

5:12-80.2

LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library

LAWS OF: 2010 **CHAPTER:** 115

NJSA: 5:12-80.2 (Establishes alternative methods of casino licensure)

BILL NO: S1866 (Substituted for A2612)

SPONSOR(S) Whelan and others

DATE INTRODUCED: May 10, 2010

COMMITTEE: **ASSEMBLY:** Regulatory Oversight and Gaming

SENATE: State government, Wagering, Tourism & Historic Preservation

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** November 22, 2010

SENATE: November 22, 2010

DATE OF APPROVAL: January 5, 2011

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Third Reprint enacted)

S1866

SPONSOR'S STATEMENT: (Begins on page 4 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: Yes

LEGISLATIVE FISCAL ESTIMATE: No

A2612

SPONSOR'S STATEMENT: (Begins on page 4 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

(continued)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"New law allows smaller casinos," The Press of Atlantic City, 1-6-11

"Christie signs bill for smaller casino hotels," Courier-Post, 1-6-11

"'Boutique' casino law lets Atlantic City think small," The Star-Ledger, 1-6-11

"Christie signs law allowing small casino," Asbury Park Press, 1-6-11

"Christie signs casino-hotel bill," the Philadelphia Inquirer, 1-6-11

LAW/KR

[Third Reprint]

SENATE, No. 1866

STATE OF NEW JERSEY
214th LEGISLATURE

INTRODUCED MAY 10, 2010

Sponsored by:

Senator JIM WHELAN

District 2 (Atlantic)

Senator JOSEPH M. KYRILLOS, JR.

District 13 (Middlesex and Monmouth)

Assemblyman JOHN J. BURZICHELLI

District 3 (Salem, Cumberland and Gloucester)

Assemblyman VINCENT J. POLISTINA

District 2 (Atlantic)

Assemblyman JOHN F. AMODEO

District 2 (Atlantic)

Assemblyman PAUL D. MORIARTY

District 4 (Camden and Gloucester)

Co-Sponsored by:

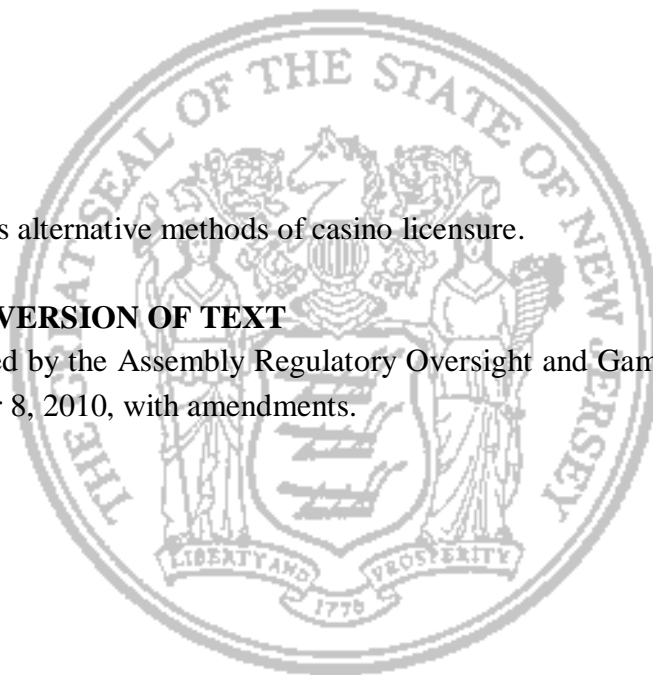
Senators Lesniak, Gordon, Assemblyman Giblin, Assemblywoman Quijano and Assemblyman Coughlin

SYNOPSIS

Establishes alternative methods of casino licensure.

CURRENT VERSION OF TEXT

As reported by the Assembly Regulatory Oversight and Gaming Committee on November 8, 2010, with amendments.



(Sponsorship Updated As Of: 11/23/2010)

1 AN ACT establishing alternative methods of casino licensure and
 2 supplementing P.L.1977, c.110 (C.5:12-1 et seq.).

3

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

6

7 1. a. Notwithstanding the provisions of P.L.1977, c.110
 8 (C.5:12-1 et seq.) to the contrary, the Casino Control Commission
 9 shall ²establish a pilot program under which it shall² issue two
 10 additional types of casino licenses: a small-scale casino facility
 11 license and a staged casino facility license. ²The commission shall
 12 not issue a total of more than two licenses under the pilot program
 13 and at least one of the licenses issued shall be a staged casino
 14 facility license.² ¹Each small-scale casino facility and each staged
 15 casino facility licensed under this section shall be ²new
 16 construction,² located within the Boardwalk casino zone, and
 17 ²[must] shall² originate on the beach block touching the
 18 Boardwalk, but may extend across the street.¹

19 b. An applicant may apply to the commission for a casino
 20 license to operate a small-scale casino facility consisting of not
 21 more than ²[20,000] 24,000² square feet of casino space and not
 22 less than 200 qualified sleeping units ¹[to be located within or
 23 adjacent to the Boardwalk casino zone] , with additional casino
 24 space as may be approved by the commission in connection with the
 25 development of special amenities pursuant to section 2 of P.L. ,
 26 c. (C.) (pending before the Legislature as this bill)¹.

27 c. An applicant may apply to the commission for a casino
 28 license to operate a staged casino facility which shall initially
 29 consist of not more than ²[30,000] 34,000² square feet of casino
 30 space and not less than 200 qualified sleeping units ¹[to be located
 31 within or adjacent to the Boardwalk casino zone]¹, on the condition
 32 that within two years of the date of licensure the licensee shall
 33 begin an expansion of the facility to include not less than a total of
 34 500 qualified sleeping units which shall be completed within five
 35 years of initial licensure. A staged casino facility licensee shall be
 36 deemed to have begun the expansion required by this subsection if
 37 the licensee has obtained all necessary permits, including a permit
 38 issued pursuant to the "Coastal Area Facility Review Act,"
 39 P.L.1973, c.185 (C.13:19-1 et seq.), that are necessary for the
 40 commencement of site work and the construction of footings and
 41 foundations, and has begun site work, including grading, footing
 42 and foundation work. A licensee shall be deemed to have

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:

¹Senate SSG committee amendments adopted May 13, 2010.

²Senate floor amendments adopted September 20, 2010.

³Assembly ARG committee amendments adopted November 8, 2010.

1 completed the expansion of the facility upon receipt of a temporary
2 or permanent certificate of occupancy for the qualified sleeping
3 units. Upon the completion of 75% of the expansion of the facility,
4 as certified by the project architect or engineer, such level of
5 completion shall be deemed an addition of those sleeping units for
6 purposes of calculating such licensee's maximum allowable casino
7 space under section 83 of P.L.1977, c.110 (C.5:12-83) ¹, provided
8 that, upon the completion of the expansion, for every 100 qualified
9 sleeping units above the initial 200, the initial maximum of
10 ²[30,000] 34,000² square feet of casino space may be enlarged by
11 10,000 square feet, for a maximum of ²[60,000] 54,000² square
12 feet of casino space, except that any enlargement of the initial
13 casino space undertaken during the period of staged casino
14 licensure in connection with the development of special amenities
15 as provided under section 2 of P.L. , c. (C.) (pending before the
16 Legislature as this bill) shall be counted toward the calculation of
17 the maximum ²[60,000] 54,000² square feet of casino space¹.
18 Upon the completion of all of the additional qualified sleeping units
19 the commission shall convert the licensee's license from a staged
20 casino facility license to a standard casino license issued under
21 P.L.1977, c.110 (C.5:12-1 et seq.). ²[If the holder of a staged
22 casino facility license fails to complete the expansion of the facility
23 within the time period specified by this subsection, the commission
24 shall]² ¹[convert that license to a small-scale] ²[revoke the¹ casino
25 facility license.]²

26 d. An applicant for a small-scale casino facility license or a
27 staged casino facility license shall submit a notice of the intent to
28 proceed to the commission on such forms as the commission may
29 provide which shall include a statement of intention to apply for
30 either a small-scale casino facility license or a staged casino facility
31 license, a description of the general elements of the project, a
32 description of the financing and source of funds for the project, and
33 a commitment to a minimum investment threshold that includes
34 acquisition costs and hard and soft development costs. In addition,
35 the applicant shall provide a bond, letter of credit or cash deposit in
36 the amount of \$1,000,000 for the benefit of the State, which shall be
37 forfeited upon the failure to commence or complete a project within
38 the applicable time frames or refunded upon timely completion of
39 the project ¹, and ²upon the issuance of a permit pursuant to the
40 "Coastal Area Facility Review Act," P.L.1973, c.185 (C.13:19-1 et
41 seq.) and the commencement of site work, including grading,
42 footing and foundation work,² a cash deposit of \$1,000,000 to the
43 State Treasurer, which shall be a non-refundable fee to be accessed
44 by the City of Atlantic City and used to fund infrastructure
45 improvements within the City of Atlantic City¹ ², provided that
46 such improvements are related to the applicant's project².

1 e. The commission shall require the holder of a small-scale
2 casino facility license or a staged casino facility license to deposit
3 'annually' an amount equal to 5% of gross revenues into a special
4 non-lapsing fund to be administered by the State Treasurer. Funds
5 deposited by the holder of a staged casino facility license shall be
6 made available to the licensee for the purpose of expanding the
7 facility as provided by this section. Funds deposited by the holder
8 of a small-scale casino facility license shall be made available to the
9 licensee for the purpose of expanding the number of qualified
10 sleeping units at the facility. Funds that are not used for these
11 purposes, ¹[after a period of time to be determined by the
12 commission] within five years of initial licensure¹, shall be
13 expended for the purpose of funding infrastructure improvements in
14 the City of Atlantic City or made available for low interest loans
15 ²[to expand] for capital expenditures for² existing casinos ¹,
16 including small-scale casino facilities and staged casino facilities¹,
17 ²provided that neither the city, nor the existing casinos collectively,
18 shall be eligible to receive more than 50% of the amount in the fund
19 and provided that all funds received by the city or existing casinos
20 shall be used for capital improvements in the Boardwalk casino
21 zone as described in subsection a. of this section² . ²In addition, if
22 a staged casino facility licensee fails to expand the total number of
23 sleeping units at the facility to at least 500 rooms within five years
24 of initial licensure: the licensee's casino space shall be reduced by
25 10,000 square feet until the number of sleeping units reaches 500;
26 and the amount the licensee is required to deposit annually into the
27 special non-lapsing fund pursuant to this section shall be increased
28 to 10% until the end of a period of five years or until the number of
29 sleeping units reaches 500, whichever occurs first.²

30 f. No more than ²[four] two² facilities shall be licensed
31 pursuant to this section at the same time ²and at least one of the
32 facilities shall be a staged casino facility² . If at any time the
33 commission is in receipt of more than ²[four] two² applications for
34 licensure, the commission shall rank the applications according to
35 criteria developed by the commission, including, without limitation,
36 job preservation, job creation, immediacy of project development
37 and neighborhood benefit, but shall give preference to applicants
38 seeking licensure to operate a staged casino facility as provided
39 herein ²[and to new construction over renovation]² .

40 g. The holder of a casino license issued pursuant to the
41 provisions of P.L.1977, c.110 (C.5:12-1 et seq.) shall be eligible for
42 licensure under this section to operate a small-scale casino on the
43 behalf of a small-scale casino licensee.

44 h. The provisions of P.L.1977, c.110 (C.5:12-1 et seq.) shall
45 apply to licensure under this section except to the extent that those
46 provisions may be inconsistent with this section.

1 ²i. The commission shall require the holder of a license to
2 establish a small-scale casino facility or a staged casino facility to
3 establish and maintain an approved hotel that is in all respects a
4 superior, first class facility of exceptional quality which will help
5 restore Atlantic City as a resort, tourist and convention destination.²

6 ³j. The commission shall also require the holder of a license to
7 establish a small-scale casino facility or a staged casino facility to
8 establish and maintain as part of its premises at least one first class
9 restaurant and at least one entertainment venue. The type and
10 quality of a restaurant or entertainment venue established by a
11 licensee pursuant to this subsection shall be subject to the approval
12 of the commission.³

13
14 ¹2. a. Notwithstanding the provisions of P.L.1977, c.110
15 (C.5:12-1 et seq.) to the contrary, a small-scale casino facility and a
16 staged casino facility licensed pursuant to section 1 of P.L. ,
17 c. (C.) (pending before the Legislature as this bill), may be
18 permitted to increase its initial casino space by 10,000 square feet
19 ²[for every] if the facility develops² 40,000 square feet of special
20 amenities ²[developed]² at the casino facility, except that at no
21 time during the period of small-scale casino licensure or staged
22 casino licensure, as the case may be, shall the total casino space
23 exceed ²[50,000] 54,000² square feet, as herein provided.

24 b. As used in this section, “special amenities” may include, but
25 may not be limited to, special and unique meeting and convention
26 space, museum, exhibit space, sports and entertainment venues,
27 spas, treatment facilities, retail space, and themed retail, dining and
28 entertainment venues. Special amenities shall not include casino
29 space, facilities directly related to the function of casino space,
30 standard restaurant or retail space, or standard meeting and
31 convention space.

32 c. Any small-scale casino facility or staged casino facility that
33 is granted additional square footage of casino space in connection
34 with the development of special amenities pursuant to this section
35 shall be limited to a maximum of ²[50,000] 54,000² square feet of
36 total casino space during the period of small-scale casino licensure
37 or staged casino licensure, as the case may be. With respect to the
38 casino square footage of a staged casino facility that develops
39 special amenities during the period of staged casino licensure, the
40 maximum ²[50,000] 54,000² square feet of total casino space
41 established herein shall apply during the period of staged casino
42 licensure, and shall be calculated toward the maximum 60,000
43 square feet of casino space limit established under section 83 of
44 P.L.1977, c.110 (C.5:12-83) upon conversion of the staged casino
45 facility license to a standard casino license as provided under
46 subsection c. of section 1 of P.L. , c. (C.) (pending before the
47 Legislature as this bill).

1 d. The provisions of this section shall not be interpreted to
2 diminish or alter the requirements imposed under section 1 of
3 P.L. , c. (C.) (pending before the Legislature as this bill) for the
4 construction of the specified number of qualified sleeping units by a
5 small-scale casino facility licensee or a staged casino facility
6 licensee.

7 e. The commission shall develop guidelines for small-scale
8 casino licensees and staged casino licensees to follow concerning
9 the types of special amenities that are qualified for the purposes of
10 calculating the additional casino space provided for in this section.¹

11

12 ¹[2.] 3.¹ This act shall take effect immediately.

SENATE, No. 1866

STATE OF NEW JERSEY
214th LEGISLATURE

INTRODUCED MAY 10, 2010

Sponsored by:

Senator JIM WHELAN

District 2 (Atlantic)

Senator JOSEPH M. KYRILLOS, JR.

District 13 (Middlesex and Monmouth)

Co-Sponsored by:

Senators Lesniak and Gordon

SYNOPSIS

Establishes alternative methods of casino licensure.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/14/2010)

1 AN ACT establishing alternative methods of casino licensure and
2 supplementing P.L.1977, c.110 (C.5:12-1 et seq.).

3

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

6

7 1. a. Notwithstanding the provisions of P.L.1977, c.110 (C.5:12-
8 1 et seq.) to the contrary, the Casino Control Commission shall
9 issue two additional types of casino licenses: a small-scale casino
10 facility license and a staged casino facility license.

11 b. An applicant may apply to the commission for a casino license
12 to operate a small-scale casino facility consisting of not more than
13 20,000 square feet of casino space and not less than 200 qualified
14 sleeping units to be located within or adjacent to the Boardwalk
15 casino zone.

16 c. An applicant may apply to the commission for a casino license
17 to operate a staged casino facility which shall initially consist of not
18 more than 30,000 square feet of casino space and not less than 200
19 qualified sleeping units to be located within or adjacent to the
20 Boardwalk casino zone, on the condition that within two years of
21 the date of licensure the licensee shall begin an expansion of the
22 facility to include not less than a total of 500 qualified sleeping
23 units which shall be completed within five years of initial licensure.
24 A staged casino facility licensee shall be deemed to have begun the
25 expansion required by this subsection if the licensee has obtained
26 all necessary permits, including a permit issued pursuant to the
27 "Coastal Area Facility Review Act," P.L.1973, c.185 (C.13:19-1 et
28 seq.), that are necessary for the commencement of site work and the
29 construction of footings and foundations, and has begun site work,
30 including grading, footing and foundation work. A licensee shall be
31 deemed to have completed the expansion of the facility upon receipt
32 of a temporary or permanent certificate of occupancy for the
33 qualified sleeping units. Upon the completion of 75% of the
34 expansion of the facility, as certified by the project architect or
35 engineer, such level of completion shall be deemed an addition of
36 those sleeping units for purposes of calculating such licensee's
37 maximum allowable casino space under section 83 of P.L.1977,
38 c.110 (C.5:12-83). Upon the completion of all of the additional
39 qualified sleeping units the commission shall convert the licensee's
40 license from a staged casino facility license to a standard casino
41 license issued under P.L.1977, c.110 (C.5:12-1 et seq.). If the
42 holder of a staged casino facility license fails to complete the
43 expansion of the facility within the time period specified by this
44 subsection, the commission shall convert that license to a small-
45 scale casino facility license.

46 d. An applicant for a small-scale casino facility license or a
47 staged casino facility license shall submit a notice of the intent to
48 proceed to the commission on such forms as the commission may

1 provide which shall include a statement of intention to apply for
2 either a small-scale casino facility license or a staged casino facility
3 license, a description of the general elements of the project, a
4 description of the financing and source of funds for the project, and
5 a commitment to a minimum investment threshold that includes
6 acquisition costs and hard and soft development costs. In addition,
7 the applicant shall provide a bond, letter of credit or cash deposit in
8 the amount of \$1,000,000 for the benefit of the State, which shall be
9 forfeited upon the failure to commence or complete a project within
10 the applicable time frames or refunded upon timely completion of
11 the project.

12 e. The commission shall require the holder of a small-scale
13 casino facility license or a staged casino facility license to deposit
14 an amount equal to 5% of gross revenues into a special non-lapsing
15 fund to be administered by the State Treasurer. Funds deposited by
16 the holder of a staged casino facility license shall be made available
17 to the licensee for the purpose of expanding the facility as provided
18 by this section. Funds deposited by the holder of a small-scale
19 casino facility license shall be made available to the licensee for the
20 purpose of expanding the number of qualified sleeping units at the
21 facility. Funds that are not used for these purposes, after a period of
22 time to be determined by the commission, shall be expended for the
23 purpose of funding infrastructure improvements in the City of
24 Atlantic City or made available for low interest loans to expand
25 existing casinos.

26 f. No more than four facilities shall be licensed pursuant to this
27 section at the same time. If at any time the commission is in receipt
28 of more than four applications for licensure, the commission shall
29 rank the applications according to criteria developed by the
30 commission, including, without limitation, job preservation, job
31 creation, immediacy of project development and neighborhood
32 benefit, but shall give preference to applicants seeking licensure to
33 operate a staged casino facility as provided herein and to new
34 construction over renovation.

35 g. The holder of a casino license issued pursuant to the
36 provisions of P.L.1977, c.110 (C.5:12-1 et seq.) shall be eligible for
37 licensure under this section to operate a small-scale casino on the
38 behalf of a small-scale casino licensee.

39 h. The provisions of P.L.1977, c.110 (C.5:12-1 et seq.) shall
40 apply to licensure under this section except to the extent that those
41 provisions may be inconsistent with this section.

42

43 2. This act shall take effect immediately.

STATEMENT

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

This bill establishes two alternative methods of casino licensure. It provides that the Casino Control Commission will issue a small-scale casino facility license and a staged casino facility license for a facility to be located within or adjacent to the Boardwalk casino zone. A small-scale casino facility would consist of not more than 20,000 square feet of casino space and not less than 200 qualified sleeping units. A staged casino facility would initially consist of not more than 30,000 square feet of casino space and not less than 200 qualified sleeping units. Within two years, a staged casino facility licensee would have to begin expanding the facility which must include not less than a total of 500 qualified sleeping units within five years of initial licensure. If the holder of a staged casino facility license fails to complete the expansion of the facility within the time period specified by the bill, the commission will convert that license to a small-scale casino facility license. A total of not more than four small-scale casino facility licenses and staged casino facility licenses could be issued by the commission at the same time. The bill also provides that the holder of either type of license would deposit an amount equal to 5% of gross revenues into a fund administered by the State Treasurer. Funds deposited by the holder of a staged casino facility license would be made available to the licensee for the purpose of expanding the facility. Funds deposited by the holder of a small-scale casino facility license would be made available to the licensee for the purpose of expanding the number of qualified sleeping units at the facility. Funds that are not used for these purposes, after a period of time to be determined by the commission, would be expended for the purpose of funding infrastructure improvements in Atlantic City or made available for low interest loans to expand existing casinos.

SENATE STATE GOVERNMENT, WAGERING, TOURISM &
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 1866

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 13, 2010

The Senate State Government, Wagering, Tourism & Historic Preservation Committee reports favorably and with committee amendments Senate Bill No. 1866.

As amended by the committee, this bill establishes two alternative methods of casino licensure. It provides that the Casino Control Commission will issue a small-scale casino facility license and a staged casino facility license for a facility to be located in the Boardwalk casino zone. The facility must originate on the beach block touching the boardwalk, but may extent across the street. A total of not more than four facility licenses could be issued by the commission at the same time.

Under the bill, as amended, a small-scale casino facility would consist of not more than 20,000 square feet of casino space and not less than 200 qualified sleeping units. A staged casino facility would initially consist of not more than 30,000 square feet of casino space and not less than 200 qualified sleeping units. Within two years, a staged casino facility licensee would have to begin expanding the facility, which must include not less than a total of 500 qualified sleeping units within five years of initial licensure. Upon completion of the expansion, a staged casino facility license would become a standard casino facility license. As amended, the bill provides that if the holder of a staged casino facility license fails to complete the expansion of the facility within the time period specified by the bill, the commission will revoke the casino facility license.

As amended, an applicant for licensure must provide a bond, letter of credit or cash deposit in the amount of \$1,000,000 for the benefit of the State, which will be forfeited upon the failure to commence or complete a project within the applicable time frames, or refunded upon timely completion of the project, and an additional cash deposit of \$1,000,000 to the State Treasurer, which will be a non-refundable fee to be accessed by the City of Atlantic City and used to fund infrastructure improvements within the City of Atlantic City. The bill also provides that the holder of either type of license would deposit

annually an amount equal to 5% of gross revenues into a fund administered by the State Treasurer. Funds deposited by the holder of a staged casino facility license would be made available to the licensee for the purpose of expanding the facility. Funds deposited by the holder of a small-scale casino facility license would be made available to the licensee for the purpose of expanding the number of qualified sleeping units at the facility. Funds that are not used for these purposes within five years of initial licensure would be expended for the purpose of funding infrastructure improvements in Atlantic City, or made available for low interest loans to expand existing casinos, small-scale casino facilities, and staged casino facilities.

As amended, the bill also provides that a small-scale casino facility and a staged casino facility may be permitted to increase its initial casino space by 10,000 square feet for every 40,000 square feet of special amenities developed at the casino facility, except that at no time during the period of small-scale casino licensure or staged casino licensure, as the case may be, could the total casino space exceed 50,000 square feet. Under the bill, as amended, "special amenities" may include, but may not be limited to, special and unique meeting and convention space, museum, exhibit space, sports and entertainment venues, spas, treatment facilities, retail space, and themed retail, dining and entertainment venues, but must not include casino space, facilities directly related to the function of casino space, standard restaurant or retail space, or standard meeting and convention space. With respect to the casino square footage of a staged casino facility that develops special amenities during the period of staged casino licensure, the maximum 50,000 square feet of total casino space will apply during the period of staged casino licensure, but will be calculated toward the maximum 60,000 square feet of casino space limit established by law, upon conversion of the staged casino facility license to a standard casino license as provided under the bill.

COMMITTEE AMENDMENTS

The committee amended the bill to:

(1) Clarify that each small-scale casino facility and each staged casino facility must originate on the beach block touching the boardwalk, but may extend across the street;

(2) Require an applicant for a small-scale casino facility license or a staged casino facility license to provide an additional cash deposit of \$1,000,000 to the State Treasurer, which would be a non-refundable fee to be accessed by the City of Atlantic City for the funding of infrastructure improvements within the city;

(3) Provide that the 5% of gross revenues required to be paid by a small-scale casino facility licensee or a staged casino facility licensee (a) must be paid annually; (b) would be used for the other purposes stipulated in the bill if not used for funding the required expansions within five years of initial licensure, rather than after a time period to

be determined by the commission; and (c) if used to fund low-interest loans for the expansion of existing casinos, that such loans would also be available to small-scale casino facility licensees and staged casino facility licensees;

(4) Clarify that, in the case of a staged casino facility and upon completion of the required hotel room expansion, for each 100 qualified sleeping units above the initial 200, the initial maximum of 30,000 square feet of casino space may be increased by 10,000 square feet, up to a maximum of 60,000 square feet;

(5) Provide that: (a) a small-scale casino facility and a staged casino facility may be permitted to increase its initial casino space by 10,000 square feet for every 40,000 square feet of special amenities developed at the casino facility, except that at no time during the period of small-scale casino licensure or staged casino licensure, as the case may be, could the total casino space exceed 50,000 square feet; (b) “special amenities” may include, but may not be limited to, special and unique meeting and convention space, museum, exhibit space, sports and entertainment venues, spas, treatment facilities, retail space, and themed retail, dining and entertainment venues, but must not include casino space, facilities directly related to the function of casino space, standard restaurant or retail space, or standard meeting and convention space; and (c) with respect to the casino square footage of a staged casino facility that develops special amenities during the period of staged casino licensure, the maximum 50,000 square feet of total casino space will apply during the period of staged casino licensure, but will be calculated toward the maximum 60,000 square feet of casino space limit established by law, upon conversion of the staged casino facility license to a standard casino license as provided under the bill; and

(6) Provide that if a staged casino facility licensee fails to complete the required expansion within the timeframe specified in the bill, that the commission will revoke the facility license.

STATEMENT TO
[First Reprint]
SENATE, No. 1866

with Senate Floor Amendments
(Proposed by Senator WHELAN)

ADOPTED: SEPTEMBER 20, 2010

These Senate amendments provide that the Casino Control Commission will establish a pilot program for the issuance of not more than a total of two licenses to operate a small-scale casino facility or a staged casino facility, and that at least one of the two licenses issued must be for a staged casino facility. The amendments also eliminate a provision providing for the revocation of a staged casino facility license for the failure to complete the expansion of the facility as required by the bill within five years. Instead, such a failure would result in a reduction of the licensee's casino space by 10,000 square feet until the number of sleeping units reaches 500 and an increase in the amount the licensee is required to deposit annually into the fund created by the bill to 10% until the end of a period of five years or until the number of sleeping units reaches 500, whichever occurs first.

In addition, the amendments provide that: a facility licensed under the bill must be new construction; the \$1,000,000 cash deposit for infrastructure improvements in Atlantic City is payable upon the issuance of a CAFRA permit for the facility and the commencement of site work, including grading, footing and foundation work; and the Casino Control Commission will require the holder of a licensee issued under the bill to establish a hotel that is a superior, first class facility of exceptional quality.

ASSEMBLY REGULATORY OVERSIGHT AND GAMING
COMMITTEE

STATEMENT TO

[Second Reprint]
SENATE, No. 1866

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 8, 2010

The Assembly Regulatory Oversight and Gaming Committee reports favorably and with committee amendments Assembly, No. 1866 [2R].

As amended by the committee, this bill establishes a pilot program under which the Casino Control Commission must issue not more than two licenses, one for a small-scale casino facility license, and one for a staged casino facility license for a facility within the Boardwalk casino zone. The facility must originate on the beach block touching the boardwalk, but may extent across the street, and must be of new construction.

Under the bill, a small-scale casino facility would consist of not more than 24,000 square feet of casino space and not less than 200 qualified sleeping units, with additional casino space as may be approved by the commission in connection with special amenities.

A staged casino facility would initially consist of not more than 34,000 square feet of casino space and not less than 200 qualified sleeping units. Within two years, a staged casino facility licensee would have to begin expanding the facility, which must include not less than a total of 500 qualified sleeping units within five years of initial licensure, with additional casino space as may be approved by the commission in connection with special amenities. Upon completion of the expansion, a staged casino facility license would become a standard casino facility license. The bill provides that the failure of a staged casino licensee to complete the expansion of the facility as required by the bill would result in a reduction of the licensee's casino space by 10,000 square feet until the number of sleeping units reaches 500, and in an increase in the amount the licensee is required to deposit annually into the fund created by the bill to 10%, until the end of a period of five years or until the number of sleeping units reaches 500, whichever occurs first.

Under the bill, an applicant for licensure must provide a bond, letter of credit or cash deposit in the amount of \$1,000,000 for the

benefit of the State, which will be forfeited upon the failure to commence or complete a project within the applicable time frames, or refunded upon timely completion of the project, and upon the issuance of a Coastal Area Facility Review Act permit for the facility and the commencement of site work, including grading, footing and foundation work, an additional cash deposit of \$1,000,000 to the State Treasurer, which will be a non-refundable fee to be accessed by the City of Atlantic City and used to fund infrastructure improvements within the City of Atlantic City, provided that such improvements are related to the applicant's project.

The bill also provides that the holder of either type of license would deposit annually an amount equal to 5% of gross revenues into a fund administered by the State Treasurer. Funds deposited by the holder of a staged casino facility license would be made available to the licensee for the purpose of expanding the facility. Funds deposited by the holder of a small-scale casino facility license would be made available to the licensee for the purpose of expanding the number of qualified sleeping units at the facility. Funds that are not used for these purposes within five years of initial licensure would be expended for the purpose of funding infrastructure improvements in Atlantic City, or made available for low interest loans for capital improvements for existing casinos, small-scale casino facilities, and staged casino facilities. However, neither the city, nor the existing casinos collectively, will be eligible to receive more than 50% of the amount in the fund, and provided that amounts received by the city or existing casinos must be used for capital improvements in the Boardwalk casino zone.

The bill also provides that a small-scale casino facility and a staged casino facility may be permitted to increase its initial casino space by 10,000 square feet if the facility develops 40,000 square feet of special amenities at the casino facility, except that at no time during the period of small-scale casino licensure or staged casino licensure, as the case may be, could the total casino space exceed 54,000 square feet. Under the bill, as amended, "special amenities" may include, but may not be limited to, special and unique meeting and convention space, museum, exhibit space, sports and entertainment venues, spas, treatment facilities, retail space, and themed retail, dining and entertainment venues, but must not include casino space, facilities directly related to the function of casino space, standard restaurant or retail space, or standard meeting and convention space. With respect to the casino square footage of a staged casino facility that develops special amenities during the period of staged casino licensure, the maximum 54,000 square feet of total casino space will apply during the period of staged casino licensure, but will be calculated toward the maximum 60,000 square feet of casino space limit established by law, upon conversion of the staged casino facility license to a standard casino license as provided under the bill.

In addition, the bill provides that the Casino Control Commission will require the holder of a licensee issued under the bill to establish a hotel that is a superior, first class facility of exceptional quality. Under the bill, as amended, the commission must also require the holder of a license to establish a small-scale casino facility or a staged casino facility to establish and maintain as part of its premises at least one first class restaurant and at least one entertainment venue. The type and quality of the restaurant or entertainment venue would be subject to the approval of the commission.

COMMITTEE AMENDMENTS:

Committee amended the bill to provide that the commission must also require the holder of a license to establish a small-scale casino facility or a staged casino facility to establish and maintain as part of its premises at least one first class restaurant and at least one entertainment venue. The type and quality of the restaurant or entertainment venue would be subject to the approval of the commission.

ASSEMBLY, No. 2612

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED MAY 6, 2010

Sponsored by:

Assemblyman JOHN J. BURZICHELLI
District 3 (Salem, Cumberland and Gloucester)
Assemblyman VINCENT J. POLISTINA
District 2 (Atlantic)
Assemblyman JOHN F. AMODEO
District 2 (Atlantic)

Co-Sponsored by:

Assemblyman Giblin

SYNOPSIS

Establishes alternative methods of casino licensure.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/1/2010)

1 AN ACT establishing alternative methods of casino licensure and
2 supplementing P.L.1977, c.110 (C.5:12-1 et seq.).

3

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

6

7 1. a. Notwithstanding the provisions of P.L.1977, c.110 (C.5:12-
8 1 et seq.) to the contrary, the Casino Control Commission shall
9 issue two additional types of casino licenses: a small-scale casino
10 facility license and a staged casino facility license.

11 b. An applicant may apply to the commission for a casino
12 license to operate a small-scale casino facility consisting of not
13 more than 20,000 square feet of casino space and not less than 200
14 qualified sleeping units to be located within or adjacent to the
15 Boardwalk casino zone.

16 c. An applicant may apply to the commission for a casino
17 license to operate a staged casino facility which shall initially
18 consist of not more than 30,000 square feet of casino space and not
19 less than 200 qualified sleeping units to be located within or
20 adjacent to the Boardwalk casino zone, on the condition that within
21 two years of the date of licensure the licensee shall begin an
22 expansion of the facility to include not less than a total of 500
23 qualified sleeping units which shall be completed within five years
24 of initial licensure. A staged casino facility licensee shall be
25 deemed to have begun the expansion required by this subsection if
26 the licensee has obtained all necessary permits, including a permit
27 issued pursuant to the "Coastal Area Facility Review Act,"
28 P.L.1973, c.185 (C.13:19-1 et seq.), that are necessary for the
29 commencement of site work and the construction of footings and
30 foundations, and has begun site work, including grading, footing
31 and foundation work. A licensee shall be deemed to have
32 completed the expansion of the facility upon receipt of a temporary
33 or permanent certificate of occupancy for the qualified sleeping
34 units. Upon the completion of 75% of the expansion of the facility,
35 as certified by the project architect or engineer, such level of
36 completion shall be deemed an addition of those sleeping units for
37 purposes of calculating such licensee's maximum allowable casino
38 space under section 83 of P.L.1977, c.110 (C.5:12-83). Upon the
39 completion of all of the additional qualified sleeping units the
40 commission shall convert the licensee's license from a staged
41 casino facility license to a standard casino license issued under
42 P.L.1977, c.110 (C.5:12-1 et seq.). If the holder of a staged casino
43 facility license fails to complete the expansion of the facility within
44 the time period specified by this subsection, the commission shall
45 convert that license to a small-scale casino facility license.

46 d. An applicant for a small-scale casino facility license or a
47 staged casino facility license shall submit a notice of the intent to
48 proceed to the commission on such forms as the commission may

1 provide which shall include a statement of intention to apply for
2 either a small-scale casino facility license or a staged casino facility
3 license, a description of the general elements of the project, a
4 description of the financing and source of funds for the project, and
5 a commitment to a minimum investment threshold that includes
6 acquisition costs and hard and soft development costs. In addition,
7 the applicant shall provide a bond, letter of credit or cash deposit in
8 the amount of \$1,000,000 for the benefit of the State, which shall be
9 forfeited upon the failure to commence or complete a project within
10 the applicable time frames or refunded upon timely completion of
11 the project.

12 e. The commission shall require the holder of a small-scale
13 casino facility license or a staged casino facility license to deposit
14 an amount equal to 5% of gross revenues into a special non-lapsing
15 fund to be administered by the State Treasurer. Funds deposited by
16 the holder of a staged casino facility license shall be made available
17 to the licensee for the purpose of expanding the facility as provided
18 by this section. Funds deposited by the holder of a small-scale
19 casino facility license shall be made available to the licensee for the
20 purpose of expanding the number of qualified sleeping units at the
21 facility. Funds that are not used for these purposes, after a period of
22 time to be determined by the commission, shall be expended for the
23 purpose of funding infrastructure improvements in the City of
24 Atlantic City or made available for low interest loans to expand
25 existing casinos.

26 f. No more than four facilities shall be licensed pursuant to this
27 section at the same time. If at any time the commission is in receipt
28 of more than four applications for licensure, the commission shall
29 rank the applications according to criteria developed by the
30 commission, including, without limitation, job preservation, job
31 creation, immediacy of project development and neighborhood
32 benefit, but shall give preference to applicants seeking licensure to
33 operate a staged casino facility as provided herein and to new
34 construction over renovation.

35 g. The holder of a casino license issued pursuant to the
36 provisions of P.L.1977, c.110 (C.5:12-1 et seq.) shall be eligible for
37 licensure under this section to operate a small-scale casino on the
38 behalf of a small-scale casino licensee.

39 h. The provisions of P.L.1977, c.110 (C.5:12-1 et seq.) shall
40 apply to licensure under this section except to the extent that those
41 provisions may be inconsistent with this section.

42

43 2. This act shall take effect immediately.

STATEMENT

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

This bill establishes two alternative methods of casino licensure. It provides that the Casino Control Commission will issue a small-scale casino facility license and a staged casino facility license for a facility to be located within or adjacent to the Boardwalk casino zone. A small-scale casino facility would consist of not more than 20,000 square feet of casino space and not less than 200 qualified sleeping units. A staged casino facility would initially consist of not more than 30,000 square feet of casino space and not less than 200 qualified sleeping units. Within two years, a staged casino facility licensee would have to begin expanding the facility which must include not less than a total of 500 qualified sleeping units within five years of initial licensure. If the holder of a staged casino facility license fails to complete the expansion of the facility within the time period specified by the bill, the commission will convert that license to a small-scale casino facility license. A total of not more than four small-scale casino facility licenses and staged casino facility licenses could be issued by the commission at the same time. The bill also provides that the holder of either type of license would deposit an amount equal to 5% of gross revenues into a fund administered by the State Treasurer. Funds deposited by the holder of a staged casino facility license would be made available to the licensee for the purpose of expanding the facility. Funds deposited by the holder of a small-scale casino facility license would be made available to the licensee for the purpose of expanding the number of qualified sleeping units at the facility. Funds that are not used for these purposes, after a period of time to be determined by the commission, would be expended for the purpose of funding infrastructure improvements in Atlantic City or made available for low interest loans to expand existing casinos.

ASSEMBLY REGULATORY OVERSIGHT AND GAMING
COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2612

STATE OF NEW JERSEY

DATED: NOVEMBER 8, 2010

The Assembly Regulatory Oversight and Gaming Committee reports favorably Assembly Committee Substitute for Assembly, No. 2612.

This bill establishes a pilot program under which the Casino Control Commission must issue not more than two licenses, one for a small-scale casino facility license, and one for a staged casino facility license for a facility within the Boardwalk casino zone. The facility must originate on the beach block touching the boardwalk, but may extend across the street, and must be of new construction.

Under the bill, a small-scale casino facility would consist of not more than 24,000 square feet of casino space and not less than 200 qualified sleeping units, with additional casino space as may be approved by the commission in connection with special amenities.

A staged casino facility would initially consist of not more than 34,000 square feet of casino space and not less than 200 qualified sleeping units. Within two years, a staged casino facility licensee would have to begin expanding the facility, which must include not less than a total of 500 qualified sleeping units within five years of initial licensure, with additional casino space as may be approved by the commission in connection with special amenities. Upon completion of the expansion, a staged casino facility license would become a standard casino facility license. The bill provides that the failure of a staged casino licensee to complete the expansion of the facility as required by the bill would result in a reduction of the licensee's casino space by 10,000 square feet until the number of sleeping units reaches 500, and in an increase in the amount the licensee is required to deposit annually into the fund created by the bill to 10%, until the end of a period of five years or until the number of sleeping units reaches 500, whichever occurs first.

Under the bill, an applicant for licensure must provide a bond, letter of credit or cash deposit in the amount of \$1,000,000 for the benefit of the State, which will be forfeited upon the failure to commence or complete a project within the applicable time frames, or refunded upon timely completion of the project. Also, upon the

issuance of a Coastal Area Facility Review Act permit for the facility and the commencement of site work, including grading, footing and foundation work, the applicant must provide an additional cash deposit of \$1,000,000 to the State Treasurer, which will be a non-refundable fee to be accessed by the City of Atlantic City and used to fund infrastructure improvements within that city, provided that such improvements are related to the applicant's project.

The bill also provides that the holder of either type of license would deposit annually an amount equal to 5% of gross revenues into a fund administered by the State Treasurer. Funds deposited by the holder of a staged casino facility license would be made available to the licensee for the purpose of expanding the facility. Funds deposited by the holder of a small-scale casino facility license would be made available to the licensee for the purpose of expanding the number of qualified sleeping units at the facility. Funds that are not used for these purposes within five years of initial licensure would be expended for the purpose of funding infrastructure improvements in Atlantic City, or made available for low interest loans for capital improvements for existing casinos, small-scale casino facilities, and staged casino facilities. However, neither the city, nor the existing casinos collectively, will be eligible to receive more than 50% of the amount in the fund, and amounts received by the city or existing casinos must be used for capital improvements in the Boardwalk casino zone.

The bill also provides that a small-scale casino facility and a staged casino facility may be permitted to increase its initial casino space by 10,000 square feet if the facility develops 40,000 square feet of special amenities at the casino facility, except that at no time during the period of small-scale casino licensure or staged casino licensure, as the case may be, could the total casino space exceed 54,000 square feet. Under the bill, as amended, "special amenities" may include, but may not be limited to, special and unique meeting and convention space, museum, exhibit space, sports and entertainment venues, spas, treatment facilities, retail space, and themed retail, dining and entertainment venues, but must not include casino space, facilities directly related to the function of casino space, standard restaurant or retail space, or standard meeting and convention space. With respect to the casino square footage of a staged casino facility that develops special amenities during the period of staged casino licensure, the maximum 54,000 square feet of total casino space will apply during the period of staged casino licensure, but will be calculated toward the maximum 60,000 square feet of casino space limit established by law, upon conversion of the staged casino facility license to a standard casino license as provided under the bill.

In addition, the bill provides that the Casino Control Commission will require the holder of a license issued under the bill to establish a hotel that is a superior, first class facility of exceptional quality. The bill also provides that the commission must also require the holder of a

license, issued under the bill to establish and maintain as part of its premises at least one first class restaurant and at least one entertainment venue. The type and quality of the restaurant or entertainment venue would be subject to the approval of the commission.

This bill is identical to Senate, No. 1866(3R).

Ch. 115

Home Newsroom Media Administration NJ's Priorities Contact Us

Press Releases Public Addresses Executive Orders Press Kit Reports

Home > Newsroom > Press Releases > 2010 > Governor Chris Christie Signs Legislation to Promote New Business Investment in Atlantic City

Governor Chris Christie Signs Legislation to Promote New Business Investment in Atlantic City

Wednesday, January 5, 2011 Tags: [Bill Action](#)

Signing of S-1866 an important step in Christie Administration plan to revitalize Atlantic City and create jobs

Trenton, NJ – Taking action to create jobs and move forward with the Administration's efforts to revitalize Atlantic City's tourism and gaming industries, Governor Chris Christie today signed Senate Bill 1866, legislation that provides for the issuance of two new casino licenses for facilities with a lower minimum bedroom requirement of 200 rooms rather than the 500 mandated under current law. By paving the way for new investments in Atlantic City, the provisions of this legislation will help to revitalize the region and will ensure that this crucial State resource is preserved.

"This bill will provide a boost to the engines of Atlantic City and the regional economy, bringing badly needed jobs to the area and signaling the re-emergence of world-class entertainment," said Governor Christie. "While this is an important step in meeting our commitment to revitalize Atlantic City as a premier destination resort, we have more work to do in laying the foundation for growth in this critical area of our economy. I look forward to continuing to work with our partners in the legislature and Atlantic City to implement a comprehensive plan to bring the job creation, capital investment, and regulatory reform needed to renew Atlantic City and strengthen our economy."

New Jersey's casino industry has been in decline for several years. Regional competition and the economic challenges created by the recession have combined to weaken the ability of the gaming industry to grow and thrive. New capital investment in Atlantic City and a renewed effort by the State to revitalize the casino industry are essential to reversing this trend. S-1866 takes the important step of removing some barriers to the attraction of new casinos to the City and is a critical action needed to foster the reemergence of Atlantic City a premier resort, tourist and convention destination.

As outlined in the recent Hanson Commission Report, the revitalization of Atlantic City is critical not only to the residents and local economy of Atlantic City but to all of New Jersey as well. This legislation, along with the previous action taken by the Christie Administration and Atlantic City to bring stability to the City's finances, continues the ongoing work of developing a new Tourism District program in a comprehensive and bipartisan manner.

In October 2010, the Governor announced that the City of Atlantic City had agreed to state oversight of the City's troubled finances. Following that, the Casino Association of New Jersey announced in October, the formation of the Atlantic City Alliance, representing a private sector commitment to devote \$30 million or more annually to promoting Atlantic City as a destination resort and supporting the revitalization of Atlantic City. Legislation to create the Atlantic City Tourism District and to modernize regulation of gaming in New Jersey is under consideration in the Legislature.

S-1866 revises State law to authorize the Casino Control Commission to issue casino licenses for "small scale" and "staged" casino facilities. These facilities will be permitted to have a minimum of 200 bedrooms, as opposed to the 500-bedroom minimum imposed under current law. Under the law, a small scale casino can remain at 200 rooms, but a staged casino will be required to expand to a full scale casino (i.e., 500 rooms) within 5 years. The bill limits the Commission to issuing a maximum of two new licenses, at least one of which shall be for a staged casino, and licensees will be required to construct new facilities that are adjacent to the Boardwalk, as opposed to rehabilitating existing facilities or building within the Marina zone.

This legislation is sponsored by Senators Whelan (D-Atlantic) and Kyrillos (R-Middlesex, Monmouth), as well as Assemblymembers Burzichelli (D-Salem, Cumberland, Gloucester), Polistina (R-Atlantic), Amodeo (R-Atlantic), and Moriarty (D-Camden, Gloucester).

###

Press Contact:
Michael Drewniak

Stay Connected
with Social Media

Stay Connected
with Email Alerts

Submit Que

LIKE THIS PAGE? SHARE IT
WITH YOUR FRIENDS.

SHARE