and shall thereafter increase by two percent
46 from the preceding year; and provided further that in the case of a
47 downward adjustment pursuant to subparagraph (h) of paragraph (3)
48 of subsection c. of section 3 of P.L.2016, c.5 (C.52:27BBBB-20),

1 the portion of the payment in lieu of property taxes allocated to the
2 Atlantic City School District shall be decreased by \$3,500,000 in
3 the year of a downward adjustment and shall thereafter increase by
4 two percent from the preceding year.

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

6

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

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

26 b. Notwithstanding the provisions of section 3 of P.L.1984,
27 c.218 (C.5:12-144.1) or any other law to the contrary, including
28 subsection k. of section 5 of P.L.2011, c.18 (C.5:12-219), for each
29 calendar year from 2022 through 2026, of the moneys received by
30 the State Treasurer derived from the payment of the investment
31 alternative tax in the amount specified in paragraph (2) of
32 subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) and the
33 investment alternative in the amount as specified in section 17 of
34 P.L.2013, c.27 (C.5:12-95.19), except for any amount thereof
35 pledged for the payment of bonds issued by the Casino
36 Reinvestment Development Authority or otherwise contractually
37 obligated by the authority prior to the effective date of P.L.2016,
38 c.5 (C.52:27BBBB-18 et al.), or any bonds issued to refund such
39 bonds, shall be allocated first to Atlantic City for the purposes of
40 paying debt service during each such calendar year on bonds issued
41 by Atlantic City prior to and after the effective date of P.L.2016, c.5
42 (C.52:27BBBB-18 et al.). In the event that the moneys received by
43 the State Treasurer from the payment of the investment alternative
44 tax, in the amounts identified in this section, exceed the debt service
45 on bonds issued by Atlantic City prior to and after the effective date
46 of P.L.2016, c.5 (C.52:27BBBB-18 et al.) in any year, then the
47 amount in excess of the debt service shall be allocated as follows:

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

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

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

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

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

38 c. If, in any year, the aggregate amount allocated to Atlantic City
39 for municipal purposes pursuant to subsection b. of this section results
40 in an amount that is less than 2.5 percent higher than the amount for
41 municipal purposes in the prior year, the distributions to the Casino
42 Reinvestment Development Authority, the Clean and Safe Fund, and
43 Infrastructure Fund shall be reduced in equal amounts and allocated to
44 Atlantic City for municipal purposes to meet a 2.5 percent growth
45 target.

46 d. If, in any year, the amount allocated to the Casino
47 Reinvestment Development Authority, the Clean and Safe Fund, and
48 the Infrastructure Fund pursuant to subsection b. of this section

S4007 SWEENEY

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

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

13
 14 e. The provisions of this section shall expire on December 31,
 15 2026.
 16 (cf: P.L.2016, c.5, s.9)
 17

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

28 b. Moneys in the fund shall be expended by Atlantic City, or
 29 another governmental entity working on behalf of Atlantic City, to
 30 pay for capital public safety expenses, streetscape improvements,
 31 plantings, roadway median improvements, shade trees,
 32 beautification, wayfinding, lighting, cleaning equipment, waste
 33 receptacles, sidewalk repair, and related maintenance. The
 34 governing body of Atlantic City may fund a project authorized
 35 under this subsection with moneys deposited in the Clean and Safe
 36 Fund subject to approval of the Director of the Division of Local
 37 Government Services in the Department of Community Affairs.

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

10

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

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

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

37

38 9. This act shall take effect immediately.

39

40

41

STATEMENT

42

43 This bill concerns the State's casino gaming industry, and revises
44 and supplements existing law relating to requirements for a casino
45 license, and the casino gaming industry's financial responsibility to
46 Atlantic City, Atlantic County, and the Atlantic City School
47 District, which are all affected by, and dependent on, the success of
48 the casino gaming industry.

1 Section 2 of the bill amends the "Casino Control Act," P.L.1977,
2 c. 110 (C. 5:12-1 et seq.) with respect to financial requirements
3 required to be met by an applicant for a casino license. Current law
4 requires that an applicant demonstrate the ability to make necessary
5 capital and maintenance expenditures in a timely manner to ensure
6 the maintenance of a superior, first class facility of exceptional
7 quality, and demonstrate having met that standard if its capital
8 expenditures, over a five-year period, average five percent of net
9 revenue annually. The bill would require that an applicant
10 demonstrate the ability to make only necessary capital expenditures
11 which are adequate to ensure a superior, first class facility of
12 exceptional quality, as maintenance is generally performed as an
13 ongoing process of upkeep, while the financial ability to make
14 ongoing necessary capital expenditures is crucial in order to create
15 and maintain a superior first class facility of exceptional quality
16 which will attract and maintain a customer base.

17 Section 3 of the bill concerns the calculation of the annual
18 payments in lieu of property taxes (PILOT) that are required under
19 the "Casino Property Tax Stabilization Act," P.L.2016, c.5 to be
20 made by casino gaming properties to Atlantic City annually from
21 2017 through 2026. The bill would require the casino gaming
22 properties to pay Atlantic City \$110 million in PILOT payments for
23 calendar year 2022. For calendar years 2023, 2024, 2025, and
24 2026, the base amount of the PILOT payment would be determined
25 based on gross gaming revenue totals. For each of these calendar
26 years, the total amount of the PILOT payments would increase by
27 two percent per year provided that there is no upward adjustment in
28 the base amount of the PILOT. This section redefines "gross
29 gaming revenue," for calendar years 2021 through 2026, to exclude
30 revenue derived from Internet casino gaming and Internet sports
31 wagering. This section also places a limit on the net liability of
32 individual casino gaming properties resulting from the elimination
33 of the investment alternative tax credit after 2021.

34 Section 4 of the bill revises the amount of the additional
35 payments required to be remitted to the State by each casino gaming
36 property. Pursuant to the "Casino Property Tax Stabilization Act,"
37 these additional payments were to be made by each casino gaming
38 property in decreasing amounts between 2015 and 2023, with the
39 final payment in 2023 being \$5,000,000. The bill extends these
40 additional payments to the State through 2026, and requires the
41 payments to be made to the State not later than June 1 annually.

42 Section 5 of the bill concerns the portion of the funds collected
43 by Atlantic City from the PILOT payments that are to be allocated
44 annually to Atlantic County and the Atlantic City School District.
45 The bill would require that for 2022, the portion allocated to those
46 entities would be the same as 2021, with a required annual two
47 percent increase for each year from 2023 through 2026, and
48 required upward or downward adjustments based on whether there

1 is an upward or downward adjustment in the base amount of the
2 PILOT, as specified in the bill.

3 Section 6 of the bill concerns the investment alternative tax and
4 the investment alternative paid to the State Treasurer annually by
5 the casino gaming properties. Under current law, the moneys
6 received by the State Treasurer from the investment alternative tax
7 and the investment alternative, except for any amount thereof
8 pledged for the payment of bonds issued by the Casino
9 Reinvestment Development Authority or otherwise contractually
10 obligated by the authority, or any bonds issued to refund such
11 bonds, is allocated to Atlantic City for the purposes of paying debt
12 service on bonds issued by Atlantic City prior to, and after the
13 effective date of the "Casino Property Tax Stabilization Act". This
14 bill would provide that, for calendar years 2022 through 2026, in
15 the event that moneys received by the State Treasurer from the
16 payment of the investment alternative tax, in the amounts identified
17 in law exceed the debt service on bonds issued by Atlantic City
18 prior to and after the effective date of the "Casino Property Tax
19 Stabilization Act," in any year, then the amount in excess of the
20 debt service is to be reallocated to the Casino Reinvestment
21 Development Authority, the Clean and Safe Fund, established
22 pursuant to section 7 of the bill, and the Infrastructure Fund,
23 established pursuant to section 8 of the bill, and to Atlantic City for
24 general municipal purposes, in different proportions, as described in
25 the bill.

26 Sections 7 and 8 create the Clean and Safe Fund and the
27 Infrastructure Fund, respectively, into which the excess investment
28 alternative tax funds are to be appropriated pursuant to section 6 of
29 the bill. These funds are to be held by the State Treasurer. The
30 purpose of these funds is to set aside money for Atlantic City to use
31 for specific purposes which benefit the public and the city while at
32 the same time increasing the appeal of Atlantic City casino gaming,
33 relative to competitor markets. Clean and Safe Fund moneys would
34 be used by Atlantic City, or another governmental entity working
35 on behalf of Atlantic City, to pay for capital public safety expenses,
36 streetscape improvements, planting, roadway median
37 improvements, shade trees, beautification, wayfinding, lighting,
38 cleaning equipment, waste receptacles, sidewalk repair, and related
39 maintenance within Atlantic City. Moneys in the Infrastructure
40 Fund would be used to pay for any local infrastructure
41 improvements within Atlantic City.