

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 4157

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 6, 2021

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 4157.

As amended by the committee, this bill imposes a daily \$3 per room surcharge on casino hotel occupancies. The bill requires all surcharges to be deposited into a public safety services trust fund and dedicated to fund public safety services for the host city.

The surcharge revenues are intended to supplement, rather than replace, appropriations for public safety services that are supported by general revenues, such as the municipal State aid and the property tax levy. To that end, the bill allows the host municipality to appropriate the surcharge revenues in the municipal budget only if municipal appropriations for public services in the current fiscal year are higher than municipal appropriations for public safety services in the prior fiscal year. The surcharges would sunset in two years after the effective date. The State would collect the surcharges and would remit the revenues therefrom to the city.

COMMITTEE AMENDMENTS:

The committee amended the bill to eliminate the surcharge on hotels that are not casino hotels. The amendments also remove language related to qualified municipalities, which are redundant as only a single municipality in the State, Atlantic City, hosts casino hotels.

FISCAL IMPACT:

The OLS estimates that the bill will result in a temporary increase in municipal revenues for the City of Atlantic City as follows: CY 2022 - \$10.725 million; CY 2023 – \$11.7 million; and CY 2024: \$975,000. The amount of revenues to be realized in each calendar year was calculated using recent information the collection of currently imposed hotel surcharges to extrapolate the number of hotel room rentals to which the new surcharge would apply.

The bill requires the city to use the hotel surcharge revenues to fund public safety services. However, these funds are available only if municipal appropriations for public safety services increase from year-to-year. The surcharge revenues are intended to supplement, rather than replace, appropriations for public safety services that are supported by general municipal revenues.