



**SPONSORS STATEMENT:** (Begins on page 23 of original bill) Yes

Bill and Sponsors Statement identical to S2173

**COMMITTEE STATEMENT:** **ASSEMBLY:** Yes

**SENATE:** No

**FLOOR AMENDMENT STATEMENTS:** No

**LEGISLATIVE FISCAL ESTIMATE:** Yes

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# SENATE, No. 2173

## STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED FEBRUARY 26, 2001

**Sponsored by:**

**Senator WILLIAM L. GORMLEY**

**District 2 (Atlantic)**

**Senator SHARPE JAMES**

**District 29 (Essex and Union)**

**Co-Sponsored by:**

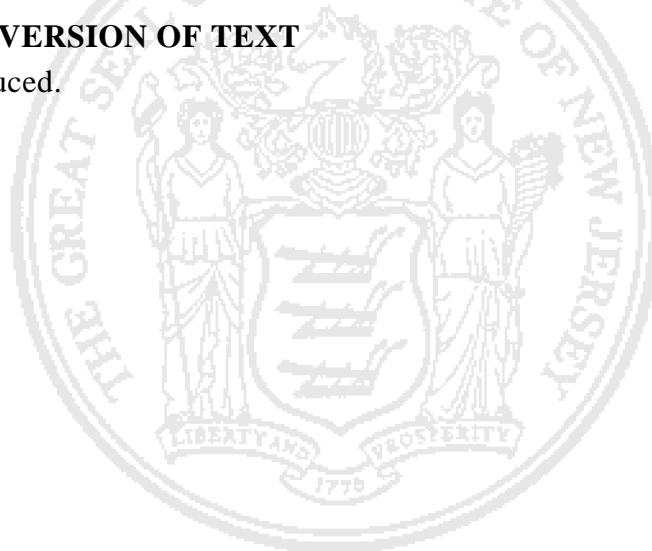
**Senators Matheussen, Bark, Sinagra, Connors, Robertson, Kavanaugh, Caffero, Inverso, Palaia, Kosco, Kyrillos, Bennett, Martin, Turner, Kenny, Zane, O'Connor, Bryant, Rice, Vitale, Codey, Girgenti, Sacco, Lesniak, Lynch, Baer, Adler, Ciesla and Furnari**

**SYNOPSIS**

Establishes the Casino Reinvestment Development Authority urban revitalization incentive program.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/9/2001)**

S2173 GORMLEY, JAMES

2

1 AN ACT concerning the Casino Reinvestment Development Authority  
2 and urban revitalization, amending and supplementing P.L.1984,  
3 c.218 (C.5:12-144.1 et seq.) and amending P.L.1991, c.376.

4

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

7

8 1. (New section) Sections 1 through 13 of P.L. , c. (C. )(now  
9 before the Legislature as this bill) shall be known and may be referred  
10 to as the "Casino Reinvestment Development Authority Urban  
11 Revitalization Act."

12

13 2. (New section) The Legislature finds and declares that:

14 a. Legalized casino gambling was approved by New Jersey's voters  
15 in 1976 as a "unique tool of urban redevelopment" to facilitate the  
16 revitalization of Atlantic City and other distressed municipalities  
17 throughout the State;

18 b. The Legislature created the Casino Reinvestment Development  
19 Authority (the "CRDA") to oversee the investment of casino gambling  
20 revenues for development projects in Atlantic City and other areas  
21 throughout the State;

22 c. During the past 25 years, the development of Atlantic City's  
23 multi-billion dollar casino industry and the CRDA's investment of  
24 hundreds of millions of dollars in housing, commercial and nonprofit  
25 projects have greatly benefited the people of New Jersey and have  
26 served as a model for many other states and countries that wished to  
27 emulate Atlantic City's successful record of casino development and  
28 economic growth;

29 d. It is altogether fitting and proper on the occasion of the 25th  
30 year of legalized casino gaming in Atlantic City to establish a new  
31 program to facilitate the next phase of Atlantic City's development into  
32 a regional, national and international "destination resort" and at the  
33 same time, to insure that substantial commitments are made to projects  
34 to revitalize urban areas and promote continued economic growth  
35 throughout the State.

36

37 3. (New section) As used in this act:

38 "Authority" means the Casino Reinvestment Development Authority  
39 established pursuant to P.L.1984, c.218 (C.5:12-153 et seq.);

40 "Baseline luxury tax revenue amount" or "baseline luxury tax"  
41 means the annual amount of luxury tax receipts received pursuant to  
42 P.L.1947, c.71 (C.40:48-8.15 et seq.) from the taxation of retail sales  
43 or sales at retail originating from transactions at an entertainment-

**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 retail district project for the last full calendar year preceding the year  
2 in which the district project opens under the incentive program;

3 "Casino hotel room fee fund" or "room fund" means the fund  
4 established by the State Treasurer pursuant to section 8 of P.L. , c.  
5 (C. ) (now before the Legislature as this bill) into which shall be  
6 deposited the proceeds of the hotel room use fees as specified  
7 pursuant to section 6 of P.L. , c. (C. ) (now before the Legislature  
8 as this bill);

9 "Casino reinvestment development authority urban revitalization  
10 incentive program" or "incentive program" means the program  
11 established pursuant to section 4 of P.L. , c. (C. ) (now before the  
12 Legislature as this bill) and administered by the authority to facilitate  
13 the development of entertainment-retail districts for the city of Atlantic  
14 City and to promote urban revitalization throughout the State;

15 "Commissioner" means the Commissioner of Community Affairs;

16 "Department" means the Department of Community Affairs;

17 "District project grant" or "grant" means an amount rebated to the  
18 authority pursuant to sections 7 or 8 of P.L. , c. (C. ) (now before  
19 the Legislature as this bill) for disbursement to a casino licensee that  
20 is approved by the authority for a district project or for retention by  
21 the authority for an approved district project sponsored by the  
22 authority;

23 "Entertainment-retail district" or "district" means one of six areas  
24 within Atlantic City, designated by the authority under the incentive  
25 program;

26 "Entertainment-retail district project" or "district project" means a  
27 project or projects to be developed by the authority or any casino  
28 licensed to operate in Atlantic City prior to January 1, 2001, including,  
29 but not necessarily limited to, a minimum of 150,000 square feet of  
30 public space, retail stores, entertainment venues and restaurants, and  
31 may include, in addition, casino hotels and public parking facilities  
32 approved by the authority under the incentive program, and may also  
33 include: the purchasing, leasing, condemning, or otherwise acquiring  
34 of land or other property, or an interest therein, approved by the  
35 authority pursuant to a project grant agreement or as an authority  
36 sponsored project, or as necessary for a right-of-way or other  
37 easement to or from the land or property, or the relocating and moving  
38 of persons displaced by the acquisition of the land or property; the  
39 rehabilitation and redevelopment of land or property, approved  
40 pursuant to a project grant agreement or as an authority sponsored  
41 project, including demolition, clearance, removal, relocation,  
42 renovation, alteration, construction, reconstruction, installation or  
43 repair of a building, street, highway, alley, utility, service or other  
44 structure or improvement; the acquisition, construction,  
45 reconstruction, rehabilitation, or installation of parking and other  
46 improvements approved pursuant to a project grant agreement or as

1 an authority sponsored project; and the costs associated therewith  
2 including the costs of an administrative appraisal, economic and  
3 environmental analyses or engineering, planning, design, architectural,  
4 surveying or other professional services approved pursuant to a  
5 project grant agreement or as part of an authority sponsored project;

6 "Entertainment-retail district project fund" or "project fund" means  
7 the fund established by the State Treasurer pursuant to section 7 of  
8 P.L. , c. (C. ) (now before the Legislature as this bill) into which  
9 shall be deposited an amount equivalent to the amount of receipts  
10 received from the taxation of retail sales from a district project and  
11 from the taxation of construction materials used for building a district  
12 project, as specified pursuant to section 5 of P.L. , c. (C. ) (now  
13 before the Legislature as this bill);

14 "Incremental luxury tax revenue amount" or "incremental luxury  
15 tax" means the amount by which the annual luxury tax receipts  
16 received pursuant to P.L.1947, c.71 (C.40:48-8.15 et seq.) from the  
17 taxation of retail sales or sales at retail originating from transactions  
18 at a district project in the year in which the district project opens under  
19 the incentive program, and in each year thereafter, exceed the baseline  
20 luxury tax, as determined by the State Treasurer; and

21 "Project grant agreement" means an agreement entered into  
22 between the authority and a casino licensee, pursuant to section 4 of  
23 P.L. , c. (C. ) (now before the Legislature as this bill), that sets  
24 forth the terms and conditions of approval for a district project and of  
25 eligibility for district project grants, as determined by the authority.

26

27 4. (New section) a. There is established the incentive program  
28 that shall be administered by the authority. The purpose of the  
29 incentive program is to facilitate the development of entertainment-  
30 retail districts for the city of Atlantic City and to promote  
31 revitalization of other urban areas in the State. The provisions of  
32 section 30 of P.L.1984, c.218 (C.5:12-178) shall not apply to the  
33 incentive program established pursuant to this section. In order to  
34 implement the incentive program, the authority is authorized accept  
35 applications from casino licensees on or before June 30, 2001 for  
36 approval of a district project and to designate by resolution up to six  
37 districts on or before September 1, 2001 and to enter into project  
38 grant agreements with casino licensees to develop district projects  
39 within each district or to approve a district project sponsored by the  
40 authority. The authority may disburse district project grants in  
41 accordance with sections 7 and 8 of P.L. , c. (C. ) (now before the  
42 Legislature as this bill) to casino licensees with approved district  
43 projects or to the authority for an authority sponsored district project  
44 under the incentive program, if the authority determines that:

45 (1) construction of the district project will commence no later than  
46 June 30, 2002 pursuant to the project grant agreement with the

1 authority, or pursuant to the district project plan approved by the  
2 authority for an authority sponsored district project;

3 (2) a proposed district project plan submitted pursuant to section  
4 10 of P.L. , c. (C. ) (now before the Legislature as this bill) is  
5 economically sound and will assist in the overall development of the  
6 city of Atlantic City and will benefit the people of New Jersey by  
7 increasing employment opportunities and strengthening New Jersey's  
8 economy;

9 (3) the disbursement of grants to a casino licensee is a material  
10 factor in the licensee's decision to go forward with a district project;  
11 and

12 (4) the casino licensee has agreed to invest a minimum of \$20  
13 million in its investment alternative tax obligations under section 3 of  
14 P.L.1984, c.218 (C.5:12-144.1), such obligation to be made in \$10  
15 million increments to one or more entertainment-retail projects, or  
16 housing and community development projects, approved by the  
17 authority and the department, in an urban area outside of Atlantic City,  
18 and designated by the commissioner as eligible for, and in need of the  
19 project, pursuant to section 11 of P.L. , c. (C. ) (now before the  
20 Legislature as this bill).

21 b. Notwithstanding any provision to the contrary in P.L. , c.  
22 (C. ) (now before the Legislature as this bill), the authority and the  
23 commissioner jointly may, in their discretion, also designate two  
24 entertainment-retail projects, one in North Jersey and one in South  
25 Jersey, as eligible for funds under the incentive program.

26  
27 5. (New section) a. Notwithstanding the provisions of any law,  
28 rule or regulation to the contrary, all revenues received pursuant to  
29 the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.)  
30 from the taxation of construction materials used for building a district  
31 project approved by the authority pursuant to a project grant  
32 agreement or for building a district project sponsored by the authority,  
33 and from the taxation of retail sales of tangible personal property and  
34 services originating from and delivered from business locations in a  
35 district project approved by the authority pursuant to a project grant  
36 agreement or from business locations in a district project sponsored by  
37 the authority, shall be deposited immediately upon collection by the  
38 Department of the Treasury in the project fund.

39 b. The revenues required to be deposited in the project fund under  
40 subsection a. of this section shall be used for the purposes of the  
41 project fund and for the uses prescribed in section 7 of P.L. , c. (C. )  
42 (now before the Legislature as this bill).

43  
44 6. (New section) a. Notwithstanding the provisions of any law,  
45 rule or regulation to the contrary, all revenues received from hotel  
46 room use fees pursuant to P.L.1991, c.376 (C.40:48-8.45 et seq.),

1 which originate from and are delivered from the casino-hotel facilities  
2 of the casino licensee with an approved district project, or of any  
3 casino licensee that has the same holding company as the casino  
4 licensee with the approved district project, pursuant to a project grant  
5 agreement, and in the case of a district project sponsored by the  
6 authority, all revenues received from the hotel room use fees which  
7 originate from and are delivered from hotel facilities located within the  
8 authority sponsored district project and designated as part of the  
9 approved district project, and if applicable, from additional hotel  
10 rooms that are approved by the authority as part of the district project,  
11 shall be paid immediately upon collection to the Department of the  
12 Treasury which shall deposit the revenues into the room fund.

13 b. The revenues required to be deposited in the room fund under  
14 subsection a. of this section shall be used for the purposes of the room  
15 fund and for the uses prescribed in section 8 of P.L. , c. (C. ) (now  
16 before the Legislature as this bill).

17

18 7. (New section) a. There is created a dedicated, nonlapsing  
19 project fund to be held by the State Treasurer, which shall be the  
20 repository for all moneys required to be deposited therein under  
21 section 5 of P.L. , c. (C. ) (now before the Legislature as this bill)  
22 and any moneys appropriated or otherwise made available to the  
23 project fund.

24 b. All moneys deposited in the project fund shall be held and  
25 disbursed, subject to the requirements of section 11 of P.L., c (C. )  
26 (now before the Legislature as this bill), in the form of district project  
27 grants as follows:

28 (1) an amount from the project fund equivalent to the total  
29 revenues received pursuant to the "Sales and Use Tax Act," P.L.1966,  
30 c.30 (C.54:32B-1 et seq.) from the taxation of construction materials  
31 used for building a district project approved by the authority pursuant  
32 to a project grant agreement, or for building a district project  
33 sponsored by the authority, shall be rebated in the form of a one-time  
34 grant to the authority for disbursement to the casino licensee with an  
35 approved district project or to the authority for an authority sponsored  
36 district project;

37 (2) an amount from the project fund equivalent to the total  
38 revenues received pursuant to the "Sales and Use Tax Act," P.L.1966,  
39 c.30 (C.54:32B-1 et seq.) from the taxation of retail sales of tangible  
40 property and services originating from and delivered from business  
41 locations in a district project approved by the authority pursuant to a  
42 project grant agreement or from business locations in a district project  
43 sponsored by the authority, shall be rebated in the form of annual  
44 grants to the authority for disbursement to the casino licensee with an  
45 approved district project, or to the authority for an authority  
46 sponsored district project, with each annual grant not to exceed \$2.5



1 million per district project and payable annually until December 31,  
2 2022, or until the date on which the combined total of grants disbursed  
3 under this section and under section 8 of P.L. , c. (C. )(now before  
4 the Legislature as this bill) equals the approved cost of the district  
5 project, as determined by the authority, whichever is earlier;

6 (3) the balance of the revenues in the project fund shall be  
7 deposited in the General Fund if the authority, in consultation with the  
8 State Treasurer, determines that the revenues are no longer needed for  
9 the purposes of the project fund or for the uses prescribed in P.L. , c.  
10 (C. ) (now before the Legislature as this bill).

11 c. The State Treasurer may invest and reinvest any moneys in the  
12 project fund, or any portion thereof, in legal obligations of the United  
13 States or of the State or any political subdivision thereof. Any income  
14 from, interest on, or increment to moneys so invested or reinvested  
15 shall be included in the project fund.

16

17 8. (New section) a. There is created a dedicated, nonlapsing room  
18 fund to be held by the State Treasurer, which shall be the repository  
19 for all moneys required to be deposited therein under section 6 of P.L.,  
20 c. (C. ) (now before the Legislature as this bill) and any moneys  
21 appropriated or otherwise made available to the room fund.

22 b. All moneys deposited in the room fund shall be held and  
23 disbursed, subject to the requirements of section 11 of P.L., c. (C. )  
24 (now before the Legislature as this bill), in the form of district projects  
25 grants as follows:

26 (1) an amount from the room fund equivalent to the incremental  
27 luxury tax for a district project approved by the authority pursuant to  
28 a project grant agreement or for a district project sponsored by the  
29 authority, shall be rebated in the form of annual grants from the room  
30 fund to the authority for disbursement to the casino licensee with an  
31 approved district project, or to the authority for an authority  
32 sponsored district project, and shall be payable annually until  
33 December 31, 2022, or until the date on which the combined total of  
34 grants disbursed under this section and under section 7 of P.L. , c.  
35 (C. )(now before the Legislature as this bill) equals the approved cost  
36 of the district project, as determined by the authority, whichever is  
37 earlier;

38 (2) the balance of the revenues in the room fund shall be deposited  
39 in the General Fund if the authority, in consultation with the State  
40 Treasurer, determines that the revenues are no longer needed for the  
41 purposes of the room fund or for the uses prescribed in P.L. , c.  
42 (C. ) (now before the Legislature as this bill).

43 c. The State Treasurer may invest and reinvest any moneys in the  
44 room fund, or any portion thereof, in legal obligations of the United  
45 States or of the State or any political subdivision thereof. Any income  
46 from, interest on, or increment to moneys so invested or reinvested

1 shall be included in the room fund.

2

3 9. (New section) a. The State Treasurer shall maintain separate  
4 accounts in the project fund and room fund for each casino licensee  
5 approved by the authority for a district project, and for the authority  
6 in the event the authority sponsors a district project, and shall credit  
7 to each account an amount of the moneys deposited in each fund equal  
8 to the appropriate share of revenues collected from the taxation of  
9 construction materials and retail sales and services, as provided in  
10 section 7 of P.L. , c. (C. ) (now before the Legislature as this bill),  
11 and from hotel room fees, as provided in section 8 of P.L. , c. (C. )  
12 (now before the Legislature as this bill), or that amount of moneys  
13 appropriated to the funds or otherwise made available to the funds,  
14 and required to be credited to the casino licensee's or the authority's  
15 project fund account or room fund account.

16 b. The State Treasurer shall promulgate such rules and regulations  
17 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
18 (C.52:14B-1 et seq.) as are necessary to govern the administration of  
19 the project fund and room fund for the purposes of P.L. , c. (C. )  
20 (now before the Legislature as this bill).

21

22 10. (New section) a. A casino licensee or the authority, as  
23 appropriate, shall submit a proposed district project plan for approval  
24 by the authority under the incentive program.

25 b. A proposed district project plan submitted under subsection a.  
26 of this section shall include, but not necessarily be limited to:

27 (1) A description of the proposed district project;

28 (2) An estimate of the total project costs and an estimate of the  
29 annual amounts of district project grants anticipated under the  
30 incentive program for the casino licensee or the authority;

31 (3) A statement of any other revenue sources to be used to finance  
32 the development of a district project;

33 (4) A statement of the time needed to complete a district project;  
34 and

35 (5) A statement of the impact that the proposed district project is  
36 expected to have on the city of Atlantic City.

37

38 11. (New section) a. A casino licensee shall submit a proposal to  
39 the authority and to the department for an entertainment- retail project  
40 or community and housing development project in an urban area  
41 outside of Atlantic City, consistent with the requirements of paragraph  
42 (4) of subsection a. of section 4 of P.L. , c. (C. ) (now before the  
43 Legislature as this bill), that will further the development and  
44 revitalization of an urban area designated by the department as eligible  
45 for, and in need of, the proposed project. The department shall  
46 evaluate the proposal and determine whether the proposed project

1 meets the department's project criteria, and the authority shall evaluate  
2 the proposal and determine whether the proposal project meets the  
3 authority's project criteria for approval of urban development projects  
4 outside of the city of Atlantic City under the incentive program. The  
5 authority and the commissioner jointly may, in their discretion, also  
6 designate two entertainment-retail projects, one in North Jersey and  
7 one in South Jersey, as eligible for funds under the incentive program.

8 b. The commissioner and the authority are authorized to approve  
9 the proposed project submitted under subsection a. of this section if  
10 the commissioner and the authority determine that the project meets  
11 the criteria established by the department and the authority,  
12 respectively. Upon approval by the commissioner, the State Treasurer  
13 shall annually, upon receipt of a written statement from the department  
14 certifying the satisfactory status of the project, rebate the district  
15 project grants to the authority for disbursement to casino licensees  
16 under the incentive program.

17 c. The authority and the commissioner shall give preference to  
18 those proposed projects that best leverage non-authority funds for the  
19 total construction project cost.

20

21 12. (New section) Notwithstanding any provision to the contrary  
22 in P.L. , c. (C. ) (now before the Legislature as this bill), in the  
23 event that fewer than six district projects are proposed by casino  
24 licensees, and approved by the authority, the authority may sponsor a  
25 district project which meets the criteria of paragraphs (1) and (2) of  
26 subsection a. of section 4 of P.L. , c. (C. ) (now before the  
27 Legislature as this bill), and in that event, paragraphs (3) and (4) of  
28 subsection a. of section 4 of P.L. , c. (C. ) are not applicable to the  
29 authority and the grants otherwise payable to a casino licensee  
30 pursuant to paragraphs (1) and (2) of subsection b. of section 7 and  
31 paragraph (1) of subsection b. of section 8 of P.L. , c. (C. ) (now  
32 before the Legislature as this bill) shall be payable to the authority.

33

34 13. (New section) a. Notwithstanding the provisions of any  
35 other law to the contrary, if a district project of a casino licensee is  
36 approved by the authority under the incentive program established by  
37 section 4 of P.L. , c. (C. )(now before the Legislature as this bill), the  
38 investment alternative tax imposed by subsection a. of section 3 of  
39 P.L.1984, c.218 (C.5:12-144.1), and any credits which may by law be  
40 applied against that tax, shall end for the casino licensee's licensed  
41 facility, as determined by the authority, 35 years after any investment  
42 alternative tax obligation is first incurred in connection with the  
43 licensed facility operated by the licensee.

44 b. During the additional five years of a casino licensee's investment  
45 alternative tax obligations required pursuant to subsection a. of this  
46 section, the total of the proceeds of all bonds purchased by a licensee

1 from or through the authority and all approved investments in eligible  
2 projects by a licensee shall be devoted to the financing of projects in  
3 the following areas and amounts: a) 25% for the city of Atlantic City;  
4 b) 25% for South Jersey and c) 50% for North Jersey.

5  
6 14. Section 3 of P.L.1984, c.218 (C.5:12-144.1) is amended to  
7 read as follows:

8 3. a. (1) Commencing with the first annual tax return of a licensee  
9 for any calendar year beginning after December 31, 1983, there is  
10 imposed an investment alternative tax on the gross revenues as defined  
11 in section 24 of P.L.1977, c.110 (C.5:12-24) of the licensee in the  
12 amount of 2.5% of those gross revenues. The tax imposed with  
13 respect to each calendar year shall be due and payable on the last day  
14 of April next following the end of the calendar year. The State  
15 Treasurer shall have a lien against the property constituting the casino  
16 of a licensee for the amount of any tax not paid when due. No tax  
17 shall be imposed, however, on the gross revenues received by a  
18 licensee during the first 12 months of the operation of any casino that  
19 commences operation after January 1, 1984, but prior to the effective  
20 date of this act, P.L.1996, c.118 (C.5:12-173.3a et al.).

21 (2) A licensee shall pay to the State Treasurer on or before the  
22 15th day of the first, fourth, seventh, and 10th months of each year as  
23 partial payment of the investment alternative tax imposed pursuant to  
24 paragraph (1) of this subsection an amount equal to 1.25% of the  
25 estimated gross revenues for the three-month period immediately  
26 preceding the first day of those months. The moneys received shall be  
27 placed in an escrow account and shall be held until the licensee directs  
28 that the moneys be transferred to the Casino Reinvestment  
29 Development Authority for the purchase of bonds issued by or offered  
30 through the Casino Reinvestment Development Authority or pursuant  
31 to a contract for such a purchase, be made available to the licensee for  
32 a direct investment approved by the authority, or be transferred to the  
33 Casino Revenue Fund as partial payment of the investment alternative  
34 tax imposed pursuant to paragraph (1) of this subsection. Any interest  
35 derived from the moneys in the escrow account shall be paid or made  
36 available to the Casino Revenue Fund. If a licensee fails to pay the  
37 amount due or underpays by an unjustifiable amount, the Casino  
38 Control Commission shall impose a fine of 5% of the amount due or  
39 of the underpayment, as the case may be, for each month or portion  
40 thereof the licensee is in default of payment, up to 25% of the amount  
41 in default. Any fine imposed shall be paid to the Casino Reinvestment  
42 Development Authority and shall be used for the purposes of this 1984  
43 amendatory and supplementary act.

44 b. Each licensee shall be entitled to an investment tax credit against  
45 the tax imposed by subsection a. of this section, provided the licensee  
46 shall pay over the moneys required pursuant to section 5 of P.L.1993,

1 c.159 (C.5:12-173.5): (1) for the first 10 years of a licensee's tax  
2 obligation, in an amount equal to twice the purchase price of bonds  
3 issued by the Casino Reinvestment Development Authority pursuant  
4 to sections 14 and 15 of this 1984 amendatory and supplementary act,  
5 purchased by the licensee, or twice the amount of the investments  
6 authorized in lieu thereof, and (2) for the remainder of a licensee's tax  
7 obligation, in an amount equal to twice the purchase price of bonds  
8 issued by the Casino Reinvestment Development Authority pursuant  
9 to sections 14 and 15 of this 1984 amendatory and supplementary act,  
10 purchased by the licensee, or twice the amount of the investments  
11 authorized in lieu thereof, and twice the amount of investments made  
12 by a licensee in other approved eligible investments made pursuant to  
13 section 25 of this act. The Casino Reinvestment Development  
14 Authority shall have the power to enter into a contract or contracts  
15 with a licensee pursuant to which the Casino Reinvestment  
16 Development Authority agrees to issue and sell bonds to the licensee,  
17 and the licensee agrees to purchase the bonds issued by or offered  
18 through the Casino Reinvestment Development Authority, in annual  
19 purchase price amounts as will constitute a credit against at least 50%  
20 of the tax to become due in any future year or years. The contract  
21 may contain those terms and conditions relating to the terms of the  
22 bonds and to the issuance and sale of the bonds to the licensee as the  
23 Casino Reinvestment Development Authority shall deem necessary or  
24 desirable. The contract shall not be deemed to be in violation of  
25 section 104 of P.L.1977, c.110 (C.5:12-104). After the first 10 years  
26 of a licensee's investment alternative tax obligation, a licensee will  
27 have the option of entering into a contract with the Casino  
28 Reinvestment Development Authority to have its tax credit comprised  
29 of direct investments in approved eligible projects. These direct  
30 investments shall not comprise more than 50% of a licensee's eligible  
31 tax credit in any one year.

32 The entering of a contract pursuant to this section shall be sufficient  
33 to entitle a licensee to an investment tax credit for the appropriate tax  
34 year.

35 c. A contract entered into between a licensee and the Casino  
36 Reinvestment Development Authority may provide for a deferral of  
37 payment for and delivery of bonds required to be purchased and for a  
38 deferral from making approved eligible investments in any year, but no  
39 deferral shall occur more than two years consecutively. A deferral of  
40 payment for any bonds required to be purchased by a licensee and a  
41 deferral from making approved eligible investments may be granted by  
42 the Casino Reinvestment Development Authority only upon a  
43 determination by the Casino Control Commission that purchase of  
44 these bonds or making approved eligible investments would cause  
45 extreme financial hardship to the licensee and a determination by the  
46 Casino Reinvestment Development Authority that the deferral of the

1 payment would not violate any covenant or agreement or impair any  
2 financial obligation of the Casino Reinvestment Development  
3 Authority. The contract may establish a late payment charge to be  
4 paid in the event of deferral or other late payment at a rate as shall be  
5 agreed to by the Casino Reinvestment Development Authority. If a  
6 deferral of purchase or investment is granted, the licensee shall be  
7 deemed to have made the purchase or investment at the time required  
8 by the contract, except that if the purchase is not made at the time to  
9 which the purchase or investment was deferred, then the licensee shall  
10 be deemed not to have made the purchase or investment. The Casino  
11 Control Commission shall adopt regulations establishing a uniform  
12 definition of extreme financial hardship applicable to all these  
13 contracts. If a licensee petitions the Casino Reinvestment  
14 Development Authority for a deferral, the Casino Reinvestment  
15 Development Authority shall give notice of that petition to the Casino  
16 Control Commission and to the Division of Gaming Enforcement  
17 within three days of the filing of the petition. The Casino Control  
18 Commission shall render a decision within 60 days of notice as to  
19 whether the licensee has established extreme financial hardship, after  
20 consultation with the Division of Gaming Enforcement. The Casino  
21 Reinvestment Development Authority shall render a decision as to the  
22 availability of the deferral within 10 days of the receipt by it of the  
23 decision of the Casino Control Commission and shall notify the  
24 Division of Gaming Enforcement and the Casino Control Commission  
25 of that decision. If a deferral is granted, the Casino Reinvestment  
26 Development Authority may determine whether the purchases or  
27 investments shall be made in a lump sum, made over a period of years,  
28 or whether the period of obligation shall be extended an additional  
29 period of time equivalent to the period of time deferred.

30 d. The license of any licensee which has defaulted in its obligation  
31 to make any purchase of bonds or investment in any approved eligible  
32 project under a contract entered into pursuant to subsection b. of this  
33 section for a period of 90 days may be suspended by the Casino  
34 Control Commission until that purchase is made or deferred in  
35 accordance with subsection b. of this section, or a fine or other penalty  
36 may be imposed upon the licensee by the commission. If the Casino  
37 Control Commission elects not to suspend the license of a licensee  
38 after the licensee has first defaulted in its obligation but instead  
39 imposes some lesser penalty and the licensee continues to be in default  
40 of its obligation after a period of 30 additional days and after any  
41 additional 30-day period, the commission may impose another fine or  
42 penalty upon the licensee, which may include suspension of that  
43 licensee's license. The fine shall be 5% of the amount of the obligation  
44 owed for each month or portion thereof a licensee is in default, up to  
45 25% of that obligation; shall be paid to the Casino Reinvestment  
46 Development Authority; and shall be used for the purposes of this

1 1984 amendatory and supplementary act.

2 e. A contract entered into by a licensee and the Casino  
 3 Reinvestment Development Authority pursuant to subsection b. of this  
 4 section may provide that after the first 10 years of a licensee's  
 5 investment alternative tax obligation imposed by subsection a. of this  
 6 section, the Casino Reinvestment Development Authority may  
 7 repurchase bonds previously sold to the licensee, which were issued  
 8 after the 10th year of a licensee's investment alternative tax obligation,  
 9 by the Casino Reinvestment Development Authority, if the Casino  
 10 Reinvestment Development Authority determines that the repurchase  
 11 will not violate any agreement or covenant or impair any financial  
 12 obligation of the Casino Reinvestment Development Authority and  
 13 that the licensee will reinvest the proceeds of the resale in an eligible  
 14 project approved by the Casino Reinvestment Development Authority.

15 f. (1) During the 30 years a licensee is obligated to pay an  
 16 investment alternative tax pursuant to subsection k. of this section, the  
 17 total of (a) the proceeds of all bonds purchased by a licensee from or  
 18 through the Casino Reinvestment Development Authority and (b) all  
 19 approved investments in eligible projects by a licensee shall be devoted  
 20 to the financing of projects in the following areas and amounts:

21

22 Areas	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.
	1-3	4-5	6-10	11-15	16-20	21-25	26-30
24 a) Atlantic City	100%	90%	80%	50%	30%	20%	
26 b) South Jersey		8%	12%	28%	43%	45%	
28 c) North Jersey		2%	8%	22%	27%	35%	35%
30 d) Atlantic City through the Atlantic City Fund							65%,

31

32 except that, with respect to the obligations for calendar years 1994  
 33 through 1998, the amount allocated for the financing of projects in  
 34 North Jersey from each casino licensee's obligation shall be the amount  
 35 allocated for calendar year 1993, and the difference between that  
 36 amount and the amount to be allocated to North Jersey, on the basis  
 37 of the above schedule, from each casino licensee's obligations for  
 38 calendar years 1994 through 1998 shall be paid into or credited to the  
 39 Atlantic City Fund established by section 44 of P.L.1995, c.18  
 40 (C.5:12-161.1) and be devoted to the financing of projects in Atlantic  
 41 City through that fund. For the purposes of this paragraph, "South  
 42 Jersey" means the counties of Atlantic, Burlington, Camden, Cape  
 43 May, Cumberland, Gloucester, Mercer, Ocean, and Salem; and "North  
 44 Jersey" means the remaining 12 counties of the State. For the purposes  
 45 of this 1984 amendatory and supplementary act, bond "proceeds"  
 46 means all funds received from the sale of bonds and any funds

1 generated or derived therefrom.

2 In the financing of projects outside Atlantic City, the Casino  
3 Reinvestment Development Authority shall give priority to the  
4 revitalization of the urban areas of this State in the ways specified in  
5 section 12 of this 1984 amendatory and supplementary act. Those  
6 areas shall include, but not be limited to, all municipalities qualifying  
7 for aid pursuant to P.L.1978, c.14 (C.52:27D-178 et seq.).

8 Within nine months from the effective date of this 1984 amendatory  
9 and supplementary act, the Casino Reinvestment Development  
10 Authority shall determine the allocation of projected available moneys  
11 to municipalities in South Jersey for the first seven years of their  
12 receipt of funds, giving priority to the revitalization of the urban areas  
13 of the region. Municipalities receiving such an allocation shall present  
14 to the Casino Reinvestment Development Authority for its approval  
15 comprehensive plans or projects for which the allocations shall be  
16 used. Any such comprehensive plan or project may be submitted to  
17 the Casino Reinvestment Development Authority for a determination  
18 of eligibility at any time prior to the year for which the funds are  
19 allocated, and the Casino Reinvestment Development Authority shall  
20 make a determination of eligibility of the plan or project within a  
21 reasonable amount of time. If the Casino Reinvestment Development  
22 Authority makes a positive determination of eligibility for any  
23 comprehensive plan or project, or combination of comprehensive plans  
24 or projects, for any municipality whose total cost exceeds the amount  
25 allocated to that municipality for the first seven years of the receipt of  
26 funds by South Jersey municipalities, the Casino Reinvestment  
27 Development Authority shall make available sufficient funds in  
28 subsequent years necessary to complete those plans or projects, or to  
29 complete that portion of the plan or project originally agreed to be  
30 funded through the Casino Reinvestment Development Authority, from  
31 funds received by the Casino Reinvestment Development Authority in  
32 the years following the seventh year of the receipt of funds by South  
33 Jersey municipalities. If the comprehensive plan or project is  
34 determined by the Casino Reinvestment Development Authority not to  
35 be an eligible plan or project, the municipality may submit any other  
36 comprehensive plan or project for a determination of eligibility. If,  
37 however, the municipality fails to receive a positive determination of  
38 eligibility for any comprehensive plan or project, or combination of  
39 comprehensive plans or projects, sufficient to exhaust the total  
40 allocation to that municipality for any year prior to April 30 of the  
41 following year for which the allocation was made, the allocation to  
42 that municipality for that year shall cease, and the Casino  
43 Reinvestment Development Authority may apply those excess funds to  
44 any other comprehensive plan or project in any other municipality in  
45 the region whose comprehensive plan or project has received a  
46 positive determination of eligibility by the Casino Reinvestment



1 Development Authority.

2 Within 36 months from the effective date of this 1984 amendatory  
3 and supplementary act, the Casino Reinvestment Development  
4 Authority shall determine the allocation of projected available moneys  
5 to municipalities in North Jersey for the first five years of their receipt  
6 of funds, giving priority to the revitalization of the urban areas of the  
7 region. Municipalities receiving such an allocation shall present to the  
8 Casino Reinvestment Development Authority for its approval  
9 comprehensive plans or projects for which the allocations shall be  
10 used. Any such comprehensive plan or project may be submitted to  
11 the Casino Reinvestment Development Authority for a determination  
12 of eligibility at any time prior to the year for which the funds are  
13 allocated, and the Casino Reinvestment Development Authority shall  
14 make a determination of eligibility of the plan or project within a  
15 reasonable amount of time. If the Casino Reinvestment Development  
16 Authority makes a positive determination of eligibility for any  
17 comprehensive plan or project, or combination of comprehensive plans  
18 or projects, for any municipality whose total cost exceeds the amount  
19 allocated to that municipality for the first five years of the receipt of  
20 funds by North Jersey municipalities, the Casino Reinvestment  
21 Development Authority shall make available sufficient funds in  
22 subsequent years necessary to complete those plans or projects, or to  
23 complete that portion of the plan or project originally agreed to be  
24 funded through the Casino Reinvestment Development Authority, from  
25 funds received by the Casino Reinvestment Development Authority in  
26 the years following the fifth year of the receipt of funds by North  
27 Jersey municipalities. If the comprehensive plan or project is  
28 determined by the Casino Reinvestment Development Authority not to  
29 be an eligible plan or project, the municipality may submit any other  
30 comprehensive plan or project for a determination of eligibility. If,  
31 however, the municipality fails to receive a positive determination of  
32 eligibility for any comprehensive plan or project, or combination of  
33 comprehensive plans or projects, sufficient to exhaust the total  
34 allocation to that municipality for any year prior to April 30 of the  
35 following year for which the allocation was made, the allocation to  
36 that municipality for that year shall cease, and the Casino  
37 Reinvestment Development Authority may apply those excess funds to  
38 any other comprehensive plan or project in any other municipality in  
39 the region whose comprehensive plan or project has received a  
40 positive determination of eligibility by the Casino Reinvestment  
41 Development Authority.

42 (2) Commencing with the first year in which a licensee incurs a tax  
43 obligation pursuant to this section, and for the period of two years  
44 thereafter, 100% of the proceeds of all bonds purchased by a licensee  
45 from the Casino Reinvestment Development Authority which are  
46 devoted to the financing of projects in the city of Atlantic City

1 pursuant to paragraph (1) of this subsection shall be used exclusively  
2 to finance the rehabilitation, development, or construction of, or to  
3 provide mortgage financing of, housing facilities in the city of Atlantic  
4 City for persons or families of low through middle income, as defined  
5 in this subsection. For the purposes of this subsection, the  
6 "rehabilitation, development, or construction of housing facilities"  
7 shall include expenses attributable to site preparation, infrastructure  
8 needs and housing-related community facilities and services, including  
9 supporting commercial development. Commencing with the fourth  
10 year in which a licensee incurs a tax obligation pursuant to this  
11 subsection, 50% of the proceeds of all bonds purchased by a licensee  
12 from the Casino Reinvestment Development Authority which are  
13 devoted to the financing of projects in the city of Atlantic City shall be  
14 used exclusively to finance the rehabilitation, development, or  
15 construction of housing facilities in the city of Atlantic City for  
16 persons or families of low through middle income. Commencing with  
17 the 11th year in which a licensee incurs a tax obligation pursuant to  
18 this section, 50% of the annual aggregate of the proceeds of bonds  
19 purchased by a licensee from the Casino Reinvestment Development  
20 Authority which are devoted to the financing of projects in the city of  
21 Atlantic City and investments in approved eligible projects commenced  
22 by a licensee in the city of Atlantic City shall be used exclusively to  
23 finance the rehabilitation, development, or construction of, or to  
24 provide mortgage financing of, housing facilities in the city of Atlantic  
25 City for persons or families of low through middle income.

26 (3) The Legislature finds that it is necessary to provide for a  
27 balanced community and develop a comprehensive housing program.  
28 The Casino Reinvestment Development Authority shall determine the  
29 need for housing in the city of Atlantic City, in consultation with the  
30 city of Atlantic City and specifically its zoning and planning boards.  
31 This shall include determining the types and classes of housing to be  
32 constructed and the number of units of each type and class of housing  
33 to be built. The Casino Reinvestment Development Authority shall  
34 give priority to the housing needs of the persons and their families  
35 residing in the city of Atlantic City in 1983 and continuing such  
36 residency through the effective date of this 1984 amendatory and  
37 supplementary act. The actual percentage of the proceeds of bonds  
38 and investments in approved eligible projects commenced by a licensee  
39 in the city of Atlantic City, which shall be used exclusively to finance  
40 the rehabilitation, development, or construction of, or to provide  
41 mortgage financing of, housing facilities in the city of Atlantic City for  
42 persons or families of low through middle income, shall be based upon  
43 the authority's determination of the need for housing in the city of  
44 Atlantic City conducted pursuant to this subsection. Once the housing  
45 needs of the persons residing in the city of Atlantic City in 1983 and  
46 continuing such residency through the effective date of this 1984

1 amendatory and supplementary act have been met, as determined by  
2 the Casino Reinvestment Development Authority pursuant to this  
3 subsection, any required percentages for such housing in the city of  
4 Atlantic City may, in its sole discretion, be waived by the Casino  
5 Reinvestment Development Authority. To aid the Casino  
6 Reinvestment Development Authority in making these determinations,  
7 the Casino Reinvestment Development Authority shall review the  
8 proposal for a housing redevelopment program and strategy for the  
9 city of Atlantic City approved and adopted by the Casino Control  
10 Commission and shall give priority to same and any other plan or  
11 project which is consistent with the standards of this subsection and is  
12 acceptable to the Casino Reinvestment Development Authority,  
13 pursuant to section 25 of this 1984 amendatory and supplementary act.  
14 The Casino Reinvestment Development Authority may determine  
15 whether the funds used to finance housing facilities in the city of  
16 Atlantic City for persons or families of low, moderate, median range,  
17 and middle income are derived from the proceeds of bonds purchased  
18 by a licensee from the Casino Reinvestment Development Authority to  
19 be devoted to the financing of projects in the city of Atlantic City,  
20 investments in approved eligible projects commenced by a licensee in  
21 the city of Atlantic City, or a combination of both. Any investment  
22 made by a licensee in excess of 100% of its eligible investment tax  
23 credit during the first three years and in excess of 50% thereafter in  
24 either the purchase of bonds or direct investments in approved eligible  
25 projects for low, moderate, median range, and middle income family  
26 housing facilities in the city of Atlantic City may be carried forward  
27 and credited against the licensee's obligation to make a 100%  
28 investment during the first three years and 50% thereafter in low,  
29 moderate, median range, and middle income family housing in any  
30 future year, with the approval of the Casino Reinvestment  
31 Development Authority. For the purposes of this act, "low income  
32 families" means families whose income does not exceed 50% of the  
33 median income of the area, with adjustments for smaller and larger  
34 families. "Moderate income families" means families whose income  
35 does not exceed 80% and is not less than 50% of the median income  
36 for the area, with adjustments for smaller and larger families. "Median  
37 range income families" means families whose income does not exceed  
38 120% and is not less than 80% of the median income for the area, with  
39 adjustments for smaller and larger families. "Middle income families"  
40 means families whose income does not exceed 150% and not less than  
41 120% of the median income for the area, with adjustments for smaller  
42 and larger families. "Median income" means an income defined as  
43 median within the Standard Metropolitan Statistical Area for Atlantic  
44 City by the United States Department of Housing and Urban  
45 Development.

46 In order to achieve a balanced community, the authority shall

1 ensure that the development of housing for families of low and  
2 moderate income shall proceed at the same time as housing for families  
3 of median range and middle income, until such time as there is no  
4 longer a need for such facilities in the city of Atlantic City, as  
5 determined by the Casino Reinvestment Development Authority.

6 (4) Notwithstanding any other law or section to the contrary,  
7 particularly this subsection regarding the waiver of the required  
8 percentages for housing in the city of Atlantic City, subsection i. of  
9 section 14, and sections 26, 27, 28, 29, and 31 of this 1984  
10 amendatory and supplementary act, nothing shall be implemented or  
11 waived by the Casino Reinvestment Development Authority which  
12 would reduce, impair, or prevent the fulfillment of the priorities  
13 established and contained in this subsection of this 1984 amendatory  
14 and supplementary act.

15 g. If a person is a licensee with regard to more than one approved  
16 hotel pursuant to section 82 of P.L.1977, c.110 (C.5:12-82), the  
17 person shall separately account for the gross revenues, the investment  
18 alternative tax obligations, and the investments for a tax credit against  
19 the investment alternative tax for each approved hotel, and the tax  
20 obligations of the licensee under this section shall be determined  
21 separately for each approved hotel. The licensee may apportion  
22 investments between its approved hotels; provided that no amount of  
23 investment shall be credited more than once. If a licensee receives the  
24 prior approval of the Casino Reinvestment Development Authority, the  
25 licensee may make eligible investments in excess of the investments  
26 necessary to receive a tax credit against the investment alternative tax  
27 for a given calendar year, and the licensee may carry forward this  
28 excess investment and have it credited to its next investment  
29 alternative tax obligation. If the Casino Reinvestment Development  
30 Authority approves of such excess investment and approves the carry  
31 forward of this excess investment, and a licensee elects to purchase  
32 bonds of the Casino Reinvestment Development Authority or makes  
33 direct investments in approved eligible projects in excess of the  
34 investments necessary to receive a tax credit against the investment  
35 alternative tax for its current obligation, the licensee shall be entitled  
36 to a reduction of the amount of investments necessary in future years,  
37 which amount shall be determined annually by the Casino  
38 Reinvestment Development Authority, taking into account a current  
39 market discount rate from the date of the purchase or investment to  
40 the date the purchase or investment would have been required to be  
41 made.

42 h. Each casino licensee shall prepare and file, in a form prescribed  
43 by the Casino Reinvestment Development Authority, an annual return  
44 reporting that financial information as shall be deemed necessary by  
45 the Casino Reinvestment Development Authority to carry out the  
46 provisions of this act. This return shall be filed with the Casino

1 Reinvestment Development Authority and the Casino Control  
2 Commission on or before April 30 following the calendar year on  
3 which the return is based. The Casino Control Commission shall  
4 verify to the Casino Reinvestment Development Authority the  
5 information contained in the report, to the fullest extent possible.  
6 Nothing in this subsection shall be deemed to affect the due dates for  
7 making any investment or paying any tax under this section.

8 i. Any purchase by a licensee of bonds issued by or offered through  
9 the Casino Reinvestment Development Authority pursuant to sections  
10 14 and 15 of this act and subsection b. of this section and all approved  
11 eligible investments made by a licensee pursuant to section 25 of this  
12 act and subsection b. of this section are to be considered investments  
13 and not taxes owed or grants to the State or any political subdivision  
14 thereof. As such, a licensee shall have the possibility of the return of  
15 principal and a return on the capital invested as with other  
16 investments. Investors in the bonds issued by or offered through the  
17 Casino Reinvestment Development Authority shall be provided with  
18 an opinion from a recognized financial rating agency or a financial  
19 advisory firm with national standing that each loan of bond proceeds  
20 by the Casino Reinvestment Development Authority has the minimum  
21 characteristics of an investment, in that a degree of assurance exists  
22 that interest and principal payments can be made and other terms of  
23 the proposed investment be maintained over the period of the  
24 investment, and that the loan of the bond proceeds would qualify for  
25 a bond rating of "C" or better. If an opinion cannot be obtained from  
26 a recognized financial rating agency or a financial advisory firm with  
27 national standing, an opinion shall be obtained from an expert financial  
28 analyst with national standing, selected and hired by the Casino  
29 Reinvestment Development Authority. In order to achieve a balanced  
30 portfolio, assure the viability of the authority and the projects,  
31 facilities and programs undertaken pursuant to this 1984 amendatory  
32 and supplementary act, no more than 25% of the total investments  
33 made by or through the Casino Reinvestment Development Authority  
34 with the proceeds of bonds generated in each year shall be investments  
35 which would qualify for a bond rating of "C," unless all holders of  
36 obligations in each year agree to waive the 25% limit for that year.  
37 Nothing herein shall be interpreted as limiting the Casino Reinvestment  
38 Development Authority from taking any steps it deems appropriate to  
39 protect the characteristics of its investment in projects or any other  
40 investments from not being real investments with a prospect for the  
41 return of principal and a return on the capital invested. Anything  
42 contained in this section shall not be considered a guarantee by the  
43 State or any political subdivision thereof of any return of principal or  
44 interest, but any purchase by a licensee of bonds or approved eligible  
45 investments made by a licensee pursuant to this act shall be at the risk  
46 of the licensee. A licensee or the licensees purchasing an issue of

1 bonds issued by the Casino Reinvestment Development Authority in  
2 any given year may arrange, at their option, for those bonds or the  
3 investments, made by or through the Casino Reinvestment  
4 Development Authority with the proceeds of those bonds, to be  
5 insured. The cost of any such insurance purchased by a licensee or  
6 licensees shall be paid by the licensee or licensees desiring such  
7 insurance.

8 j. The Casino Reinvestment Development Authority shall  
9 promulgate rules and regulations deemed necessary to carry out the  
10 purposes of this section.

11 k. ~~[The]~~Except as provided in section 13 of P.L. , c. (C. )  
12 (now before the Legislature as this bill), the obligation of a licensee  
13 to pay an investment alternative tax pursuant to subsection a. of this  
14 section shall end for each licensed facility operated by the licensee 30  
15 years after any investment alternative tax obligation is first incurred in  
16 connection with each licensed facility operated by the licensee, unless  
17 extended in connection with a deferral granted by the Casino  
18 Reinvestment Development Authority pursuant to subsection c. of this  
19 section.

20 (cf: P.L.1996, c.118, s.3)

21

22 15. Section 13 of P.L.1984, c.218 (C.5:12-161) is amended to read  
23 as follows:

24 13. The Casino Reinvestment Development Authority shall have  
25 the following powers:

26 a. To adopt and have a common seal and to alter the same at  
27 pleasure;

28 b. To sue or be sued;

29 c. To acquire, hold, use and dispose of any eligible project in which  
30 it is making an investment;

31 d. To acquire, rent, hold, use, and dispose of other personal  
32 property for the purposes of the Casino Reinvestment Development  
33 Authority;

34 e. To acquire by purchase, gift, or otherwise, or lease as lessee,  
35 real property or easements or interests therein necessary or useful and  
36 convenient for the purposes of the Casino Reinvestment Development  
37 Authority which real property, easements or interests may be subject  
38 to mortgages, deeds of trust, or other liens or otherwise, and to hold  
39 and to use the same, and to dispose of the property so acquired no  
40 longer necessary for the purposes of the Casino Reinvestment  
41 Development Authority;

42 f. To make and enforce bylaws or rules and regulations for the  
43 management and regulation of its business and affairs and for the use,  
44 maintenance, and operation of any facility, and to amend the same;

45 g. To enter into any agreements or contracts, execute any  
46 instruments, and do and perform any acts or things necessary,

1 convenient, or desirable for the purposes of the Casino Reinvestment  
2 Development Authority, including the entering into of agreements or  
3 contracts with any governmental unit to provide for the payment of  
4 principal of and interest on any obligation issued by that governmental  
5 unit, the maintenance of necessary reserves in connection with these  
6 obligations or the payments under any lease entered into in connection  
7 with any eligible project;

8 h. To determine eligibility for investments in eligible projects in  
9 order to accomplish the purposes of the Casino Reinvestment  
10 Development Authority;

11 i. To collect and invest any proceeds received under subsection b.  
12 of section 3 and section 14 of this act;

13 j. To invest in obligations of local governmental units issued to  
14 finance eligible projects, provided that the investment shall only be  
15 effected through direct negotiation by the Casino Reinvestment  
16 Development Authority with the local governmental unit;

17 k. To make agreements of any kind with any governmental unit or  
18 person for the use or operation of all or any part of any eligible  
19 project for consideration and for periods of time and upon other terms  
20 and conditions as the Casino Reinvestment Development Authority  
21 may fix and agree upon, which agreements may include a partnership,  
22 limited partnership, joint venture or association in which the Casino  
23 Reinvestment Development Authority is a general or limited partner  
24 or participant;

25 l. To require and collect fees and charges as the Casino  
26 Reinvestment Development Authority shall determine to be reasonable  
27 in connection with the exercise of any power given to the Casino  
28 Reinvestment Development Authority under the act;

29 m. To the extent permitted under a contract of the Casino  
30 Reinvestment Development Authority with purchasers of its bonds  
31 entered into pursuant to section 3 of this 1984 amendatory and  
32 supplementary act, to invest and reinvest any of its moneys not  
33 required for immediate use, including moneys received for the  
34 purchase of its bonds prior to the bonds being issued as it shall deem  
35 prudent. A pro rata share of  $66 \frac{2}{3}$  % of all interest earned by the  
36 Casino Reinvestment Development Authority on any such investments  
37 shall be paid to the licensees who entered into a contract with the  
38 Casino Reinvestment Development Authority for the purchase of its  
39 bonds and who contributed to the moneys which were received by the  
40 Casino Reinvestment Development Authority and were invested  
41 pursuant to this subsection. All functions, powers and duties relating  
42 to the investment or reinvestment of these funds, including the  
43 purchase, sale or exchange of any investments or securities, may, upon  
44 the request of the Casino Reinvestment Development Authority, be  
45 exercised and performed by the Director of the Division of  
46 Investment, in accordance with written directions of the Casino

1 Reinvestment Development Authority signed by an authorized officer,  
2 without regard to any other law relating to investments by the Director  
3 of the Division of Investment;

4 n. To the extent permitted under the contract of the Casino  
5 Reinvestment Development Authority with the holders of its bonds, to  
6 invest and reinvest any of its moneys not required for immediate use,  
7 including proceeds from the sale of any obligations, securities or other  
8 investments as it shall deem prudent. All functions, powers and duties  
9 relating to the investment or reinvestment of these funds, including  
10 the purchase, sale or exchange of any investments or securities, may  
11 upon the request of the Casino Reinvestment Development Authority  
12 be exercised and performed by the Director of the Division of  
13 Investment, in accordance with written directions of the Casino  
14 Reinvestment Development Authority signed by an authorized officer,  
15 without regard to any other law relating to investments by the  
16 Director of the Division of Investment;

17 o. To enter into all agreements or contracts with any governmental  
18 unit or person, execute any instruments, and do and perform any acts  
19 or things necessary, convenient or desirable for the purposes of the  
20 Casino Reinvestment Development Authority to carry out any power  
21 expressly given in this act; [ and]

22 p. To exercise the right of eminent domain in the city of Atlantic  
23 City;

24 q. To meet and hold hearings at places as it shall designate[.]; and

25 r. To establish, develop, construct, acquire, own, operate, manage,  
26 promote, maintain, repair, reconstruct, restore, improve and otherwise  
27 effectuate, either directly or indirectly, through lessees, licensees or  
28 agents, projects consisting of facilities, at a site or sites within the  
29 State of New Jersey, that are related to, incidental to, necessary for or  
30 complementary to, the accomplishment of any of the purposes of the  
31 authority or of any project of the authority authorized in accordance  
32 with P.L.1984, c.218 (C.5:12-144.1 et seq.), as amended.

33 (cf: P.L.1984, c.218, s.13)

34

35 16. Section 3 of P.L.1991, c.376 (C.40:48-8.47) is amended to  
36 read as follows:

37 3. [The] Except as provided by P.L. , c. (C. ) (now before the  
38 Legislature as this bill), proceeds from the fees collected in any eligible  
39 municipality pursuant to this act shall be paid into a special fund which  
40 shall be established and held by the convention center operating  
41 authority which is empowered to operate the convention center  
42 facilities in the eligible municipality. Amounts in the special fund shall  
43 be expended by the convention center operating authority solely for  
44 the purpose of promoting tourism, conventions, resorts and casino  
45 gaming, if any, in the eligible municipality. Pending this application,  
46 monies in the fund shall be invested in accordance with law applicable



1 to the convention center operating authority and the income therefrom  
2 shall be credited to the fund.

3 (cf: P.L.1991, c.376, s.3)

4

5 17. This act shall take effect on the 60th day next following  
6 enactment.

7

8

9

STATEMENT

10

11 This bill establishes the Casino Reinvestment Development  
12 Authority urban revitalization incentive program (the "incentive  
13 program") to be administered by the Casino Reinvestment  
14 Development Authority (the CRDA) to facilitate the next phase of  
15 Atlantic City's development into a destination resort and to assist  
16 urban areas throughout the State with development and revitalization  
17 projects.

18 The incentive program provides for district project grants for casino  
19 licensees who meet the criteria of the incentive program. In order to  
20 be eligible for the grants, a casino licensee is required to submit a  
21 district project proposal to the CRDA for development of one of six  
22 entertainment-retail districts in Atlantic City. The district projects are  
23 subject to approval by the CRDA pursuant to a project grant  
24 agreement and will consist of a minimum of 150,000 square feet of  
25 public space, retail stores, entertainment venues and restaurants, and  
26 may include, in addition, casino hotels and public parking facilities  
27 approved by the CRDA, to benefit the overall development of Atlantic  
28 City and strengthen the State's economy.

29 In order to be eligible for district project grants, a casino licensee  
30 is also required to submit a project proposal to, and receive approval  
31 from, the CRDA and the Department of Community Affairs (the  
32 department) to develop at least a \$20 million entertainment-retail  
33 project or community and housing development project, in \$10 million  
34 increments for one or more such projects, in an urban area outside of  
35 Atlantic City. Any casino licensee approved for participation in the  
36 incentive program is further required to extend their investment  
37 alternative tax obligations with the CRDA to 35 years from the current  
38 30-year requirement. The bill requires the licensee's investment  
39 alternative tax obligations during the additional five years to be  
40 divided in such a way that Atlantic City receives 25%, South Jersey  
41 receives 25% and North Jersey receives 50%.

42 The bill also authorizes the CRDA to sponsor district projects, and  
43 to receive district project grants, if fewer than six district projects are  
44 proposed by casino licensees and approved by the CRDA, and if the  
45 CRDA sponsored district projects qualify under the incentive program.

46 In addition, the bill authorizes the CRDA and the department to

**S2173 GORMLEY, JAMES**

24

- 1 jointly designate, in their discretion, two entertainment-retail projects,
- 2 one in North Jersey and one in South Jersey, as eligible for funds
- 3 under the incentive program.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **SENATE, No. 2173**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: MARCH 15, 2001

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2173.

This bill establishes the Casino Reinvestment Development Authority urban revitalization incentive program (the "incentive program") to be administered by the Casino Reinvestment Development Authority (the CRDA) to facilitate the next phase of Atlantic City's development into a destination resort and to assist urban areas throughout the State with development and revitalization projects.

The incentive program provides for district project grants for casino licensees who meet the criteria of the incentive program. In order to be eligible for the grants, a casino licensee is required to submit a district project proposal to the CRDA for development of one of six entertainment-retail districts in Atlantic City. The district projects are subject to approval by the CRDA pursuant to a project grant agreement and will consist of a minimum of 150,000 square feet of public space, retail stores, entertainment venues and restaurants, and may include, in addition, casino hotels and public parking facilities approved by the CRDA, to benefit the overall development of Atlantic City and strengthen the State's economy.

In order to be eligible for district project grants, a casino licensee is also required to submit a project proposal to, and receive approval from, the CRDA and the Department of Community Affairs (the department) to invest a minimum of \$20 million of its investment alternative tax obligations to developments an entertainment-retail project or community and housing development project, in \$10 million increments for one or more such projects, in an urban area outside of Atlantic City. Any casino licensee approved for participation in the incentive program is further required to extend their investment alternative tax obligations with the CRDA to 35 years from the current 30-year requirement. The bill requires the licensee's investment alternative tax obligations during the additional five years to be divided in such a way that Atlantic City receives 25%, South Jersey receives 25% and North Jersey receives 50%.

The bill also authorizes the CRDA to sponsor district projects, and

to receive district project grants, if fewer than six district projects are proposed by casino licensees and approved by the CRDA, and if the CRDA sponsored district projects qualify under the incentive program.

In addition, the bill authorizes the CRDA and the department to jointly designate, in their discretion, two entertainment-retail projects, one in North Jersey and one in South Jersey, as eligible for funds under the incentive program.

#### COMMITTEE AMENDMENTS

Committee amendments to the bill (1) postpone briefly the deadlines for acceptance and approval by the authority of district projects, (2) provide for deposit of hotel room use fees into the tourism promotion fund of the convention center authority, rather than the General Fund, (3) authorize the Director of the Division of Taxation to collect from project contractors and casino licensees, on forms that the director shall prescribe, information necessary for revenue certification purposes, and (4) direct the annual appropriation to the Divisions of Taxation and Revenue of such sums as are necessary to carry out their responsibilities under the legislation.

#### FISCAL IMPACT

The Office of Legislative Services (OLS) is unable to quantify the fiscal impact this legislation will have on either State or local revenues, as the projects to be undertaken, both in Atlantic City and outside of Atlantic City, are unknown. Moreover, the OLS cannot determine if the projects ultimately initiated within the time frame and on the scale prescribed would have occurred without the proposed incentives. The OLS can state, however, that the legislation will not reduce *existing* sales tax revenues. Whether it will divert future sales tax revenues that might have been generated anyway or will generate other additional revenues that will offset or exceed foregone sales tax collections is speculative. As a result, whether the incremental sales tax revenues dedicated to the newly established Project Fund represent a State subsidy for certain projects (i.e., projects that would have been undertaken anyway), or can be considered "revenue neutral" (i.e., would not have occurred without incentives) cannot be stated with certainty.

*If all six district projects would have occurred irrespective of the legislation*, the maximum loss to the State from foregone sales tax revenues attributable to the six proposed district projects could fall in the range of \$6.6 million to \$36 million in the first year and would be capped at \$15 million per year in subsequent years through 2022.

However, if the proposed incentives and resultant projects accomplish the objective of facilitating Atlantic City's development into a destination resort, any loss of State or local revenue of the magnitude indicated is likely to be offset or possibly exceeded by future revenues from other State and local taxes. Although the OLS cannot determine the net impact of any offsets (again, because details

of the projects are unknown), anticipated increases in tourism to Atlantic City and in visitors' length of stay generated by the addition of retail-entertainment space could positively impact collections from various State and local taxes.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 2173**  
**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

DATED: APRIL 4, 2001

**SUMMARY**

**Synopsis:** Establishes the Casino Reinvestment Development Authority urban revitalization incentive program.

**Type of Impact:** Several, see below.

**Agencies Affected:** Division of Taxation; Casino Reinvestment Development Authority; City of Atlantic City; Convention Center Operating Authority.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<u><b>Year 1</b></u>	<u><b>Year 2</b></u>	<u><b>Year 3</b></u>
<b>State Revenue</b>	Indeterminate. See discussion below.		
<b>Local Revenue</b>			

- ! The Office of Legislative Services (OLS) estimates that the grant incentives established by this legislation could result in the loss of potential State tax revenues of between \$6.6 million and \$36 million in the first year following enactment, but would be capped at \$15 million per year in subsequent years until 2022.
- ! If the tax incentives provided by the bill succeed in spurring hotel and retail development in Atlantic City, this loss may be offset or exceeded by an indeterminate increase in revenues from other State taxes, including the Casino Revenue Tax, the investment alternative tax obligation (or CRDA tax), and eventually the sales tax.
- ! In addition to the impact on State revenues, collections from the hotel room occupancy tax on casino hotels would be reallocated from the Atlantic City Convention Center Operating Authority's tourism promotion fund to provide grants to casino licensees with approved district projects.
- ! The loss of local revenues from the hotel room occupancy tax is expected to be offset by an increase in revenues from the existing nine percent Luxury Tax on occupied rooms and entertainment, and the three percent Luxury Tax on alcoholic beverages.

**BILL DESCRIPTION**

This bill establishes the "Casino Reinvestment Development Authority Urban Revitalization

Program" in the Casino Reinvestment Development Authority (CRDA). The incentive program provides for district project grants for certain eligible casino licensees for development of up to six entertainment-retail districts in Atlantic City, each of which will entail a minimum of 150,000 square feet of space. Alternatively, district projects may be undertaken by the CRDA if fewer than six district projects are proposed by casino licensees.

In addition to undertaking an approved project, in order to be eligible for a district project grant a casino licensee must also agree to allocate a minimum of \$20 million to one or more approved entertainment-retail or community and housing development projects in an urban area outside of Atlantic City. The CRDA may also designate two such projects, one in South Jersey and one in North Jersey at its discretion. The licensee is further required to extend its investment alternative tax obligation with the CRDA from 30 to 35 years. The benefit of this additional five year period will be divided between Atlantic City (25 percent), South Jersey (25 percent), and North Jersey (50 percent).

The bill establishes the following funds to provide incentive grants to approved licensees:

- ! A "project fund" into which shall be deposited all sales and use tax receipts from: (1) the taxation of construction materials used for building an approved district project; and (2) retail sales of tangible personal property originating and delivered from business locations in a district project; and
- ! A "room fund" into which shall be deposited all revenues received from the hotel use fees (equal to \$2 per day per occupied room) which originate and are delivered from the casino-hotel facility of a casino licensee, and if applicable, from additional hotel rooms which are part of an approved district project.

<b>Summary of Incentives Proposed Under S-2173</b>			
<b><u>Incentive</u></b>	<b><u>Revenue Source</u></b>	<b><u>Statutory Revenue Use</u></b>	<b><u>Proposed Use of Revenues</u></b>
<b>PROJECT FUND</b>	Sales tax on construction materials for approved district projects.	General Fund	Grants for casino licensees with approved district projects or for CRDA for approved project(s).
	Incremental retail sales tax from businesses located in a district project.	General Fund	Grants for casino licensees with approved district projects or for CRDA for approved project(s), until 2022.
<b>ROOM FUND</b>	Hotel use fees (\$2 per room) which originate from properties of casino licensee with approved district project.	Tourism promotion fund (Convention Center Operating Authority)	Annual grants to casino licensees with approved district projects or to CRDA for project(s), until 2022. To be allocated based on incremental luxury tax generated by licensee's district project.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The Office of Legislative Services (OLS) is unable to precisely quantify the fiscal impact this





**Example: District Project Summary**

*(One of six projects to be undertaken)*

**\*\* Note: *In no case will the combined total of all grants disbursed to a licensee exceed the cost of a district project, as determined by the CRDA.***

The first year tax incentive estimate is limited to the sales tax rebate on construction materials. At a minimum, this would equal to \$1.1 million per project based on total estimated construction costs of approximately \$45 million for a project of minimum scale (150,000 sq. ft x \$300/sq. ft as per the CRDA), of which 40 percent (or \$18 million) is assumed to be taxable (based on industry data). Hence, applying the six percent State sales tax to the taxable base (\$18 million) yields \$1,080,000 *per project* to be deposited into the Project Fund, or a total of \$6.6 million for six projects. Alternatively, a more ambitious project, which the CRDA suggests could cost up to \$250 million (@800,000 - 900,000 square feet), would result in foregone sales tax revenues of about \$6.0 million *per project* (\$250 million x 40 percent taxable sales x 6.0 percent sales tax) for a total of \$36 million over six projects. Of course, the actual amount rebated will ultimately depend on the square footage and construction costs of approved projects and project costs, as determined by the CRDA.

In subsequent years, any potential loss is due exclusively to the incremental sales tax attributable to business conducted in the district project until 2022. The estimate assumes each project will generate sales sufficient to claim a maximum allowable grant of \$2.5 million (which requires \$42 million in taxable sales) for a total of \$15 million per year in foregone State sales tax revenues (\$2.5 million x 6 projects) or some \$300 million (unadjusted) over 20 years.

In addition to State revenues, local revenues would also be affected by the establishment of the Room Fund. Currently, the Atlantic City Convention Center Authority receives some \$7.5 million annually for tourism promotion from the \$2 per day hotel occupancy tax on casino hotels. The CRDA estimates that as much as 80 percent of these revenues would be attributable to properties of casino licensees with approved district projects, resulting in a total of some \$6.0 million being deposited into the Room Fund annually, or roughly \$120 million (unadjusted) over 20 years. This amount could be expected to grow in future years as hotel rooms are added through approved district projects, subject to the variability of hotel occupancy rates.

With publicly financed tax or grant incentives, there is always the issue of whether the desired objective (construction, relocation) would have taken place anyway. In this case, it is arguable that the proposed publicly financed incentives are either a determining or contributing factor in the initiation of one or more of the six district projects to be undertaken. In such instances, any incremental government revenues utilized for proposed incentive grants would not be considered a loss to the State, since the cost of the grants is covered by these same revenues, and the State could not have anticipated revenues from projects which would not have otherwise occurred.

Moreover, assuming that the proposed incentives and resultant projects accomplish the objective of facilitating Atlantic City's development into a destination resort, any loss of State or local revenue of the magnitude indicated is likely to be offset or possibly exceeded by future revenues from other State and local taxes. Although the OLS cannot determine the net impact of any offsets (again, because details of the projects are unknown), anticipated increases in visitations to Atlantic City and in visitors' length of stay generated by the addition of retail-entertainment space could directly impact collections from the following taxes:

<b>Potential Offsetting State and Local Revenues</b>
--

- ! **Casino Revenue Tax:** An 8.0 percent tax on gross casino revenues. These revenues are deposited into the Casino Revenue Fund which provides for programs for seniors and the disabled.
- ! **Investment alternative tax obligation (CRDA tax):** A 1.25 percent tax on gross casino revenues paid to the CRDA for reinvestment, either directly or through the purchase of pool bonds, in development projects in Atlantic City and other regions of the State.
- ! **Parking Fees:** A \$1.50 per car per day fee for parking at a casino is utilized by the CRDA for improvements to the "Corridor" region of Atlantic City.
- ! **Sales tax:** Revenues from the six percent State sales tax on tangible goods and services (including lodging, food and drink, and retail sales, but excluding until 2022 the incremental sales tax revenues deposited into the Project Fund) benefit the State's General Fund. However, the benefit of additional retail sales generated in Atlantic City as a result of this legislation only holds to the degree that such sales reflect an absolute increase in sales Statewide as opposed to a mere shift of sales from one geographical region of the State to another. (To this end, ideally, sales would be generated by an increase in out-of-State visitors.)
- ! **Luxury tax:** A 9 percent tax imposed on occupied hotel rooms. Deposited into a "Luxury Tax fund" for the benefit of the Sports and Exposition Authority and Atlantic City convention center.
- ! **Local property taxes:** For retail establishments, market values are based on estimated annual sales. Market value is then taxed at a rate of \$2.957 per \$100 of sales.

Section: *Revenue, Finance and Appropriations*

Analyst: *Catherine Z. Brennan*  
*Senior Fiscal Analyst*

Approved: *Alan R. Kooney*  
*Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

[First Reprint]

**SENATE, No. 2173**

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**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

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INTRODUCED FEBRUARY 26, 2001

**Sponsored by:**

**Senator WILLIAM L. GORMLEY**

**District 2 (Atlantic)**

**Senator SHARPE JAMES**

**District 29 (Essex and Union)**

**Co-Sponsored by:**

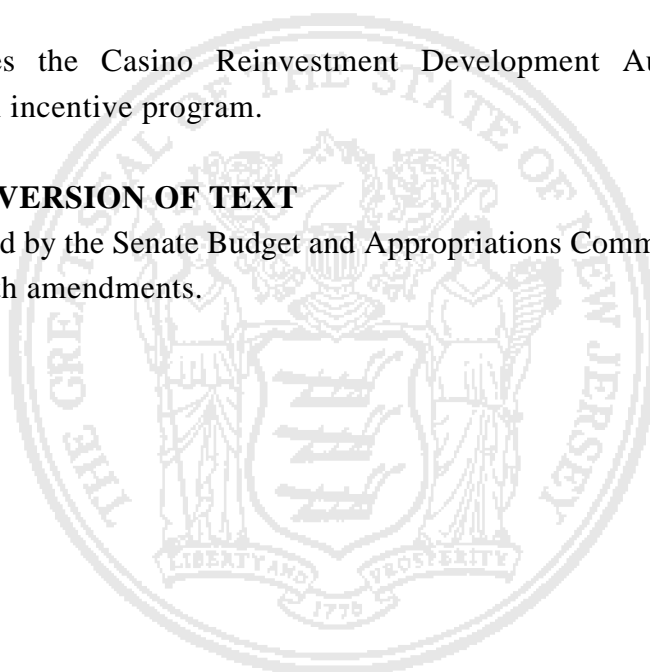
**Senators Matheussen, Bark, Sinagra, Connors, Robertson, Kavanaugh, Caffero, Inverso, Palaia, Kosco, Kyrillos, Bennett, Martin, Turner, Kenny, Zane, O'Connor, Bryant, Rice, Vitale, Codey, Girgenti, Sacco, Lesniak, Lynch, Baer, Adler, Ciesla, Furnari, Assemblymen Blee and LeFevre**

**SYNOPSIS**

Establishes the Casino Reinvestment Development Authority urban revitalization incentive program.

**CURRENT VERSION OF TEXT**

As reported by the Senate Budget and Appropriations Committee on March 15, 2001, with amendments.



**(Sponsorship Updated As Of: 6/29/2001)**

1 AN ACT concerning the Casino Reinvestment Development Authority  
2 and urban revitalization, amending and supplementing P.L.1984,  
3 c.218 (C.5:12-144.1 et seq.) and amending P.L.1991, c.376.

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

7  
8 1. (New section) Sections 1 through 13 of P.L. , c. (C. )(now  
9 before the Legislature as this bill) shall be known and may be referred  
10 to as the "Casino Reinvestment Development Authority Urban  
11 Revitalization Act."

12  
13 2. (New section) The Legislature finds and declares that:

14 a. Legalized casino gambling was approved by New Jersey's voters  
15 in 1976 as a "unique tool of urban redevelopment" to facilitate the  
16 revitalization of Atlantic City and other distressed municipalities  
17 throughout the State;

18 b. The Legislature created the Casino Reinvestment Development  
19 Authority (the "CRDA") to oversee the investment of casino gambling  
20 revenues for development projects in Atlantic City and other areas  
21 throughout the State;

22 c. During the past 25 years, the development of Atlantic City's  
23 multi-billion dollar casino industry and the CRDA's investment of  
24 hundreds of millions of dollars in housing, commercial and nonprofit  
25 projects have greatly benefited the people of New Jersey and have  
26 served as a model for many other states and countries that wished to  
27 emulate Atlantic City's successful record of casino development and  
28 economic growth;

29 d. It is altogether fitting and proper on the occasion of the 25th  
30 year of legalized casino gaming in Atlantic City to establish a new  
31 program to facilitate the next phase of Atlantic City's development into  
32 a regional, national and international "destination resort" and at the  
33 same time, to insure that substantial commitments are made to projects  
34 to revitalize urban areas and promote continued economic growth  
35 throughout the State.

36  
37 3. (New section) As used in this act:

38 "Authority" means the Casino Reinvestment Development Authority  
39 established pursuant to P.L.1984, c.218 (C.5:12-153 et seq.);

40 "Baseline luxury tax revenue amount" or "baseline luxury tax"  
41 means the annual amount of luxury tax receipts received pursuant to  
42 P.L.1947, c.71 (C.40:48-8.15 et seq.) from the taxation of retail sales

**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:**

**<sup>1</sup>Senate SBA committee amendments adopted March 15, 2001.**

1 or sales at retail originating from transactions at an entertainment-  
2 retail district project for the last full calendar year preceding the year  
3 in which the district project opens under the incentive program;  
4 "Casino hotel room fee fund" or "room fund" means the fund  
5 established by the State Treasurer pursuant to section 8 of  
6 P.L. , c. (C. ) (now before the Legislature as this bill) into which  
7 shall be deposited the proceeds of the hotel room use fees as specified  
8 pursuant to section 6 of P.L. , c. (C. ) (now before the Legislature  
9 as this bill);  
10 "Casino reinvestment development authority urban revitalization  
11 incentive program" or "incentive program" means the program  
12 established pursuant to section 4 of P.L. , c. (C. ) (now before the  
13 Legislature as this bill) and administered by the authority to facilitate  
14 the development of entertainment-retail districts for the city of Atlantic  
15 City and to promote urban revitalization throughout the State;  
16 "Commissioner" means the Commissioner of Community Affairs;  
17 "Department" means the Department of Community Affairs;  
18 "District project grant" or "grant" means an amount rebated to the  
19 authority pursuant to sections 7 or 8 of P.L. , c. (C. ) (now before  
20 the Legislature as this bill) for disbursement to a casino licensee that  
21 is approved by the authority for a district project or for retention by  
22 the authority for an approved district project sponsored by the  
23 authority;  
24 "Entertainment-retail district" or "district" means one of six areas  
25 within Atlantic City, designated by the authority under the incentive  
26 program;  
27 "Entertainment-retail district project" or "district project" means a  
28 project or projects to be developed by the authority or any casino  
29 licensed to operate in Atlantic City prior to January 1, 2001, including,  
30 but not necessarily limited to, a minimum of 150,000 square feet of  
31 public space, retail stores, entertainment venues and restaurants, and  
32 may include, in addition, casino hotels and public parking facilities  
33 approved by the authority under the incentive program, and may also  
34 include: the purchasing, leasing, condemning, or otherwise acquiring  
35 of land or other property, or an interest therein, approved by the  
36 authority pursuant to a project grant agreement or as an authority  
37 sponsored project, or as necessary for a right-of-way or other  
38 easement to or from the land or property, or the relocating and moving  
39 of persons displaced by the acquisition of the land or property; the  
40 rehabilitation and redevelopment of land or property, approved  
41 pursuant to a project grant agreement or as an authority sponsored  
42 project, including demolition, clearance, removal, relocation,  
43 renovation, alteration, construction, reconstruction, installation or  
44 repair of a building, street, highway, alley, utility, service or other  
45 structure or improvement; the acquisition, construction,  
46 reconstruction, rehabilitation, or installation of parking and other

1 improvements approved pursuant to a project grant agreement or as  
2 an authority sponsored project; and the costs associated therewith  
3 including the costs of an administrative appraisal, economic and  
4 environmental analyses or engineering, planning, design, architectural,  
5 surveying or other professional services approved pursuant to a  
6 project grant agreement or as part of an authority sponsored project;

7 "Entertainment-retail district project fund" or "project fund" means  
8 the fund established by the State Treasurer pursuant to section 7 of  
9 P.L. , c. (C. ) (now before the Legislature as this bill) into which  
10 shall be deposited an amount equivalent to the amount of receipts  
11 received from the taxation of retail sales from a district project and  
12 from the taxation of construction materials used for building a district  
13 project, as specified pursuant to section 5 of P.L. , c. (C. ) (now  
14 before the Legislature as this bill);

15 "Incremental luxury tax revenue amount" or "incremental luxury  
16 tax" means the amount by which the annual luxury tax receipts  
17 received pursuant to P.L.1947, c.71 (C.40:48-8.15 et seq.) from the  
18 taxation of retail sales or sales at retail originating from transactions  
19 at a district project in the year in which the district project opens under  
20 the incentive program, and in each year thereafter, exceed the baseline  
21 luxury tax, as determined by the State Treasurer; and

22 "Project grant agreement" means an agreement entered into  
23 between the authority and a casino licensee, pursuant to section 4 of  
24 P.L. , c. (C. ) (now before the Legislature as this bill), that sets  
25 forth the terms and conditions of approval for a district project and of  
26 eligibility for district project grants, as determined by the authority.  
27

28 4. (New section) a. There is established the incentive program  
29 that shall be administered by the authority. The purpose of the  
30 incentive program is to facilitate the development of entertainment-  
31 retail districts for the city of Atlantic City and to promote  
32 revitalization of other urban areas in the State. The provisions of  
33 section 30 of P.L.1984, c.218 (C.5:12-178) shall not apply to the  
34 incentive program established pursuant to this section. In order to  
35 implement the incentive program, the authority is authorized <sup>1</sup>to<sup>1</sup>  
36 accept applications from casino licensees on or before <sup>1</sup>[June 30,  
37 September 1,<sup>1</sup> 2001 for approval of a district project and to designate  
38 by resolution up to six districts on or before September <sup>1</sup>[1,  
39 30,<sup>1</sup> 2001 and to enter into project grant agreements with casino licensees  
40 to develop district projects within each district or to approve a district  
41 project sponsored by the authority. The authority may disburse district  
42 project grants in accordance with sections 7 and 8 of P.L. , c. (C. )  
43 (now before the Legislature as this bill) to casino licensees with  
44 approved district projects or to the authority for an authority  
45 sponsored district project under the incentive program, if the authority  
46 determines that:

1 (1) construction of the district project will commence no later than  
2 June 30, 2002 <sup>1</sup>or as otherwise provided<sup>1</sup> pursuant to the project grant  
3 agreement with the authority, or pursuant to the district project plan  
4 approved by the authority for an authority sponsored district project;

5 (2) a proposed district project plan submitted pursuant to section  
6 10 of P.L. , c. (C. ) (now before the Legislature as this bill) is  
7 economically sound and will assist in the overall development of the  
8 city of Atlantic City and will benefit the people of New Jersey by  
9 increasing employment opportunities and strengthening New Jersey's  
10 economy;

11 (3) the disbursement of grants to a casino licensee is a material  
12 factor in the licensee's decision to go forward with a district project;  
13 and

14 (4) the casino licensee has agreed to invest a minimum of \$20  
15 million in its investment alternative tax obligations under section 3 of  
16 P.L.1984, c.218 (C.5:12-144.1), such obligation to be made in \$10  
17 million increments to one or more entertainment-retail projects, or  
18 housing and community development projects, approved by the  
19 authority and the department, in an urban area outside of Atlantic City,  
20 and designated by the commissioner as eligible for, and in need of the  
21 project, pursuant to section 11 of P.L. , c. (C. ) (now before the  
22 Legislature as this bill).

23 b. Notwithstanding any provision to the contrary in  
24 P.L. , c. (C. ) (now before the Legislature as this bill), the authority  
25 and the commissioner jointly may, in their discretion, also designate  
26 two entertainment-retail projects, one in North Jersey and one in  
27 South Jersey, as eligible for funds under the incentive program.

28  
29 5. (New section) a. Notwithstanding the provisions of any law,  
30 rule or regulation to the contrary, all revenues received pursuant to  
31 the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.)  
32 from the taxation of construction materials used for building a district  
33 project approved by the authority pursuant to a project grant  
34 agreement or for building a district project sponsored by the authority,  
35 and from the taxation of retail sales of tangible personal property and  
36 services originating from and delivered from business locations in a  
37 district project approved by the authority pursuant to a project grant  
38 agreement or from business locations in a district project sponsored by  
39 the authority, shall be deposited immediately upon collection by the  
40 Department of the Treasury in the project fund. <sup>1</sup>Contractors  
41 purchasing materials and supplies for use in constructing a district  
42 project shall complete a form or certification prescribed by the  
43 Director of the Division of Taxation in the Department of the  
44 Treasury. The contractor shall identify the district project, materials,  
45 supplies, purchase price and New Jersey sales or use tax paid and  
46 provide such other information and receipts as the director may

1 require. The forms or certificates shall be filed with the authority as  
2 documentation for a report, which the authority shall provide to the  
3 Division of Revenue and the Division of Taxation for revenue  
4 certification purposes. Approved casino licensees shall also provide  
5 to the authority, on a form prescribed by the Director of the Division  
6 of Taxation, the sales tax collected from sales made by vendors in a  
7 district project for each quarter. The authority shall provide a report  
8 to the Division of Revenue and Division of Taxation in the Department  
9 of the Treasury for revenue certification purposes.<sup>1</sup>

10 b. The revenues required to be deposited in the project fund under  
11 subsection a. of this section shall be used for the purposes of the  
12 project fund and for the uses prescribed in section 7 of P.L. , c. (C. )  
13 (now before the Legislature as this bill).

14  
15 6. (New section) a. Notwithstanding the provisions of any law,  
16 rule or regulation to the contrary, all revenues received from hotel  
17 room use fees pursuant to P.L.1991, c.376 (C.40:48-8.45 et seq.),  
18 which originate from and are delivered from the casino-hotel facilities  
19 of the casino licensee with an approved district project, or of any  
20 casino licensee that has the same holding company as the casino  
21 licensee with the approved district project, pursuant to a project grant  
22 agreement, and in the case of a district project sponsored by the  
23 authority, all revenues received from the hotel room use fees which  
24 originate from and are delivered from hotel facilities located within the  
25 authority sponsored district project and designated as part of the  
26 approved district project, and if applicable, from additional hotel  
27 rooms that are approved by the authority as part of the district project,  
28 shall be paid immediately upon collection to the Department of the  
29 Treasury which shall deposit the revenues into the room fund.

30 b. The revenues required to be deposited in the room fund under  
31 subsection a. of this section shall be used for the purposes of the room  
32 fund and for the uses prescribed in section 8 of P.L. , c. (C. ) (now  
33 before the Legislature as this bill).

34  
35 7. (New section) a. There is created a dedicated, nonlapsing  
36 project fund to be held by the State Treasurer, which shall be the  
37 repository for all moneys required to be deposited therein under  
38 section 5 of P.L. , c. (C. ) (now before the Legislature as this bill)  
39 and any moneys appropriated or otherwise made available to the  
40 project fund.

41 b. All moneys deposited in the project fund shall be held and  
42 disbursed, subject to the requirements of section 11 of P.L., c (C. )  
43 (now before the Legislature as this bill), in the form of district project  
44 grants as follows:

45 (1) an amount from the project fund equivalent to the total  
46 revenues received pursuant to the "Sales and Use Tax Act,"



1 P.L.1966, c.30 (C.54:32B-1 et seq.) from the taxation of construction  
2 materials used for building a district project approved by the authority  
3 pursuant to a project grant agreement, or for building a district project  
4 sponsored by the authority, shall be rebated in the form of a one-time  
5 grant to the authority for disbursement to the casino licensee with an  
6 approved district project or to the authority for an authority sponsored  
7 district project;

8 (2) an amount from the project fund equivalent to the total  
9 revenues received pursuant to the "Sales and Use Tax Act," P.L.1966,  
10 c.30 (C.54:32B-1 et seq.) from the taxation of retail sales of tangible  
11 property and services originating from and delivered from business  
12 locations in a district project approved by the authority pursuant to a  
13 project grant agreement or from business locations in a district project  
14 sponsored by the authority, shall be rebated in the form of annual  
15 grants to the authority for disbursement to the casino licensee with an  
16 approved district project, or to the authority for an authority  
17 sponsored district project, with each annual grant not to exceed \$2.5  
18 million per district project and payable annually until December 31,  
19 2022, or until the date on which the combined total of grants disbursed  
20 under this section and under section 8 of P.L. , c. (C. )(now before  
21 the Legislature as this bill) equals the approved cost of the district  
22 project, as determined by the authority, whichever is earlier;

23 (3) the balance of the revenues in the project fund shall be  
24 deposited in the General Fund if the authority, in consultation with the  
25 State Treasurer, determines that the revenues are no longer needed for  
26 the purposes of the project fund or for the uses prescribed in  
27 P.L. , c. (C. ) (now before the Legislature as this bill).

28 c. The State Treasurer may invest and reinvest any moneys in the  
29 project fund, or any portion thereof, in legal obligations of the United  
30 States or of the State or any political subdivision thereof. Any income  
31 from, interest on, or increment to moneys so invested or reinvested  
32 shall be included in the project fund.

33

34 8. (New section) a. There is created a dedicated, nonlapsing room  
35 fund to be held by the State Treasurer, which shall be the repository  
36 for all moneys required to be deposited therein under section 6 of  
37 P.L. , c. (C. ) (now before the Legislature as this bill) and any  
38 moneys appropriated or otherwise made available to the room fund.

39 b. All moneys deposited in the room fund shall be held and  
40 disbursed, subject to the requirements of section 11 of  
41 P.L. , c. (C. ) (now before the Legislature as this bill), in the  
42 form of district projects grants as follows:

43 (1) an amount from the room fund equivalent to the incremental  
44 luxury tax for a district project approved by the authority pursuant to  
45 a project grant agreement or for a district project sponsored by the  
46 authority, shall be rebated in the form of annual grants from the room

1 fund to the authority for disbursement to the casino licensee with an  
2 approved district project, or to the authority for an authority  
3 sponsored district project, and shall be payable annually until  
4 December 31, 2022, or until the date on which the combined total of  
5 grants disbursed under this section and under section 7 of  
6 P.L. , c. (C. )(now before the Legislature as this bill) equals the  
7 approved cost of the district project, as determined by the authority,  
8 whichever is earlier;

9 (2) the balance of the revenues in the room fund shall be deposited  
10 in the <sup>1</sup>[General Fund] special fund established pursuant to section 3  
11 of P.L.1991, c.376 (C.40:48-8.47)<sup>1</sup> if the authority, in consultation  
12 with the State Treasurer, determines that the revenues are no longer  
13 needed for the purposes of the room fund or for the uses prescribed in  
14 P.L. , c. (C. ) (now before the Legislature as this bill).

15 c. The State Treasurer may invest and reinvest any moneys in the  
16 room fund, or any portion thereof, in legal obligations of the United  
17 States or of the State or any political subdivision thereof. Any income  
18 from, interest on, or increment to moneys so invested or reinvested  
19 shall be included in the room fund.

20

21 9. (New section) a. The State Treasurer shall maintain separate  
22 accounts in the project fund and room fund for each casino licensee  
23 approved by the authority for a district project, and for the authority  
24 in the event the authority sponsors a district project, and shall credit  
25 to each account an amount of the moneys deposited in each fund equal  
26 to the appropriate share of revenues collected from the taxation of  
27 construction materials and retail sales and services, as provided in  
28 section 7 of P.L. , c. (C. ) (now before the Legislature as this bill),  
29 and from hotel room fees, as provided in section 8 of P.L. , c. (C. )  
30 (now before the Legislature as this bill), or that amount of moneys  
31 appropriated to the funds or otherwise made available to the funds,  
32 and required to be credited to the casino licensee's or the authority's  
33 project fund account or room fund account.

34 b. The <sup>1</sup>Director of the Division of Taxation in consultation with  
35 the<sup>1</sup> State Treasurer shall promulgate such rules and regulations  
36 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
37 (C.52:14B-1 et seq.) as are necessary to govern the administration of  
38 the project fund and room fund for the purposes of P.L. , c. (C. )  
39 (now before the Legislature as this bill). <sup>1</sup>In addition, the Director of  
40 the Division of Taxation and the Director of the Division of Revenue  
41 are authorized to prescribe forms and procedures and to require any  
42 person to provide any information necessary to enforce and administer  
43 the provisions of this act.

44 c. The amount necessary to provide for tax collection,  
45 administrative and enforcement costs incurred by the Division of  
46 Taxation and the Division of Revenue, to meet the requirements of

1 P.L. , c. (C. )(now before the Legislature as this bill) shall be  
2 annually appropriated from the project fund and the room fund, subject  
3 to the approval of the Director of the Division of Budget and  
4 Accounting in the Department of the Treasury.<sup>1</sup>

5  
6 10. (New section) a. A casino licensee or the authority, as  
7 appropriate, shall submit a proposed district project plan for approval  
8 by the authority under the incentive program.

9 b. A proposed district project plan submitted under subsection a.  
10 of this section shall include, but not necessarily be limited to:

11 (1) A description of the proposed district project;

12 (2) An estimate of the total project costs and an estimate of the  
13 annual amounts of district project grants anticipated under the  
14 incentive program for the casino licensee or the authority;

15 (3) A statement of any other revenue sources to be used to finance  
16 the development of a district project;

17 (4) A statement of the time needed to complete a district project;  
18 and

19 (5) A statement of the impact that the proposed district project is  
20 expected to have on the city of Atlantic City.

21  
22 11. (New section) a. A casino licensee shall submit a proposal to  
23 the authority and to the department for an entertainment- retail project  
24 or community and housing development project in an urban area  
25 outside of Atlantic City, consistent with the requirements of paragraph  
26 (4) of subsection a. of section 4 of P.L. , c. (C. ) (now before the  
27 Legislature as this bill), that will further the development and  
28 revitalization of an urban area designated by the department as eligible  
29 for, and in need of, the proposed project. The department shall  
30 evaluate the proposal and determine whether the proposed project  
31 meets the department's project criteria, and the authority shall evaluate  
32 the proposal and determine whether the proposal project meets the  
33 authority's project criteria for approval of urban development projects  
34 outside of the city of Atlantic City under the incentive program. The  
35 authority and the commissioner jointly may, in their discretion, also  
36 designate two entertainment-retail projects, one in North Jersey and  
37 one in South Jersey, as eligible for funds under the incentive program.

38 b. The commissioner and the authority are authorized to approve  
39 the proposed project submitted under subsection a. of this section if  
40 the commissioner and the authority determine that the project meets  
41 the criteria established by the department and the authority,  
42 respectively. Upon approval by the commissioner, the State Treasurer  
43 shall annually, upon receipt of a written statement from the department  
44 certifying the satisfactory status of the project, rebate the district  
45 project grants to the authority for disbursement to casino licensees  
46 under the incentive program.

1 c. The authority and the commissioner shall give preference to  
2 those proposed projects that best leverage non-authority funds for the  
3 total construction project cost.

4  
5 12. (New section) Notwithstanding any provision to the contrary  
6 in P.L. , c. (C. ) (now before the Legislature as this bill), in the  
7 event that fewer than six district projects are proposed by casino  
8 licensees, and approved by the authority, the authority may sponsor a  
9 district project which meets the criteria of paragraphs (1) and (2) of  
10 subsection a. of section 4 of P.L. , c. (C. ) (now before the  
11 Legislature as this bill), and in that event, paragraphs (3) and (4) of  
12 subsection a. of section 4 of P.L. , c. (C. ) are not applicable to the  
13 authority and the grants otherwise payable to a casino licensee  
14 pursuant to paragraphs (1) and (2) of subsection b. of section 7 and  
15 paragraph (1) of subsection b. of section 8 of P.L. , c. (C. ) (now  
16 before the Legislature as this bill) shall be payable to the authority.

17  
18 13. (New section) a. Notwithstanding the provisions of any  
19 other law to the contrary, if a district project of a casino licensee is  
20 approved by the authority under the incentive program established by  
21 section 4 of P.L. , c. (C. )(now before the Legislature as this bill), the  
22 investment alternative tax imposed by subsection a. of section 3 of  
23 P.L.1984, c.218 (C.5:12-144.1), and any credits which may by law be  
24 applied against that tax, shall end for the casino licensee's licensed  
25 facility, as determined by the authority, 35 years after any investment  
26 alternative tax obligation is first incurred in connection with the  
27 licensed facility operated by the licensee.

28 b. During the additional five years of a casino licensee's investment  
29 alternative tax obligations required pursuant to subsection a. of this  
30 section, the total of the proceeds of all bonds purchased by a licensee  
31 from or through the authority and all approved investments in eligible  
32 projects by a licensee shall be devoted to the financing of projects in  
33 the following areas and amounts: a) 25% for the city of Atlantic City;  
34 b) 25% for South Jersey and c) 50% for North Jersey.

35  
36 14. Section 3 of P.L.1984, c.218 (C.5:12-144.1) is amended to  
37 read as follows:

38 3. a. (1) Commencing with the first annual tax return of a licensee  
39 for any calendar year beginning after December 31, 1983, there is  
40 imposed an investment alternative tax on the gross revenues as defined  
41 in section 24 of P.L.1977, c.110 (C.5:12-24) of the licensee in the  
42 amount of 2.5% of those gross revenues. The tax imposed with  
43 respect to each calendar year shall be due and payable on the last day  
44 of April next following the end of the calendar year. The State  
45 Treasurer shall have a lien against the property constituting the casino  
46 of a licensee for the amount of any tax not paid when due. No tax

1 shall be imposed, however, on the gross revenues received by a  
2 licensee during the first 12 months of the operation of any casino that  
3 commences operation after January 1, 1984, but prior to the effective  
4 date of this act, P.L.1996, c.118 (C.5:12-173.3a et al.).

5 (2) A licensee shall pay to the State Treasurer on or before the  
6 15th day of the first, fourth, seventh, and 10th months of each year as  
7 partial payment of the investment alternative tax imposed pursuant to  
8 paragraph (1) of this subsection an amount equal to 1.25% of the  
9 estimated gross revenues for the three-month period immediately  
10 preceding the first day of those months. The moneys received shall be  
11 placed in an escrow account and shall be held until the licensee directs  
12 that the moneys be transferred to the Casino Reinvestment  
13 Development Authority for the purchase of bonds issued by or offered  
14 through the Casino Reinvestment Development Authority or pursuant  
15 to a contract for such a purchase, be made available to the licensee for  
16 a direct investment approved by the authority, or be transferred to the  
17 Casino Revenue Fund as partial payment of the investment alternative  
18 tax imposed pursuant to paragraph (1) of this subsection. Any interest  
19 derived from the moneys in the escrow account shall be paid or made  
20 available to the Casino Revenue Fund. If a licensee fails to pay the  
21 amount due or underpays by an unjustifiable amount, the Casino  
22 Control Commission shall impose a fine of 5% of the amount due or  
23 of the underpayment, as the case may be, for each month or portion  
24 thereof the licensee is in default of payment, up to 25% of the amount  
25 in default. Any fine imposed shall be paid to the Casino Reinvestment  
26 Development Authority and shall be used for the purposes of this 1984  
27 amendatory and supplementary act.

28 b. Each licensee shall be entitled to an investment tax credit against  
29 the tax imposed by subsection a. of this section, provided the licensee  
30 shall pay over the moneys required pursuant to section 5 of P.L.1993,  
31 c.159 (C.5:12-173.5): (1) for the first 10 years of a licensee's tax  
32 obligation, in an amount equal to twice the purchase price of bonds  
33 issued by the Casino Reinvestment Development Authority pursuant  
34 to sections 14 and 15 of this 1984 amendatory and supplementary act,  
35 purchased by the licensee, or twice the amount of the investments  
36 authorized in lieu thereof, and (2) for the remainder of a licensee's tax  
37 obligation, in an amount equal to twice the purchase price of bonds  
38 issued by the Casino Reinvestment Development Authority pursuant  
39 to sections 14 and 15 of this 1984 amendatory and supplementary act,  
40 purchased by the licensee, or twice the amount of the investments  
41 authorized in lieu thereof, and twice the amount of investments made  
42 by a licensee in other approved eligible investments made pursuant to  
43 section 25 of this act. The Casino Reinvestment Development  
44 Authority shall have the power to enter into a contract or contracts  
45 with a licensee pursuant to which the Casino Reinvestment  
46 Development Authority agrees to issue and sell bonds to the licensee,

1 and the licensee agrees to purchase the bonds issued by or offered  
2 through the Casino Reinvestment Development Authority, in annual  
3 purchase price amounts as will constitute a credit against at least 50%  
4 of the tax to become due in any future year or years. The contract  
5 may contain those terms and conditions relating to the terms of the  
6 bonds and to the issuance and sale of the bonds to the licensee as the  
7 Casino Reinvestment Development Authority shall deem necessary or  
8 desirable. The contract shall not be deemed to be in violation of  
9 section 104 of P.L.1977, c.110 (C.5:12-104). After the first 10 years  
10 of a licensee's investment alternative tax obligation, a licensee will  
11 have the option of entering into a contract with the Casino  
12 Reinvestment Development Authority to have its tax credit comprised  
13 of direct investments in approved eligible projects. These direct  
14 investments shall not comprise more than 50% of a licensee's eligible  
15 tax credit in any one year.

16 The entering of a contract pursuant to this section shall be sufficient  
17 to entitle a licensee to an investment tax credit for the appropriate tax  
18 year.

19 c. A contract entered into between a licensee and the Casino  
20 Reinvestment Development Authority may provide for a deferral of  
21 payment for and delivery of bonds required to be purchased and for a  
22 deferral from making approved eligible investments in any year, but no  
23 deferral shall occur more than two years consecutively. A deferral of  
24 payment for any bonds required to be purchased by a licensee and a  
25 deferral from making approved eligible investments may be granted by  
26 the Casino Reinvestment Development Authority only upon a  
27 determination by the Casino Control Commission that purchase of  
28 these bonds or making approved eligible investments would cause  
29 extreme financial hardship to the licensee and a determination by the  
30 Casino Reinvestment Development Authority that the deferral of the  
31 payment would not violate any covenant or agreement or impair any  
32 financial obligation of the Casino Reinvestment Development  
33 Authority. The contract may establish a late payment charge to be  
34 paid in the event of deferral or other late payment at a rate as shall be  
35 agreed to by the Casino Reinvestment Development Authority. If a  
36 deferral of purchase or investment is granted, the licensee shall be  
37 deemed to have made the purchase or investment at the time required  
38 by the contract, except that if the purchase is not made at the time to  
39 which the purchase or investment was deferred, then the licensee shall  
40 be deemed not to have made the purchase or investment. The Casino  
41 Control Commission shall adopt regulations establishing a uniform  
42 definition of extreme financial hardship applicable to all these  
43 contracts. If a licensee petitions the Casino Reinvestment  
44 Development Authority for a deferral, the Casino Reinvestment  
45 Development Authority shall give notice of that petition to the Casino  
46 Control Commission and to the Division of Gaming Enforcement

1 within three days of the filing of the petition. The Casino Control  
2 Commission shall render a decision within 60 days of notice as to  
3 whether the licensee has established extreme financial hardship, after  
4 consultation with the Division of Gaming Enforcement. The Casino  
5 Reinvestment Development Authority shall render a decision as to the  
6 availability of the deferral within 10 days of the receipt by it of the  
7 decision of the Casino Control Commission and shall notify the  
8 Division of Gaming Enforcement and the Casino Control Commission  
9 of that decision. If a deferral is granted, the Casino Reinvestment  
10 Development Authority may determine whether the purchases or  
11 investments shall be made in a lump sum, made over a period of years,  
12 or whether the period of obligation shall be extended an additional  
13 period of time equivalent to the period of time deferred.

14 d. The license of any licensee which has defaulted in its obligation  
15 to make any purchase of bonds or investment in any approved eligible  
16 project under a contract entered into pursuant to subsection b. of this  
17 section for a period of 90 days may be suspended by the Casino  
18 Control Commission until that purchase is made or deferred in  
19 accordance with subsection b. of this section, or a fine or other penalty  
20 may be imposed upon the licensee by the commission. If the Casino  
21 Control Commission elects not to suspend the license of a licensee  
22 after the licensee has first defaulted in its obligation but instead  
23 imposes some lesser penalty and the licensee continues to be in default  
24 of its obligation after a period of 30 additional days and after any  
25 additional 30-day period, the commission may impose another fine or  
26 penalty upon the licensee, which may include suspension of that  
27 licensee's license. The fine shall be 5% of the amount of the obligation  
28 owed for each month or portion thereof a licensee is in default, up to  
29 25% of that obligation; shall be paid to the Casino Reinvestment  
30 Development Authority; and shall be used for the purposes of this  
31 1984 amendatory and supplementary act.

32 e. A contract entered into by a licensee and the Casino  
33 Reinvestment Development Authority pursuant to subsection b. of this  
34 section may provide that after the first 10 years of a licensee's  
35 investment alternative tax obligation imposed by subsection a. of this  
36 section, the Casino Reinvestment Development Authority may  
37 repurchase bonds previously sold to the licensee, which were issued  
38 after the 10th year of a licensee's investment alternative tax obligation,  
39 by the Casino Reinvestment Development Authority, if the Casino  
40 Reinvestment Development Authority determines that the repurchase  
41 will not violate any agreement or covenant or impair any financial  
42 obligation of the Casino Reinvestment Development Authority and  
43 that the licensee will reinvest the proceeds of the resale in an eligible  
44 project approved by the Casino Reinvestment Development Authority.

45 f. (1) During the 30 years a licensee is obligated to pay an  
46 investment alternative tax pursuant to subsection k. of this section, the

1 total of (a) the proceeds of all bonds purchased by a licensee from or  
 2 through the Casino Reinvestment Development Authority and (b) all  
 3 approved investments in eligible projects by a licensee shall be devoted  
 4 to the financing of projects in the following areas and amounts:

5

6 Areas	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.
	1-3	4-5	6-10	11-15	16-20	21-25	26-30
8 a) Atlantic City	100%	90%	80%	50%	30%	20%	
10 b) South Jersey		8%	12%	28%	43%	45%	
12 c) North Jersey		2%	8%	22%	27%	35%	35%
14 d) Atlantic City through the Atlantic City Fund							65%,

15

16 except that, with respect to the obligations for calendar years 1994  
 17 through 1998, the amount allocated for the financing of projects in  
 18 North Jersey from each casino licensee's obligation shall be the amount  
 19 allocated for calendar year 1993, and the difference between that  
 20 amount and the amount to be allocated to North Jersey, on the basis  
 21 of the above schedule, from each casino licensee's obligations for  
 22 calendar years 1994 through 1998 shall be paid into or credited to the  
 23 Atlantic City Fund established by section 44 of P.L.1995, c.18  
 24 (C.5:12-161.1) and be devoted to the financing of projects in Atlantic  
 25 City through that fund. For the purposes of this paragraph, "South  
 26 Jersey" means the counties of Atlantic, Burlington, Camden, Cape  
 27 May, Cumberland, Gloucester, Mercer, Ocean, and Salem; and "North  
 28 Jersey" means the remaining 12 counties of the State. For the purposes  
 29 of this 1984 amendatory and supplementary act, bond "proceeds"  
 30 means all funds received from the sale of bonds and any funds  
 31 generated or derived therefrom.

32 In the financing of projects outside Atlantic City, the Casino  
 33 Reinvestment Development Authority shall give priority to the  
 34 revitalization of the urban areas of this State in the ways specified in  
 35 section 12 of this 1984 amendatory and supplementary act. Those  
 36 areas shall include, but not be limited to, all municipalities qualifying  
 37 for aid pursuant to P.L.1978, c.14 (C.52:27D-178 et seq.).

38 Within nine months from the effective date of this 1984 amendatory  
 39 and supplementary act, the Casino Reinvestment Development  
 40 Authority shall determine the allocation of projected available moneys  
 41 to municipalities in South Jersey for the first seven years of their  
 42 receipt of funds, giving priority to the revitalization of the urban areas  
 43 of the region. Municipalities receiving such an allocation shall present  
 44 to the Casino Reinvestment Development Authority for its approval  
 45 comprehensive plans or projects for which the allocations shall be  
 46 used. Any such comprehensive plan or project may be submitted to



1 the Casino Reinvestment Development Authority for a determination  
2 of eligibility at any time prior to the year for which the funds are  
3 allocated, and the Casino Reinvestment Development Authority shall  
4 make a determination of eligibility of the plan or project within a  
5 reasonable amount of time. If the Casino Reinvestment Development  
6 Authority makes a positive determination of eligibility for any  
7 comprehensive plan or project, or combination of comprehensive plans  
8 or projects, for any municipality whose total cost exceeds the amount  
9 allocated to that municipality for the first seven years of the receipt of  
10 funds by South Jersey municipalities, the Casino Reinvestment  
11 Development Authority shall make available sufficient funds in  
12 subsequent years necessary to complete those plans or projects, or to  
13 complete that portion of the plan or project originally agreed to be  
14 funded through the Casino Reinvestment Development Authority, from  
15 funds received by the Casino Reinvestment Development Authority in  
16 the years following the seventh year of the receipt of funds by South  
17 Jersey municipalities. If the comprehensive plan or project is  
18 determined by the Casino Reinvestment Development Authority not to  
19 be an eligible plan or project, the municipality may submit any other  
20 comprehensive plan or project for a determination of eligibility. If,  
21 however, the municipality fails to receive a positive determination of  
22 eligibility for any comprehensive plan or project, or combination of  
23 comprehensive plans or projects, sufficient to exhaust the total  
24 allocation to that municipality for any year prior to April 30 of the  
25 following year for which the allocation was made, the allocation to  
26 that municipality for that year shall cease, and the Casino  
27 Reinvestment Development Authority may apply those excess funds to  
28 any other comprehensive plan or project in any other municipality in  
29 the region whose comprehensive plan or project has received a  
30 positive determination of eligibility by the Casino Reinvestment  
31 Development Authority.

32 Within 36 months from the effective date of this 1984 amendatory  
33 and supplementary act, the Casino Reinvestment Development  
34 Authority shall determine the allocation of projected available moneys  
35 to municipalities in North Jersey for the first five years of their receipt  
36 of funds, giving priority to the revitalization of the urban areas of the  
37 region. Municipalities receiving such an allocation shall present to the  
38 Casino Reinvestment Development Authority for its approval  
39 comprehensive plans or projects for which the allocations shall be  
40 used. Any such comprehensive plan or project may be submitted to  
41 the Casino Reinvestment Development Authority for a determination  
42 of eligibility at any time prior to the year for which the funds are  
43 allocated, and the Casino Reinvestment Development Authority shall  
44 make a determination of eligibility of the plan or project within a  
45 reasonable amount of time. If the Casino Reinvestment Development  
46 Authority makes a positive determination of eligibility for any

1 comprehensive plan or project, or combination of comprehensive plans  
2 or projects, for any municipality whose total cost exceeds the amount  
3 allocated to that municipality for the first five years of the receipt of  
4 funds by North Jersey municipalities, the Casino Reinvestment  
5 Development Authority shall make available sufficient funds in  
6 subsequent years necessary to complete those plans or projects, or to  
7 complete that portion of the plan or project originally agreed to be  
8 funded through the Casino Reinvestment Development Authority, from  
9 funds received by the Casino Reinvestment Development Authority in  
10 the years following the fifth year of the receipt of funds by North  
11 Jersey municipalities. If the comprehensive plan or project is  
12 determined by the Casino Reinvestment Development Authority not to  
13 be an eligible plan or project, the municipality may submit any other  
14 comprehensive plan or project for a determination of eligibility. If,  
15 however, the municipality fails to receive a positive determination of  
16 eligibility for any comprehensive plan or project, or combination of  
17 comprehensive plans or projects, sufficient to exhaust the total  
18 allocation to that municipality for any year prior to April 30 of the  
19 following year for which the allocation was made, the allocation to  
20 that municipality for that year shall cease, and the Casino  
21 Reinvestment Development Authority may apply those excess funds to  
22 any other comprehensive plan or project in any other municipality in  
23 the region whose comprehensive plan or project has received a  
24 positive determination of eligibility by the Casino Reinvestment  
25 Development Authority.

26 (2) Commencing with the first year in which a licensee incurs a tax  
27 obligation pursuant to this section, and for the period of two years  
28 thereafter, 100% of the proceeds of all bonds purchased by a licensee  
29 from the Casino Reinvestment Development Authority which are  
30 devoted to the financing of projects in the city of Atlantic City  
31 pursuant to paragraph (1) of this subsection shall be used exclusively  
32 to finance the rehabilitation, development, or construction of, or to  
33 provide mortgage financing of, housing facilities in the city of Atlantic  
34 City for persons or families of low through middle income, as defined  
35 in this subsection. For the purposes of this subsection, the  
36 "rehabilitation, development, or construction of housing facilities"  
37 shall include expenses attributable to site preparation, infrastructure  
38 needs and housing-related community facilities and services, including  
39 supporting commercial development. Commencing with the fourth  
40 year in which a licensee incurs a tax obligation pursuant to this  
41 subsection, 50% of the proceeds of all bonds purchased by a licensee  
42 from the Casino Reinvestment Development Authority which are  
43 devoted to the financing of projects in the city of Atlantic City shall be  
44 used exclusively to finance the rehabilitation, development, or  
45 construction of housing facilities in the city of Atlantic City for  
46 persons or families of low through middle income. Commencing with

1 the 11th year in which a licensee incurs a tax obligation pursuant to  
2 this section, 50% of the annual aggregate of the proceeds of bonds  
3 purchased by a licensee from the Casino Reinvestment Development  
4 Authority which are devoted to the financing of projects in the city of  
5 Atlantic City and investments in approved eligible projects commenced  
6 by a licensee in the city of Atlantic City shall be used exclusively to  
7 finance the rehabilitation, development, or construction of, or to  
8 provide mortgage financing of, housing facilities in the city of Atlantic  
9 City for persons or families of low through middle income.

10 (3) The Legislature finds that it is necessary to provide for a  
11 balanced community and develop a comprehensive housing program.  
12 The Casino Reinvestment Development Authority shall determine the  
13 need for housing in the city of Atlantic City, in consultation with the  
14 city of Atlantic City and specifically its zoning and planning boards.  
15 This shall include determining the types and classes of housing to be  
16 constructed and the number of units of each type and class of housing  
17 to be built. The Casino Reinvestment Development Authority shall  
18 give priority to the housing needs of the persons and their families  
19 residing in the city of Atlantic City in 1983 and continuing such  
20 residency through the effective date of this 1984 amendatory and  
21 supplementary act. The actual percentage of the proceeds of bonds  
22 and investments in approved eligible projects commenced by a licensee  
23 in the city of Atlantic City, which shall be used exclusively to finance  
24 the rehabilitation, development, or construction of, or to provide  
25 mortgage financing of, housing facilities in the city of Atlantic City for  
26 persons or families of low through middle income, shall be based upon  
27 the authority's determination of the need for housing in the city of  
28 Atlantic City conducted pursuant to this subsection. Once the housing  
29 needs of the persons residing in the city of Atlantic City in 1983 and  
30 continuing such residency through the effective date of this 1984  
31 amendatory and supplementary act have been met, as determined by  
32 the Casino Reinvestment Development Authority pursuant to this  
33 subsection, any required percentages for such housing in the city of  
34 Atlantic City may, in its sole discretion, be waived by the Casino  
35 Reinvestment Development Authority. To aid the Casino  
36 Reinvestment Development Authority in making these determinations,  
37 the Casino Reinvestment Development Authority shall review the  
38 proposal for a housing redevelopment program and strategy for the  
39 city of Atlantic City approved and adopted by the Casino Control  
40 Commission and shall give priority to same and any other plan or  
41 project which is consistent with the standards of this subsection and is  
42 acceptable to the Casino Reinvestment Development Authority,  
43 pursuant to section 25 of this 1984 amendatory and supplementary act.  
44 The Casino Reinvestment Development Authority may determine  
45 whether the funds used to finance housing facilities in the city of  
46 Atlantic City for persons or families of low, moderate, median range,

1 and middle income are derived from the proceeds of bonds purchased  
2 by a licensee from the Casino Reinvestment Development Authority to  
3 be devoted to the financing of projects in the city of Atlantic City,  
4 investments in approved eligible projects commenced by a licensee in  
5 the city of Atlantic City, or a combination of both. Any investment  
6 made by a licensee in excess of 100% of its eligible investment tax  
7 credit during the first three years and in excess of 50% thereafter in  
8 either the purchase of bonds or direct investments in approved eligible  
9 projects for low, moderate, median range, and middle income family  
10 housing facilities in the city of Atlantic City may be carried forward  
11 and credited against the licensee's obligation to make a 100%  
12 investment during the first three years and 50% thereafter in low,  
13 moderate, median range, and middle income family housing in any  
14 future year, with the approval of the Casino Reinvestment  
15 Development Authority. For the purposes of this act, "low income  
16 families" means families whose income does not exceed 50% of the  
17 median income of the area, with adjustments for smaller and larger  
18 families. "Moderate income families" means families whose income  
19 does not exceed 80% and is not less than 50% of the median income  
20 for the area, with adjustments for smaller and larger families. "Median  
21 range income families" means families whose income does not exceed  
22 120% and is not less than 80% of the median income for the area, with  
23 adjustments for smaller and larger families. "Middle income families"  
24 means families whose income does not exceed 150% and not less than  
25 120% of the median income for the area, with adjustments for smaller  
26 and larger families. "Median income" means an income defined as  
27 median within the Standard Metropolitan Statistical Area for Atlantic  
28 City by the United States Department of Housing and Urban  
29 Development.

30 In order to achieve a balanced community, the authority shall  
31 ensure that the development of housing for families of low and  
32 moderate income shall proceed at the same time as housing for families  
33 of median range and middle income, until such time as there is no  
34 longer a need for such facilities in the city of Atlantic City, as  
35 determined by the Casino Reinvestment Development Authority.

36 (4) Notwithstanding any other law or section to the contrary,  
37 particularly this subsection regarding the waiver of the required  
38 percentages for housing in the city of Atlantic City, subsection i. of  
39 section 14, and sections 26, 27, 28, 29, and 31 of this 1984  
40 amendatory and supplementary act, nothing shall be implemented or  
41 waived by the Casino Reinvestment Development Authority which  
42 would reduce, impair, or prevent the fulfillment of the priorities  
43 established and contained in this subsection of this 1984 amendatory  
44 and supplementary act.

45 g. If a person is a licensee with regard to more than one approved  
46 hotel pursuant to section 82 of P.L.1977, c.110 (C.5:12-82), the

1 person shall separately account for the gross revenues, the investment  
2 alternative tax obligations, and the investments for a tax credit against  
3 the investment alternative tax for each approved hotel, and the tax  
4 obligations of the licensee under this section shall be determined  
5 separately for each approved hotel. The licensee may apportion  
6 investments between its approved hotels; provided that no amount of  
7 investment shall be credited more than once. If a licensee receives the  
8 prior approval of the Casino Reinvestment Development Authority, the  
9 licensee may make eligible investments in excess of the investments  
10 necessary to receive a tax credit against the investment alternative tax  
11 for a given calendar year, and the licensee may carry forward this  
12 excess investment and have it credited to its next investment  
13 alternative tax obligation. If the Casino Reinvestment Development  
14 Authority approves of such excess investment and approves the carry  
15 forward of this excess investment, and a licensee elects to purchase  
16 bonds of the Casino Reinvestment Development Authority or makes  
17 direct investments in approved eligible projects in excess of the  
18 investments necessary to receive a tax credit against the investment  
19 alternative tax for its current obligation, the licensee shall be entitled  
20 to a reduction of the amount of investments necessary in future years,  
21 which amount shall be determined annually by the Casino  
22 Reinvestment Development Authority, taking into account a current  
23 market discount rate from the date of the purchase or investment to  
24 the date the purchase or investment would have been required to be  
25 made.

26 h. Each casino licensee shall prepare and file, in a form prescribed  
27 by the Casino Reinvestment Development Authority, an annual return  
28 reporting that financial information as shall be deemed necessary by  
29 the Casino Reinvestment Development Authority to carry out the  
30 provisions of this act. This return shall be filed with the Casino  
31 Reinvestment Development Authority and the Casino Control  
32 Commission on or before April 30 following the calendar year on  
33 which the return is based. The Casino Control Commission shall  
34 verify to the Casino Reinvestment Development Authority the  
35 information contained in the report, to the fullest extent possible.  
36 Nothing in this subsection shall be deemed to affect the due dates for  
37 making any investment or paying any tax under this section.

38 i. Any purchase by a licensee of bonds issued by or offered through  
39 the Casino Reinvestment Development Authority pursuant to sections  
40 14 and 15 of this act and subsection b. of this section and all approved  
41 eligible investments made by a licensee pursuant to section 25 of this  
42 act and subsection b. of this section are to be considered investments  
43 and not taxes owed or grants to the State or any political subdivision  
44 thereof. As such, a licensee shall have the possibility of the return of  
45 principal and a return on the capital invested as with other  
46 investments. Investors in the bonds issued by or offered through the

1 Casino Reinvestment Development Authority shall be provided with  
2 an opinion from a recognized financial rating agency or a financial  
3 advisory firm with national standing that each loan of bond proceeds  
4 by the Casino Reinvestment Development Authority has the minimum  
5 characteristics of an investment, in that a degree of assurance exists  
6 that interest and principal payments can be made and other terms of  
7 the proposed investment be maintained over the period of the  
8 investment, and that the loan of the bond proceeds would qualify for  
9 a bond rating of "C" or better. If an opinion cannot be obtained from  
10 a recognized financial rating agency or a financial advisory firm with  
11 national standing, an opinion shall be obtained from an expert financial  
12 analyst with national standing, selected and hired by the Casino  
13 Reinvestment Development Authority. In order to achieve a balanced  
14 portfolio, assure the viability of the authority and the projects,  
15 facilities and programs undertaken pursuant to this 1984 amendatory  
16 and supplementary act, no more than 25% of the total investments  
17 made by or through the Casino Reinvestment Development Authority  
18 with the proceeds of bonds generated in each year shall be investments  
19 which would qualify for a bond rating of "C," unless all holders of  
20 obligations in each year agree to waive the 25% limit for that year.  
21 Nothing herein shall be interpreted as limiting the Casino Reinvestment  
22 Development Authority from taking any steps it deems appropriate to  
23 protect the characteristics of its investment in projects or any other  
24 investments from not being real investments with a prospect for the  
25 return of principal and a return on the capital invested. Anything  
26 contained in this section shall not be considered a guarantee by the  
27 State or any political subdivision thereof of any return of principal or  
28 interest, but any purchase by a licensee of bonds or approved eligible  
29 investments made by a licensee pursuant to this act shall be at the risk  
30 of the licensee. A licensee or the licensees purchasing an issue of  
31 bonds issued by the Casino Reinvestment Development Authority in  
32 any given year may arrange, at their option, for those bonds or the  
33 investments, made by or through the Casino Reinvestment  
34 Development Authority with the proceeds of those bonds, to be  
35 insured. The cost of any such insurance purchased by a licensee or  
36 licensees shall be paid by the licensee or licensees desiring such  
37 insurance.

38 j. The Casino Reinvestment Development Authority shall  
39 promulgate rules and regulations deemed necessary to carry out the  
40 purposes of this section.

41 k. ~~【The】~~Except as provided in section 13 of P.L. , c. (C. )  
42 (now before the Legislature as this bill), the obligation of a licensee  
43 to pay an investment alternative tax pursuant to subsection a. of this  
44 section shall end for each licensed facility operated by the licensee 30  
45 years after any investment alternative tax obligation is first incurred in  
46 connection with each licensed facility operated by the licensee, unless

1 extended in connection with a deferral granted by the Casino  
2 Reinvestment Development Authority pursuant to subsection c. of this  
3 section.

4 (cf: P.L.1996, c.118, s.3)

5

6 15. Section 13 of P.L.1984, c.218 (C.5:12-161) is amended to read  
7 as follows:

8 13. The Casino Reinvestment Development Authority shall have  
9 the following powers:

10 a. To adopt and have a common seal and to alter the same at  
11 pleasure;

12 b. To sue or be sued;

13 c. To acquire, hold, use and dispose of any eligible project in which  
14 it is making an investment;

15 d. To acquire, rent, hold, use, and dispose of other personal  
16 property for the purposes of the Casino Reinvestment Development  
17 Authority;

18 e. To acquire by purchase, gift, or otherwise, or lease as lessee,  
19 real property or easements or interests therein necessary or useful and  
20 convenient for the purposes of the Casino Reinvestment Development  
21 Authority which real property, easements or interests may be subject  
22 to mortgages, deeds of trust, or other liens or otherwise, and to hold  
23 and to use the same, and to dispose of the property so acquired no  
24 longer necessary for the purposes of the Casino Reinvestment  
25 Development Authority;

26 f. To make and enforce bylaws or rules and regulations for the  
27 management and regulation of its business and affairs and for the use,  
28 maintenance, and operation of any facility, and to amend the same;

29 g. To enter into any agreements or contracts, execute any  
30 instruments, and do and perform any acts or things necessary,  
31 convenient, or desirable for the purposes of the Casino Reinvestment  
32 Development Authority, including the entering into of agreements or  
33 contracts with any governmental unit to provide for the payment of  
34 principal of and interest on any obligation issued by that governmental  
35 unit, the maintenance of necessary reserves in connection with these  
36 obligations or the payments under any lease entered into in connection  
37 with any eligible project;

38 h. To determine eligibility for investments in eligible projects in  
39 order to accomplish the purposes of the Casino Reinvestment  
40 Development Authority;

41 i. To collect and invest any proceeds received under subsection b.  
42 of section 3 and section 14 of this act;

43 j. To invest in obligations of local governmental units issued to  
44 finance eligible projects, provided that the investment shall only be  
45 effected through direct negotiation by the Casino Reinvestment  
46 Development Authority with the local governmental unit;

1 k. To make agreements of any kind with any governmental unit or  
2 person for the use or operation of all or any part of any eligible  
3 project for consideration and for periods of time and upon other terms  
4 and conditions as the Casino Reinvestment Development Authority  
5 may fix and agree upon, which agreements may include a partnership,  
6 limited partnership, joint venture or association in which the Casino  
7 Reinvestment Development Authority is a general or limited partner  
8 or participant;

9 l. To require and collect fees and charges as the Casino  
10 Reinvestment Development Authority shall determine to be reasonable  
11 in connection with the exercise of any power given to the Casino  
12 Reinvestment Development Authority under the act;

13 m. To the extent permitted under a contract of the Casino  
14 Reinvestment Development Authority with purchasers of its bonds  
15 entered into pursuant to section 3 of this 1984 amendatory and  
16 supplementary act, to invest and reinvest any of its moneys not  
17 required for immediate use, including moneys received for the  
18 purchase of its bonds prior to the bonds being issued as it shall deem  
19 prudent. A pro rata share of  $66 \frac{2}{3}$  % of all interest earned by the  
20 Casino Reinvestment Development Authority on any such investments  
21 shall be paid to the licensees who entered into a contract with the  
22 Casino Reinvestment Development Authority for the purchase of its  
23 bonds and who contributed to the moneys which were received by the  
24 Casino Reinvestment Development Authority and were invested  
25 pursuant to this subsection. All functions, powers and duties relating  
26 to the investment or reinvestment of these funds, including the  
27 purchase, sale or exchange of any investments or securities, may, upon  
28 the request of the Casino Reinvestment Development Authority, be  
29 exercised and performed by the Director of the Division of  
30 Investment, in accordance with written directions of the Casino  
31 Reinvestment Development Authority signed by an authorized officer,  
32 without regard to any other law relating to investments by the Director  
33 of the Division of Investment;

34 n. To the extent permitted under the contract of the Casino  
35 Reinvestment Development Authority with the holders of its bonds, to  
36 invest and reinvest any of its moneys not required for immediate use,  
37 including proceeds from the sale of any obligations, securities or other  
38 investments as it shall deem prudent. All functions, powers and duties  
39 relating to the investment or reinvestment of these funds, including  
40 the purchase, sale or exchange of any investments or securities, may  
41 upon the request of the Casino Reinvestment Development Authority  
42 be exercised and performed by the Director of the Division of  
43 Investment, in accordance with written directions of the Casino  
44 Reinvestment Development Authority signed by an authorized officer,  
45 without regard to any other law relating to investments by the  
46 Director of the Division of Investment;



- 1 o. To enter into all agreements or contracts with any governmental  
2 unit or person, execute any instruments, and do and perform any acts  
3 or things necessary, convenient or desirable for the purposes of the  
4 Casino Reinvestment Development Authority to carry out any power  
5 expressly given in this act; [ and]  
6 p. To exercise the right of eminent domain in the city of Atlantic  
7 City;  
8 q. To meet and hold hearings at places as it shall designate[.] ; and  
9 r. To establish, develop, construct, acquire, own, operate, manage,  
10 promote, maintain, repair, reconstruct, restore, improve and otherwise  
11 effectuate, either directly or indirectly, through lessees, licensees or  
12 agents, projects consisting of facilities, at a site or sites within the  
13 State of New Jersey, that are related to, incidental to, necessary for or  
14 complementary to, the accomplishment of any of the purposes of the  
15 authority or of any project of the authority authorized in accordance  
16 with P.L.1984, c.218 (C.5:12-144.1 et seq.), as amended.  
17 (cf: P.L.1984, c.218, s.13)

18

19 16. Section 3 of P.L.1991, c.376 (C.40:48-8.47) is amended to  
20 read as follows:

21 3. [The] Except as provided by P.L. , c. (C. ) (now before the  
22 Legislature as this bill), proceeds from the fees collected in any eligible  
23 municipality pursuant to this act shall be paid into a special fund which  
24 shall be established and held by the convention center operating  
25 authority which is empowered to operate the convention center  
26 facilities in the eligible municipality. Amounts in the special fund shall  
27 be expended by the convention center operating authority solely for  
28 the purpose of promoting tourism, conventions, resorts and casino  
29 gaming, if any, in the eligible municipality. Pending this application,  
30 monies in the fund shall be invested in accordance with law applicable  
31 to the convention center operating authority and the income therefrom  
32 shall be credited to the fund.

33 (cf: P.L.1991, c.376, s.3)

34

35 17. This act shall take effect on the 60th day next following  
36 enactment.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

**SENATE, No. 2173**

# STATE OF NEW JERSEY

DATED: JUNE 21, 2001

The Assembly Appropriations Committee reports favorably Senate Bill No. 2173 (1R).

Senate Bill No. 2173 (1R) establishes the Casino Reinvestment Development Authority urban revitalization incentive program (the "incentive program") to be administered by the Casino Reinvestment Development Authority (the CRDA) to facilitate the next phase of Atlantic City's development into a destination resort and to assist urban areas throughout the State with development and revitalization projects.

The incentive program provides for district project grants for casino licensees who meet the criteria of the incentive program. In order to be eligible for the grants, a casino licensee is required to submit a district project proposal to the CRDA for development of one of six entertainment-retail districts in Atlantic City. The district projects are subject to approval by the CRDA pursuant to a project grant agreement and will consist of a minimum of 150,000 square feet of public space, retail stores, entertainment venues and restaurants, and may include, in addition, casino hotels and public parking facilities approved by the CRDA, to benefit the overall development of Atlantic City and strengthen the State's economy.

To be eligible for district project grants, a casino licensee is also required to submit a project proposal to, and receive approval from, the CRDA and the Department of Community Affairs (the department) to invest a minimum of \$20 million of its investment alternative tax obligations to developments an entertainment-retail project or community and housing development project, in \$10 million increments for one or more such projects, in an urban area outside of Atlantic City. A casino licensee approved for participation in the incentive program is further required to extend its investment alternative tax obligations with the CRDA to 35 years from the current 30-year requirement. The bill requires the licensee's investment alternative tax obligations during the additional five years to be divided in such a way that Atlantic City receives 25%, South Jersey receives 25% and North Jersey receives 50%.

The bill also authorizes the CRDA to sponsor district projects, and

to receive district project grants, if fewer than six district projects are proposed by casino licensees and approved by the CRDA, and if the CRDA sponsored district projects qualify under the incentive program.

In addition, the bill authorizes the CRDA and the department to jointly designate, in their discretion, two entertainment-retail projects, one in North Jersey and one in South Jersey, as eligible for funds under the incentive program.

As reported by the committee, the bill is identical to Assembly Bill No. 3251, as amended and reported by the committee.

### FISCAL IMPACT

The bill establishes the following funds to provide incentive grants to approved licensees:

- A "project fund" into which shall be deposited all sales and use tax receipts from: (1) the taxation of construction materials used for building an approved district project; and (2) retail sales of tangible personal property originating and delivered from business locations in a district project; and
- A "room fund" into which shall be deposited all revenues received from the hotel use fees (equal to \$2 per day per occupied room) which originate and are delivered from the casino-hotel facility of a casino licensee, and if applicable, from additional hotel rooms which are part of an approved district project.

The Office of Legislative Services (OLS) is unable to quantify the fiscal impact this bill will have on either State or local revenues, as the projects to be undertaken, both in Atlantic City and outside of Atlantic City, are unknown. Moreover, the OLS cannot determine if the projects ultimately initiated within the time frame and on the scale prescribed would have occurred without the proposed incentives. The OLS can state, however, that the legislation will not reduce *existing* sales tax revenues. Whether it will divert future sales tax revenues that might have been generated anyway or will generate other additional revenues that will offset or exceed foregone sales tax collections is speculative. As a result, whether the incremental sales tax revenues dedicated to the newly established Project Fund represent a State subsidy for certain projects (i.e., projects that would have been undertaken anyway), or can be considered "revenue neutral" (i.e., would not have occurred without incentives) cannot be stated with certainty.

*If all six district projects would have occurred irrespective of the legislation, (as assumption made only for purposes of estimating the "cost" of project tax incentives) the maximum loss to the State from foregone sales tax revenues attributable to the six proposed district projects could fall in the range of \$6.6 million to \$36 million in the first year and would be capped at \$15 million per year in subsequent years through 2022.*

However, if the proposed incentives and resultant projects

accomplish the objective of facilitating Atlantic City's development into a destination resort, any loss of State or local revenue of the magnitude indicated is likely to be offset or possibly exceeded by future revenues from other State and local taxes. Although the OLS cannot determine the net impact of any offsets (again, because details of the projects are unknown), anticipated increases in tourism to Atlantic City and in visitors' length of stay generated by the addition of retail-entertainment space could positively impact collections from various State and local taxes.

In addition to State revenues, local revenues would be affected by the establishment of the Room Fund. Currently, the Atlantic City Convention Center Authority receives some \$7.5 million annually for tourism promotion from the \$2 per day hotel occupancy tax on casino hotels. The CRDA estimates that as much as 80 percent of these revenues would be attributable to properties of casino licensees with approved district projects, resulting in a total of some \$6.0 million being deposited into the Room Fund annually, or roughly \$120 million (unadjusted) over 20 years. This amount could be expected to grow in future years as hotel rooms are added through approved district projects, subject to the variability of hotel occupancy rates.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2173

STATE OF NEW JERSEY

209th LEGISLATURE

DATED: JULY 19, 2001

## SUMMARY

**Synopsis:** Establishes the Casino Reinvestment Development Authority urban revitalization incentive program.

**Type of Impact:** Several, see below.

**Agencies Affected:** Division of Taxation; Casino Reinvestment Development Authority; City of Atlantic City; Convention Center Operating Authority.

### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>State Revenue</b>	Indeterminate. See discussion below.		
<b>Local Revenue</b>	Indeterminate. See discussion below.		

- ! The Office of Legislative Services (OLS) estimates that the grant incentives established by this legislation could result in the loss of potential State tax revenues of between \$6.6 million and \$36 million in the first year following enactment, but would be capped at \$15 million per year in subsequent years until 2022.
- ! If the tax incentives provided by the bill succeed in spurring hotel and retail development in Atlantic City, this loss may be offset or exceeded by an indeterminate increase in revenues from other State taxes, including the Casino Revenue Tax, the investment alternative tax obligation (or CRDA tax), and eventually the sales tax.
- ! In addition to the impact on State revenues, collections from the hotel room occupancy tax on casino hotels would be reallocated from the Atlantic City Convention Center Operating Authority's tourism promotion fund to provide grants to casino licensees with approved district projects.
- ! The loss of local revenues from the hotel room occupancy tax is expected to be offset by an increase in revenues from the existing nine percent Luxury Tax on occupied rooms and entertainment, and the three percent Luxury Tax on alcoholic beverages.

## BILL DESCRIPTION

Senate Bill No. 2173 (1R) of 2001 establishes the "Casino Reinvestment Development Authority Urban Revitalization Program" in the Casino Reinvestment Development Authority (CRDA). The incentive program provides for district project grants for certain eligible casino licensees for development of up to six entertainment-retail districts in Atlantic City, each of which will entail a minimum of 150,000 square feet of space. Alternatively, district projects may be undertaken by the CRDA if fewer than six district projects are proposed by casino licensees.

In addition to undertaking an approved project, in order to be eligible for a district project grant a casino licensee must also agree to allocate a minimum of \$20 million to one or more approved entertainment-retail or community and housing development projects in an urban area outside of Atlantic City. The CRDA may also designate two such projects, one in South Jersey and one in North Jersey at its discretion. The licensee is further required to extend its investment alternative tax obligation with the CRDA from 30 to 35 years. The benefit of this additional five year period will be divided between Atlantic City (25 percent), South Jersey (25 percent), and North Jersey (50 percent).

The bill establishes the following funds to provide incentive grants to approved licensees:

- ! A "project fund" into which shall be deposited all sales and use tax receipts from: (1) the taxation of construction materials used for building an approved district project; and (2) retail sales of tangible personal property originating and delivered from business locations in a district project; and
- ! A "room fund" into which shall be deposited all revenues received from the hotel use fees (equal to \$2 per day per occupied room) which originate and are delivered from the casino-hotel facility of a casino licensee, and if applicable, from additional hotel rooms which are part of an approved district project.

<b>Summary of Incentives Proposed Under S-2173 (1R)</b>			
<b><u>Incentive</u></b>	<b><u>Revenue Source</u></b>	<b><u>Statutory Revenue Use</u></b>	<b><u>Proposed Use of Revenues</u></b>
<b>PROJECT FUND</b>	Sales tax on construction materials for approved district projects.	General Fund	Grants for casino licensees with approved district projects or for CRDA for approved project(s).
	Incremental retail sales tax from businesses located in a district project.	General Fund	Grants for casino licensees with approved district projects or for CRDA for approved project(s), until 2022.
<b>ROOM FUND</b>	Hotel use fees (\$2 per room) which originate from properties of casino licensee with approved district project.	Tourism promotion fund (Convention Center Operating Authority)	Annual grants to casino licensees with approved district projects or to CRDA for project(s), until 2022. To be allocated based on incremental luxury tax generated by licensee's district project.

Finally, the bill provides for the appropriation of such sums as are necessary from both the room fund and the project fund to the Division of Taxation and the Division of Revenue to carry out their responsibilities under the legislation.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The Office of Legislative Services (OLS) is unable to quantify the fiscal impact this legislation will have on either State or local revenues, as the projects to be undertaken, both in Atlantic City and outside of Atlantic City, are unknown. Moreover, the OLS cannot determine if the projects ultimately initiated within the time frame and of the scale prescribed would have occurred without the proposed incentives. The OLS can state, however, that the legislation will not reduce *existing* sales tax revenues. Whether it will divert future sales tax revenues that might have been generated anyway or will generate other additional revenues that will offset or exceed foregone sales tax collections is speculative. As a result, whether the incremental sales tax revenues dedicated to the newly established Project Fund represent a State subsidy for certain projects (i.e. projects which would have occurred anyway), or can be considered "revenue neutral" (i.e. projects which would not have occurred without incentives) cannot be stated with certainty.

However, *for the sole purpose of estimating the cost of project tax incentives, the OLS has assumed that all six district projects would have occurred irrespective of the legislation.* Based on this premise, the maximum loss to the State from foregone sales tax revenues attributable to the six proposed district projects could fall in the range of \$6.6 million to \$36 million in the first year and would be capped at \$15 million per year in subsequent years through 2022. With respect to year one, the low-end estimate assumes six projects of minimum scale (150,000 square feet each) while the high-end estimate reflects large scale projects of approximately 800,000 - 900,000 square feet each based on information provided by the CRDA.

The first year tax incentive estimate is limited to the sales tax rebate on construction materials.

At a minimum, this would equal \$1.1 million per project based on total estimated construction costs of approximately \$45 million for a project of minimum scale (150,000 sq. ft x \$300/sq. ft as per the CRDA), of which 40 percent (or \$18 million) is assumed to be taxable (based on industry data). Hence, applying the six percent State sales tax to the taxable base (\$18 million) yields \$1,080,000 *per project* to be deposited into the Project Fund, or a total of \$6.6 million for six projects. Alternatively, a more ambitious project, which the CRDA suggests could cost up to \$250 million (@800,000 - 900,000 square feet), would result in foregone sales tax revenues of about \$6.0 million *per project* (\$250 million x 40 percent taxable sales x 6.0 percent sales tax) for a total of \$36 million over six projects. Of course, the actual amount rebated will ultimately depend on the square footage and construction costs of approved projects and project costs, as determined by the CRDA.

In subsequent years, any potential loss is due exclusively to the incremental sales tax attributable to business conducted in the district project until 2022. The estimate assumes each project will generate sales sufficient to claim a maximum allowable grant of \$2.5 million (which requires \$42 million in taxable sales) for a total of \$15 million per year in foregone State sales tax revenues (\$2.5 million x 6 projects) or some \$300 million (unadjusted) over 20 years. (See summary table below.)





or local revenue of the magnitude indicated is likely to be offset or possibly exceeded by future revenues from other State and local taxes. Although the OLS cannot determine the net impact of any offsets (again, because details of the projects are unknown), anticipated increases in visitations to Atlantic City and in visitors' length of stay generated by the addition of retail-entertainment space could directly impact collections from the following taxes:

<b>Potential Offsetting State and Local Revenues</b>
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- ! **Casino Revenue Tax:** An 8.0 percent tax on gross casino revenues. These revenues are deposited into the Casino Revenue Fund which provides for programs for seniors and the disabled.
- ! **Investment alternative tax obligation (CRDA tax):** A 1.25 percent tax on gross casino revenues paid to the CRDA for reinvestment, either directly or through the purchase of pool bonds, in development projects in Atlantic City and other regions of the State.
- ! **Parking Fees:** A \$1.50 per car per day fee for parking at a casino is utilized by the CRDA for improvements to the "Corridor" region of Atlantic City.
- ! **Sales tax:** Revenues from the six percent State sales tax on tangible goods and services (including lodging, food and drink, and retail sales, but excluding until 2022 the incremental sales tax revenues deposited into the Project Fund) benefit the State's General Fund. However, the benefit of additional retail sales generated in Atlantic City as a result of this legislation only holds to the degree that such sales reflect an absolute increase in sales Statewide as opposed to a mere shift of sales from one geographical region of the State to another. (To this end, ideally, sales would be generated by an increase in out-of-State visitors.)
- ! **Luxury tax:** A 9 percent tax imposed on occupied hotel rooms. Deposited into a "Luxury Tax fund" for the benefit of the Sports and Exposition Authority and Atlantic City convention center.
- ! **Local property taxes:** For retail establishments, market values are based on estimated annual sales. Market value is then taxed at a rate of \$2.957 per \$100 of sales.

Section: *Revenue, Finance and Appropriations*

Analyst: *Catherine Z. Brennan*  
*Senior Fiscal Analyst*

Approved: *Alan R. Kooney*  
*Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

# ASSEMBLY, No. 3251

## STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED MARCH 1, 2001

**Sponsored by:**

**Assemblyman FRANCIS J. BLEE**

**District 2 (Atlantic)**

**Assemblyman KENNETH C. LEFEVRE**

**District 2 (Atlantic)**

**SYNOPSIS**

Establishes the Casino Reinvestment Development Authority urban revitalization incentive program.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the Casino Reinvestment Development Authority  
2 and urban revitalization, amending and supplementing P.L.1984,  
3 c.218 (C.5:12-144.1 et seq.) and amending P.L.1991, c.376.

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

7  
8 1. (New section) Sections 1 through 13 of P.L. , c. (C. )(now  
9 before the Legislature as this bill) shall be known and may be referred  
10 to as the "Casino Reinvestment Development Authority Urban  
11 Revitalization Act."

12  
13 2. (New section) The Legislature finds and declares that:

14 a. Legalized casino gambling was approved by New Jersey's voters  
15 in 1976 as a "unique tool of urban redevelopment" to facilitate the  
16 revitalization of Atlantic City and other distressed municipalities  
17 throughout the State;

18 b. The Legislature created the Casino Reinvestment Development  
19 Authority (the "CRDA") to oversee the investment of casino gambling  
20 revenues for development projects in Atlantic City and other areas  
21 throughout the State;

22 c. During the past 25 years, the development of Atlantic City's  
23 multi-billion dollar casino industry and the CRDA's investment of  
24 hundreds of millions of dollars in housing, commercial and nonprofit  
25 projects have greatly benefited the people of New Jersey and have  
26 served as a model for many other states and countries that wished to  
27 emulate Atlantic City's successful record of casino development and  
28 economic growth;

29 d. It is altogether fitting and proper on the occasion of the 25th  
30 year of legalized casino gaming in Atlantic City to establish a new  
31 program to facilitate the next phase of Atlantic City's development into  
32 a regional, national and international "destination resort" and at the  
33 same time, to insure that substantial commitments are made to projects  
34 to revitalize urban areas and promote continued economic growth  
35 throughout the State.

36  
37 3. (New section) As used in this act:

38 "Authority" means the Casino Reinvestment Development Authority  
39 established pursuant to P.L.1984, c.218 (C.5:12-153 et seq.);

40 "Baseline luxury tax revenue amount" or "baseline luxury tax"  
41 means the annual amount of luxury tax receipts received pursuant to  
42 P.L.1947, c.71 (C.40:48-8.15 et seq.) from the taxation of retail sales  
43 or sales at retail originating from transactions at an entertainment-

**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 retail district project for the last full calendar year preceding the year  
2 in which the district project opens under the incentive program;

3 "Casino hotel room fee fund" or "room fund" means the fund  
4 established by the State Treasurer pursuant to section 8 of  
5 P.L. , c. (C. ) (now before the Legislature as this bill) into which  
6 shall be deposited the proceeds of the hotel room use fees as specified  
7 pursuant to section 6 of P.L. , c. (C. ) (now before the Legislature  
8 as this bill);

9 "Casino reinvestment development authority urban revitalization  
10 incentive program" or "incentive program" means the program  
11 established pursuant to section 4 of P.L. , c. (C. ) (now before the  
12 Legislature as this bill) and administered by the authority to facilitate  
13 the development of entertainment-retail districts for the city of Atlantic  
14 City and to promote urban revitalization throughout the State;

15 "Commissioner" means the Commissioner of Community Affairs;

16 "Department" means the Department of Community Affairs;

17 "District project grant" or "grant" means an amount rebated to the  
18 authority pursuant to sections 7 or 8 of P.L. , c. (C. ) (now before  
19 the Legislature as this bill) for disbursement to a casino licensee that  
20 is approved by the authority for a district project or for retention by  
21 the authority for an approved district project sponsored by the  
22 authority;

23 "Entertainment-retail district" or "district" means one of six areas  
24 within Atlantic City, designated by the authority under the incentive  
25 program;

26 "Entertainment-retail district project" or "district project" means a  
27 project or projects to be developed by the authority or any casino  
28 licensed to operate in Atlantic City prior to January 1, 2001, including,  
29 but not necessarily limited to, a minimum of 150,000 square feet of  
30 public space, retail stores, entertainment venues and restaurants, and  
31 may include, in addition, casino hotels and public parking facilities  
32 approved by the authority under the incentive program, and may also  
33 include: the purchasing, leasing, condemning, or otherwise acquiring  
34 of land or other property, or an interest therein, approved by the  
35 authority pursuant to a project grant agreement or as an authority  
36 sponsored project, or as necessary for a right-of-way or other  
37 easement to or from the land or property, or the relocating and moving  
38 of persons displaced by the acquisition of the land or property; the  
39 rehabilitation and redevelopment of land or property, approved  
40 pursuant to a project grant agreement or as an authority sponsored  
41 project, including demolition, clearance, removal, relocation,  
42 renovation, alteration, construction, reconstruction, installation or  
43 repair of a building, street, highway, alley, utility, service or other  
44 structure or improvement; the acquisition, construction,  
45 reconstruction, rehabilitation, or installation of parking and other  
46 improvements approved pursuant to a project grant agreement or as

1 an authority sponsored project; and the costs associated therewith  
2 including the costs of an administrative appraisal, economic and  
3 environmental analyses or engineering, planning, design, architectural,  
4 surveying or other professional services approved pursuant to a  
5 project grant agreement or as part of an authority sponsored project;

6 "Entertainment-retail district project fund" or "project fund" means  
7 the fund established by the State Treasurer pursuant to section 7 of  
8 P.L. , c. (C. ) (now before the Legislature as this bill) into which shall  
9 be deposited an amount equivalent to the amount of receipts received  
10 from the taxation of retail sales from a district project and from the  
11 taxation of construction materials used for building a district project,  
12 as specified pursuant to section 5 of P.L. , c. (C. ) (now before the  
13 Legislature as this bill);

14 "Incremental luxury tax revenue amount" or "incremental luxury  
15 tax" means the amount by which the annual luxury tax receipts  
16 received pursuant to P.L.1947, c.71 (C.40:48-8.15 et seq.) from the  
17 taxation of retail sales or sales at retail originating from transactions  
18 at a district project in the year in which the district project opens under  
19 the incentive program, and in each year thereafter, exceed the baseline  
20 luxury tax, as determined by the State Treasurer; and

21 "Project grant agreement" means an agreement entered into  
22 between the authority and a casino licensee, pursuant to section 4 of  
23 P.L. , c. (C. ) (now before the Legislature as this bill), that sets  
24 forth the terms and conditions of approval for a district project and of  
25 eligibility for district project grants, as determined by the authority.

26

27 4. (New section) a. There is established the incentive program that  
28 shall be administered by the authority. The purpose of the incentive  
29 program is to facilitate the development of entertainment-retail  
30 districts for the city of Atlantic City and to promote revitalization of  
31 other urban areas in the State. The provisions of section 30 of  
32 P.L.1984, c.218 (C.5:12-178) shall not apply to the incentive program  
33 established pursuant to this section. In order to implement the  
34 incentive program, the authority is authorized accept applications from  
35 casino licensees on or before June 30, 2001 for approval of a district  
36 project and to designate by resolution up to six districts on or before  
37 September 1, 2001 and to enter into project grant agreements with  
38 casino licensees to develop district projects within each district or to  
39 approve a district project sponsored by the authority. The authority  
40 may disburse district project grants in accordance with sections 7 and  
41 8 of P.L. , c. (C. ) (now before the Legislature as this bill) to casino  
42 licensees with approved district projects or to the authority for an  
43 authority sponsored district project under the incentive program, if the  
44 authority determines that:

45 (1) construction of the district project will commence no later than  
46 June 30, 2002 pursuant to the project grant agreement with the

1 authority, or pursuant to the district project plan approved by the  
2 authority for an authority sponsored district project;

3 (2) a proposed district project plan submitted pursuant to section  
4 10 of P.L. , c. (C. ) (now before the Legislature as this bill) is  
5 economically sound and will assist in the overall development of the  
6 city of Atlantic City and will benefit the people of New Jersey by  
7 increasing employment opportunities and strengthening New Jersey's  
8 economy;

9 (3) the disbursement of grants to a casino licensee is a material  
10 factor in the licensee's decision to go forward with a district project;  
11 and

12 (4) the casino licensee has agreed to invest a minimum of \$20  
13 million in its investment alternative tax obligations under section 3 of  
14 P.L. 1984, c. 218 (C. 5:12-144.1), such obligation to be made in \$10  
15 million increments to one or more entertainment-retail projects, or  
16 housing and community development projects, approved by the  
17 authority and the department, in an urban area outside of Atlantic City,  
18 and designated by the commissioner as eligible for, and in need of the  
19 project, pursuant to section 11 of P.L. , c. (C. ) (now before the  
20 Legislature as this bill).

21 b. Notwithstanding any provision to the contrary in  
22 P.L. , c. (C. ) (now before the Legislature as this bill), the authority  
23 and the commissioner jointly may, in their discretion, also designate  
24 two entertainment-retail projects, one in North Jersey and one in  
25 South Jersey, as eligible for funds under the incentive program.

26  
27 5. (New section) a. Notwithstanding the provisions of any law,  
28 rule or regulation to the contrary, all revenues received pursuant to  
29 the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.)  
30 from the taxation of construction materials used for building a district  
31 project approved by the authority pursuant to a project grant  
32 agreement or for building a district project sponsored by the authority,  
33 and from the taxation of retail sales of tangible personal property and  
34 services originating from and delivered from business locations in a  
35 district project approved by the authority pursuant to a project grant  
36 agreement or from business locations in a district project sponsored by  
37 the authority, shall be deposited immediately upon collection by the  
38 Department of the Treasury in the project fund.

39 b. The revenues required to be deposited in the project fund under  
40 subsection a. of this section shall be used for the purposes of the  
41 project fund and for the uses prescribed in section 7 of  
42 P.L. , c. (C. ) (now before the Legislature as this bill).

43  
44 6. (New section) a. Notwithstanding the provisions of any law,  
45 rule or regulation to the contrary, all revenues received from hotel  
46 room use fees pursuant to P.L.1991, c.376 (C.40:48-8.45 et seq.),

1 which originate from and are delivered from the casino-hotel facilities  
2 of the casino licensee with an approved district project, or of any  
3 casino licensee that has the same holding company as the casino  
4 licensee with the approved district project, pursuant to a project grant  
5 agreement, and in the case of a district project sponsored by the  
6 authority, all revenues received from the hotel room use fees which  
7 originate from and are delivered from hotel facilities located within the  
8 authority sponsored district project and designated as part of the  
9 approved district project, and if applicable, from additional hotel  
10 rooms that are approved by the authority as part of the district project,  
11 shall be paid immediately upon collection to the Department of the  
12 Treasury which shall deposit the revenues into the room fund.

13 b. The revenues required to be deposited in the room fund under  
14 subsection a. of this section shall be used for the purposes of the room  
15 fund and for the uses prescribed in section 8 of P.L. , c. (C. ) (now  
16 before the Legislature as this bill).

17

18 7. (New section) a. There is created a dedicated, nonlapsing  
19 project fund to be held by the State Treasurer, which shall be the  
20 repository for all moneys required to be deposited therein under  
21 section 5 of P.L. , c. (C. ) (now before the Legislature as this bill)  
22 and any moneys appropriated or otherwise made available to the  
23 project fund.

24 b. All moneys deposited in the project fund shall be held and  
25 disbursed, subject to the requirements of section 11 of P.L., c (C. )  
26 (now before the Legislature as this bill), in the form of district project  
27 grants as follows:

28 (1) an amount from the project fund equivalent to the total  
29 revenues received pursuant to the "Sales and Use Tax Act," P.L.1966,  
30 c.30 (C.54:32B-1 et seq.) from the taxation of construction materials  
31 used for building a district project approved by the authority pursuant  
32 to a project grant agreement, or for building a district project  
33 sponsored by the authority, shall be rebated in the form of a one-time  
34 grant to the authority for disbursement to the casino licensee with an  
35 approved district project or to the authority for an authority sponsored  
36 district project;

37 (2) an amount from the project fund equivalent to the total  
38 revenues received pursuant to the "Sales and Use Tax Act," P.L.1966,  
39 c.30 (C.54:32B-1 et seq.) from the taxation of retail sales of tangible  
40 property and services originating from and delivered from business  
41 locations in a district project approved by the authority pursuant to a  
42 project grant agreement or from business locations in a district project  
43 sponsored by the authority, shall be rebated in the form of annual  
44 grants to the authority for disbursement to the casino licensee with an  
45 approved district project, or to the authority for an authority  
46 sponsored district project, with each annual grant not to exceed \$2.5

1 million per district project and payable annually until December 31,  
2 2022, or until the date on which the combined total of grants disbursed  
3 under this section and under section 8 of P.L. , c. (C. )(now before  
4 the Legislature as this bill) equals the approved cost of the district  
5 project, as determined by the authority, whichever is earlier;

6 (3) the balance of the revenues in the project fund shall be  
7 deposited in the General Fund if the authority, in consultation with the  
8 State Treasurer, determines that the revenues are no longer needed for  
9 the purposes of the project fund or for the uses prescribed in  
10 P.L. , c. (C. ) (now before the Legislature as this bill).

11 c. The State Treasurer may invest and reinvest any moneys in the  
12 project fund, or any portion thereof, in legal obligations of the United  
13 States or of the State or any political subdivision thereof. Any income  
14 from, interest on, or increment to moneys so invested or reinvested  
15 shall be included in the project fund.

16

17 8. (New section) a. There is created a dedicated, nonlapsing room  
18 fund to be held by the State Treasurer, which shall be the repository  
19 for all moneys required to be deposited therein under section 6 of P.L.,  
20 c. (C. ) (now before the Legislature as this bill) and any moneys  
21 appropriated or otherwise made available to the room fund.

22 b. All moneys deposited in the room fund shall be held and  
23 disbursed, subject to the requirements of section 11 of P.L., c. (C. )  
24 (now before the Legislature as this bill), in the form of district projects  
25 grants as follows:

26 (1) an amount from the room fund equivalent to the incremental  
27 luxury tax for a district project approved by the authority pursuant to  
28 a project grant agreement or for a district project sponsored by the  
29 authority, shall be rebated in the form of annual grants from the room  
30 fund to the authority for disbursement to the casino licensee with an  
31 approved district project, or to the authority for an authority  
32 sponsored district project, and shall be payable annually until  
33 December 31, 2022, or until the date on which the combined total of  
34 grants disbursed under this section and under section 7 of P.L. , c.  
35 (C. )(now before the Legislature as this bill) equals the approved cost  
36 of the district project, as determined by the authority, whichever is  
37 earlier;

38 (2) the balance of the revenues in the room fund shall be deposited  
39 in the General Fund if the authority, in consultation with the State  
40 Treasurer, determines that the revenues are no longer needed for the  
41 purposes of the room fund or for the uses prescribed in  
42 P.L. , c. (C. ) (now before the Legislature as this bill).

43 c. The State Treasurer may invest and reinvest any moneys in the  
44 room fund, or any portion thereof, in legal obligations of the United  
45 States or of the State or any political subdivision thereof. Any income  
46 from, interest on, or increment to moneys so invested or reinvested



1 shall be included in the room fund.

2

3 9. (New section) a. The State Treasurer shall maintain separate  
4 accounts in the project fund and room fund for each casino licensee  
5 approved by the authority for a district project, and for the authority  
6 in the event the authority sponsors a district project, and shall credit  
7 to each account an amount of the moneys deposited in each fund equal  
8 to the appropriate share of revenues collected from the taxation of  
9 construction materials and retail sales and services, as provided in  
10 section 7 of P.L. , c. (C. ) (now before the Legislature as this bill),  
11 and from hotel room fees, as provided in section 8 of P.L. , c. (C. )  
12 (now before the Legislature as this bill), or that amount of moneys  
13 appropriated to the funds or otherwise made available to the funds,  
14 and required to be credited to the casino licensee's or the authority's  
15 project fund account or room fund account.

16 b. The State Treasurer shall promulgate such rules and regulations  
17 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
18 (C.52:14B-1 et seq.) as are necessary to govern the administration of  
19 the project fund and room fund for the purposes of P.L. , c. (C. )  
20 (now before the Legislature as this bill).

21

22 10. (New section) a. A casino licensee or the authority, as  
23 appropriate, shall submit a proposed district project plan for approval  
24 by the authority under the incentive program.

25 b. A proposed district project plan submitted under subsection a.  
26 of this section shall include, but not necessarily be limited to:

27 (1) A description of the proposed district project;

28 (2) An estimate of the total project costs and an estimate of the  
29 annual amounts of district project grants anticipated under the  
30 incentive program for the casino licensee or the authority;

31 (3) A statement of any other revenue sources to be used to finance  
32 the development of a district project;

33 (4) A statement of the time needed to complete a district project;  
34 and

35 (5) A statement of the impact that the proposed district project is  
36 expected to have on the city of Atlantic City.

37

38 11. (New section) a. A casino licensee shall submit a proposal to  
39 the authority and to the department for an entertainment- retail project  
40 or community and housing development project in an urban area  
41 outside of Atlantic City, consistent with the requirements of paragraph  
42 (4) of subsection a. of section 4 of P.L. , c. (C. ) (now before the  
43 Legislature as this bill), that will further the development and  
44 revitalization of an urban area designated by the department as eligible  
45 for, and in need of, the proposed project. The department shall  
46 evaluate the proposal and determine whether the proposed project

1 meets the department's project criteria, and the authority shall evaluate  
2 the proposal and determine whether the proposal project meets the  
3 authority's project criteria for approval of urban development projects  
4 outside of the city of Atlantic City under the incentive program. The  
5 authority and the commissioner jointly may, in their discretion, also  
6 designate two entertainment-retail projects, one in North Jersey and  
7 one in South Jersey, as eligible for funds under the incentive program.

8 b. The commissioner and the authority are authorized to approve  
9 the proposed project submitted under subsection a. of this section if  
10 the commissioner and the authority determine that the project meets  
11 the criteria established by the department and the authority,  
12 respectively. Upon approval by the commissioner, the State Treasurer  
13 shall annually, upon receipt of a written statement from the department  
14 certifying the satisfactory status of the project, rebate the district  
15 project grants to the authority for disbursement to casino licensees  
16 under the incentive program.

17 c. The authority and the commissioner shall give preference to  
18 those proposed projects that best leverage non-authority funds for the  
19 total construction project cost.

20

21 12. (New section) Notwithstanding any provision to the contrary  
22 in P.L. , c. (C. ) (now before the Legislature as this bill), in the  
23 event that fewer than six district projects are proposed by casino  
24 licensees, and approved by the authority, the authority may sponsor a  
25 district project which meets the criteria of paragraphs (1) and (2) of  
26 subsection a. of section 4 of P.L. , c. (C. ) (now before the  
27 Legislature as this bill), and in that event, paragraphs (3) and (4) of  
28 subsection a. of section 4 of P.L. , c. (C. ) are not applicable to the  
29 authority and the grants otherwise payable to a casino licensee  
30 pursuant to paragraphs (1) and (2) of subsection b. of section 7 and  
31 paragraph (1) of subsection b. of section 8 of P.L. , c. (C. ) (now  
32 before the Legislature as this bill) shall be payable to the authority.

33

34 13. (New section) a. Notwithstanding the provisions of any  
35 other law to the contrary, if a district project of a casino licensee is  
36 approved by the authority under the incentive program established by  
37 section 4 of P.L. , c. (C. )(now before the Legislature as this bill), the  
38 investment alternative tax imposed by subsection a. of section 3 of  
39 P.L.1984, c.218 (C.5:12-144.1), and any credits which may by law be  
40 applied against that tax, shall end for the casino licensee's licensed  
41 facility, as determined by the authority, 35 years after any investment  
42 alternative tax obligation is first incurred in connection with the  
43 licensed facility operated by the licensee.

44 b. During the additional five years of a casino licensee's investment  
45 alternative tax obligations required pursuant to subsection a. of this  
46 section, the total of the proceeds of all bonds purchased by a licensee

1 from or through the authority and all approved investments in eligible  
2 projects by a licensee shall be devoted to the financing of projects in  
3 the following areas and amounts: a) 25% for the city of Atlantic City;  
4 b) 25% for South Jersey and c) 50% for North Jersey.

5  
6 14. Section 3 of P.L.1984, c.218 (C.5:12-144.1) is amended to  
7 read as follows:

8 3. a. (1) Commencing with the first annual tax return of a licensee  
9 for any calendar year beginning after December 31, 1983, there is  
10 imposed an investment alternative tax on the gross revenues as defined  
11 in section 24 of P.L.1977, c.110 (C.5:12-24) of the licensee in the  
12 amount of 2.5% of those gross revenues. The tax imposed with  
13 respect to each calendar year shall be due and payable on the last day  
14 of April next following the end of the calendar year. The State  
15 Treasurer shall have a lien against the property constituting the casino  
16 of a licensee for the amount of any tax not paid when due. No tax  
17 shall be imposed, however, on the gross revenues received by a  
18 licensee during the first 12 months of the operation of any casino that  
19 commences operation after January 1, 1984, but prior to the effective  
20 date of this act, P.L.1996, c.118 (C.5:12-173.3a et al.).

21 (2) A licensee shall pay to the State Treasurer on or before the  
22 15th day of the first, fourth, seventh, and 10th months of each year as  
23 partial payment of the investment alternative tax imposed pursuant to  
24 paragraph (1) of this subsection an amount equal to 1.25% of the  
25 estimated gross revenues for the three-month period immediately  
26 preceding the first day of those months. The moneys received shall be  
27 placed in an escrow account and shall be held until the licensee directs  
28 that the moneys be transferred to the Casino Reinvestment  
29 Development Authority for the purchase of bonds issued by or offered  
30 through the Casino Reinvestment Development Authority or pursuant  
31 to a contract for such a purchase, be made available to the licensee for  
32 a direct investment approved by the authority, or be transferred to the  
33 Casino Revenue Fund as partial payment of the investment alternative  
34 tax imposed pursuant to paragraph (1) of this subsection. Any interest  
35 derived from the moneys in the escrow account shall be paid or made  
36 available to the Casino Revenue Fund. If a licensee fails to pay the  
37 amount due or underpays by an unjustifiable amount, the Casino  
38 Control Commission shall impose a fine of 5% of the amount due or  
39 of the underpayment, as the case may be, for each month or portion  
40 thereof the licensee is in default of payment, up to 25% of the amount  
41 in default. Any fine imposed shall be paid to the Casino Reinvestment  
42 Development Authority and shall be used for the purposes of this 1984  
43 amendatory and supplementary act.

44 b. Each licensee shall be entitled to an investment tax credit against  
45 the tax imposed by subsection a. of this section, provided the licensee

1 shall pay over the moneys required pursuant to section 5 of P.L.1993,  
2 c.159 (C.5:12-173.5): (1) for the first 10 years of a licensee's tax  
3 obligation, in an amount equal to twice the purchase price of bonds  
4 issued by the Casino Reinvestment Development Authority pursuant  
5 to sections 14 and 15 of this 1984 amendatory and supplementary act,  
6 purchased by the licensee, or twice the amount of the investments  
7 authorized in lieu thereof, and (2) for the remainder of a licensee's tax  
8 obligation, in an amount equal to twice the purchase price of bonds  
9 issued by the Casino Reinvestment Development Authority pursuant  
10 to sections 14 and 15 of this 1984 amendatory and supplementary act,  
11 purchased by the licensee, or twice the amount of the investments  
12 authorized in lieu thereof, and twice the amount of investments made  
13 by a licensee in other approved eligible investments made pursuant to  
14 section 25 of this act. The Casino Reinvestment Development  
15 Authority shall have the power to enter into a contract or contracts  
16 with a licensee pursuant to which the Casino Reinvestment  
17 Development Authority agrees to issue and sell bonds to the licensee,  
18 and the licensee agrees to purchase the bonds issued by or offered  
19 through the Casino Reinvestment Development Authority, in annual  
20 purchase price amounts as will constitute a credit against at least 50%  
21 of the tax to become due in any future year or years. The contract  
22 may contain those terms and conditions relating to the terms of the  
23 bonds and to the issuance and sale of the bonds to the licensee as the  
24 Casino Reinvestment Development Authority shall deem necessary or  
25 desirable. The contract shall not be deemed to be in violation of  
26 section 104 of P.L.1977, c.110 (C.5:12-104). After the first 10 years  
27 of a licensee's investment alternative tax obligation, a licensee will  
28 have the option of entering into a contract with the Casino  
29 Reinvestment Development Authority to have its tax credit comprised  
30 of direct investments in approved eligible projects. These direct  
31 investments shall not comprise more than 50% of a licensee's eligible  
32 tax credit in any one year.

33 The entering of a contract pursuant to this section shall be sufficient  
34 to entitle a licensee to an investment tax credit for the appropriate tax  
35 year.

36 c. A contract entered into between a licensee and the Casino  
37 Reinvestment Development Authority may provide for a deferral of  
38 payment for and delivery of bonds required to be purchased and for a  
39 deferral from making approved eligible investments in any year, but no  
40 deferral shall occur more than two years consecutively. A deferral of  
41 payment for any bonds required to be purchased by a licensee and a  
42 deferral from making approved eligible investments may be granted by  
43 the Casino Reinvestment Development Authority only upon a  
44 determination by the Casino Control Commission that purchase of  
45 these bonds or making approved eligible investments would cause  
46 extreme financial hardship to the licensee and a determination by the

1 Casino Reinvestment Development Authority that the deferral of the  
2 payment would not violate any covenant or agreement or impair any  
3 financial obligation of the Casino Reinvestment Development  
4 Authority. The contract may establish a late payment charge to be  
5 paid in the event of deferral or other late payment at a rate as shall be  
6 agreed to by the Casino Reinvestment Development Authority. If a  
7 deferral of purchase or investment is granted, the licensee shall be  
8 deemed to have made the purchase or investment at the time required  
9 by the contract, except that if the purchase is not made at the time to  
10 which the purchase or investment was deferred, then the licensee shall  
11 be deemed not to have made the purchase or investment. The Casino  
12 Control Commission shall adopt regulations establishing a uniform  
13 definition of extreme financial hardship applicable to all these  
14 contracts. If a licensee petitions the Casino Reinvestment  
15 Development Authority for a deferral, the Casino Reinvestment  
16 Development Authority shall give notice of that petition to the Casino  
17 Control Commission and to the Division of Gaming Enforcement  
18 within three days of the filing of the petition. The Casino Control  
19 Commission shall render a decision within 60 days of notice as to  
20 whether the licensee has established extreme financial hardship, after  
21 consultation with the Division of Gaming Enforcement. The Casino  
22 Reinvestment Development Authority shall render a decision as to the  
23 availability of the deferral within 10 days of the receipt by it of the  
24 decision of the Casino Control Commission and shall notify the  
25 Division of Gaming Enforcement and the Casino Control Commission  
26 of that decision. If a deferral is granted, the Casino Reinvestment  
27 Development Authority may determine whether the purchases or  
28 investments shall be made in a lump sum, made over a period of years,  
29 or whether the period of obligation shall be extended an additional  
30 period of time equivalent to the period of time deferred.

31 d. The license of any licensee which has defaulted in its obligation  
32 to make any purchase of bonds or investment in any approved eligible  
33 project under a contract entered into pursuant to subsection b. of this  
34 section for a period of 90 days may be suspended by the Casino  
35 Control Commission until that purchase is made or deferred in  
36 accordance with subsection b. of this section, or a fine or other penalty  
37 may be imposed upon the licensee by the commission. If the Casino  
38 Control Commission elects not to suspend the license of a licensee  
39 after the licensee has first defaulted in its obligation but instead  
40 imposes some lesser penalty and the licensee continues to be in default  
41 of its obligation after a period of 30 additional days and after any  
42 additional 30-day period, the commission may impose another fine or  
43 penalty upon the licensee, which may include suspension of that  
44 licensee's license. The fine shall be 5% of the amount of the obligation  
45 owed for each month or portion thereof a licensee is in default, up to  
46 25% of that obligation; shall be paid to the Casino Reinvestment

1 Development Authority; and shall be used for the purposes of this  
 2 1984 amendatory and supplementary act.

3 e. A contract entered into by a licensee and the Casino  
 4 Reinvestment Development Authority pursuant to subsection b. of this  
 5 section may provide that after the first 10 years of a licensee's  
 6 investment alternative tax obligation imposed by subsection a. of this  
 7 section, the Casino Reinvestment Development Authority may  
 8 repurchase bonds previously sold to the licensee, which were issued  
 9 after the 10th year of a licensee's investment alternative tax obligation,  
 10 by the Casino Reinvestment Development Authority, if the Casino  
 11 Reinvestment Development Authority determines that the repurchase  
 12 will not violate any agreement or covenant or impair any financial  
 13 obligation of the Casino Reinvestment Development Authority and  
 14 that the licensee will reinvest the proceeds of the resale in an eligible  
 15 project approved by the Casino Reinvestment Development Authority.

16 f. (1) During the 30 years a licensee is obligated to pay an  
 17 investment alternative tax pursuant to subsection k. of this section, the  
 18 total of (a) the proceeds of all bonds purchased by a licensee from or  
 19 through the Casino Reinvestment Development Authority and (b) all  
 20 approved investments in eligible projects by a licensee shall be devoted  
 21 to the financing of projects in the following areas and amounts:

22

23 Areas	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.
	1-3	4-5	6-10	11-15	16-20	21-25	26-30
24 a) Atlantic City	100%	90%	80%	50%	30%	20%	
25							
26 b) South Jersey		8%	12%	28%	43%	45%	
27							
28 c) North Jersey		2%	8%	22%	27%	35%	35%
29							
30 d) Atlantic City through the Atlantic City Fund							65%,
31							
32							

33 except that, with respect to the obligations for calendar years 1994  
 34 through 1998, the amount allocated for the financing of projects in  
 35 North Jersey from each casino licensee's obligation shall be the amount  
 36 allocated for calendar year 1993, and the difference between that  
 37 amount and the amount to be allocated to North Jersey, on the basis  
 38 of the above schedule, from each casino licensee's obligations for  
 39 calendar years 1994 through 1998 shall be paid into or credited to the  
 40 Atlantic City Fund established by section 44 of P.L.1995, c.18  
 41 (C.5:12-161.1) and be devoted to the financing of projects in Atlantic  
 42 City through that fund. For the purposes of this paragraph, "South  
 43 Jersey" means the counties of Atlantic, Burlington, Camden, Cape  
 44 May, Cumberland, Gloucester, Mercer, Ocean, and Salem; and "North  
 45 Jersey" means the remaining 12 counties of the State. For the purposes  
 46 of this 1984 amendatory and supplementary act, bond "proceeds"

1 means all funds received from the sale of bonds and any funds  
2 generated or derived therefrom.

3 In the financing of projects outside Atlantic City, the Casino  
4 Reinvestment Development Authority shall give priority to the  
5 revitalization of the urban areas of this State in the ways specified in  
6 section 12 of this 1984 amendatory and supplementary act. Those  
7 areas shall include, but not be limited to, all municipalities qualifying  
8 for aid pursuant to P.L.1978, c.14 (C.52:27D-178 et seq.).

9 Within nine months from the effective date of this 1984 amendatory  
10 and supplementary act, the Casino Reinvestment Development  
11 Authority shall determine the allocation of projected available moneys  
12 to municipalities in South Jersey for the first seven years of their  
13 receipt of funds, giving priority to the revitalization of the urban areas  
14 of the region. Municipalities receiving such an allocation shall present  
15 to the Casino Reinvestment Development Authority for its approval  
16 comprehensive plans or projects for which the allocations shall be  
17 used. Any such comprehensive plan or project may be submitted to  
18 the Casino Reinvestment Development Authority for a determination  
19 of eligibility at any time prior to the year for which the funds are  
20 allocated, and the Casino Reinvestment Development Authority shall  
21 make a determination of eligibility of the plan or project within a  
22 reasonable amount of time. If the Casino Reinvestment Development  
23 Authority makes a positive determination of eligibility for any  
24 comprehensive plan or project, or combination of comprehensive plans  
25 or projects, for any municipality whose total cost exceeds the amount  
26 allocated to that municipality for the first seven years of the receipt of  
27 funds by South Jersey municipalities, the Casino Reinvestment  
28 Development Authority shall make available sufficient funds in  
29 subsequent years necessary to complete those plans or projects, or to  
30 complete that portion of the plan or project originally agreed to be  
31 funded through the Casino Reinvestment Development Authority, from  
32 funds received by the Casino Reinvestment Development Authority in  
33 the years following the seventh year of the receipt of funds by South  
34 Jersey municipalities. If the comprehensive plan or project is  
35 determined by the Casino Reinvestment Development Authority not to  
36 be an eligible plan or project, the municipality may submit any other  
37 comprehensive plan or project for a determination of eligibility. If,  
38 however, the municipality fails to receive a positive determination of  
39 eligibility for any comprehensive plan or project, or combination of  
40 comprehensive plans or projects, sufficient to exhaust the total  
41 allocation to that municipality for any year prior to April 30 of the  
42 following year for which the allocation was made, the allocation to  
43 that municipality for that year shall cease, and the Casino  
44 Reinvestment Development Authority may apply those excess funds to  
45 any other comprehensive plan or project in any other municipality in  
46 the region whose comprehensive plan or project has received a

1 positive determination of eligibility by the Casino Reinvestment  
2 Development Authority.

3       Within 36 months from the effective date of this 1984 amendatory  
4 and supplementary act, the Casino Reinvestment Development  
5 Authority shall determine the allocation of projected available moneys  
6 to municipalities in North Jersey for the first five years of their receipt  
7 of funds, giving priority to the revitalization of the urban areas of the  
8 region. Municipalities receiving such an allocation shall present to the  
9 Casino Reinvestment Development Authority for its approval  
10 comprehensive plans or projects for which the allocations shall be  
11 used. Any such comprehensive plan or project may be submitted to  
12 the Casino Reinvestment Development Authority for a determination  
13 of eligibility at any time prior to the year for which the funds are  
14 allocated, and the Casino Reinvestment Development Authority shall  
15 make a determination of eligibility of the plan or project within a  
16 reasonable amount of time. If the Casino Reinvestment Development  
17 Authority makes a positive determination of eligibility for any  
18 comprehensive plan or project, or combination of comprehensive plans  
19 or projects, for any municipality whose total cost exceeds the amount  
20 allocated to that municipality for the first five years of the receipt of  
21 funds by North Jersey municipalities, the Casino Reinvestment  
22 Development Authority shall make available sufficient funds in  
23 subsequent years necessary to complete those plans or projects, or to  
24 complete that portion of the plan or project originally agreed to be  
25 funded through the Casino Reinvestment Development Authority, from  
26 funds received by the Casino Reinvestment Development Authority in  
27 the years following the fifth year of the receipt of funds by North  
28 Jersey municipalities. If the comprehensive plan or project is  
29 determined by the Casino Reinvestment Development Authority not to  
30 be an eligible plan or project, the municipality may submit any other  
31 comprehensive plan or project for a determination of eligibility. If,  
32 however, the municipality fails to receive a positive determination of  
33 eligibility for any comprehensive plan or project, or combination of  
34 comprehensive plans or projects, sufficient to exhaust the total  
35 allocation to that municipality for any year prior to April 30 of the  
36 following year for which the allocation was made, the allocation to  
37 that municipality for that year shall cease, and the Casino  
38 Reinvestment Development Authority may apply those excess funds to  
39 any other comprehensive plan or project in any other municipality in  
40 the region whose comprehensive plan or project has received a  
41 positive determination of eligibility by the Casino Reinvestment  
42 Development Authority.

43       (2) Commencing with the first year in which a licensee incurs a tax  
44 obligation pursuant to this section, and for the period of two years  
45 thereafter, 100% of the proceeds of all bonds purchased by a licensee  
46 from the Casino Reinvestment Development Authority which are



1 devoted to the financing of projects in the city of Atlantic City  
2 pursuant to paragraph (1) of this subsection shall be used exclusively  
3 to finance the rehabilitation, development, or construction of, or to  
4 provide mortgage financing of, housing facilities in the city of Atlantic  
5 City for persons or families of low through middle income, as defined  
6 in this subsection. For the purposes of this subsection, the  
7 "rehabilitation, development, or construction of housing facilities"  
8 shall include expenses attributable to site preparation, infrastructure  
9 needs and housing-related community facilities and services, including  
10 supporting commercial development. Commencing with the fourth  
11 year in which a licensee incurs a tax obligation pursuant to this  
12 subsection, 50% of the proceeds of all bonds purchased by a licensee  
13 from the Casino Reinvestment Development Authority which are  
14 devoted to the financing of projects in the city of Atlantic City shall be  
15 used exclusively to finance the rehabilitation, development, or  
16 construction of housing facilities in the city of Atlantic City for  
17 persons or families of low through middle income. Commencing with  
18 the 11th year in which a licensee incurs a tax obligation pursuant to  
19 this section, 50% of the annual aggregate of the proceeds of bonds  
20 purchased by a licensee from the Casino Reinvestment Development  
21 Authority which are devoted to the financing of projects in the city of  
22 Atlantic City and investments in approved eligible projects commenced  
23 by a licensee in the city of Atlantic City shall be used exclusively to  
24 finance the rehabilitation, development, or construction of, or to  
25 provide mortgage financing of, housing facilities in the city of Atlantic  
26 City for persons or families of low through middle income.

27 (3) The Legislature finds that it is necessary to provide for a  
28 balanced community and develop a comprehensive housing program.  
29 The Casino Reinvestment Development Authority shall determine the  
30 need for housing in the city of Atlantic City, in consultation with the  
31 city of Atlantic City and specifically its zoning and planning boards.  
32 This shall include determining the types and classes of housing to be  
33 constructed and the number of units of each type and class of housing  
34 to be built. The Casino Reinvestment Development Authority shall  
35 give priority to the housing needs of the persons and their families  
36 residing in the city of Atlantic City in 1983 and continuing such  
37 residency through the effective date of this 1984 amendatory and  
38 supplementary act. The actual percentage of the proceeds of bonds  
39 and investments in approved eligible projects commenced by a licensee  
40 in the city of Atlantic City, which shall be used exclusively to finance  
41 the rehabilitation, development, or construction of, or to provide  
42 mortgage financing of, housing facilities in the city of Atlantic City for  
43 persons or families of low through middle income, shall be based upon  
44 the authority's determination of the need for housing in the city of  
45 Atlantic City conducted pursuant to this subsection. Once the housing  
46 needs of the persons residing in the city of Atlantic City in 1983 and

1 continuing such residency through the effective date of this 1984  
2 amendatory and supplementary act have been met, as determined by  
3 the Casino Reinvestment Development Authority pursuant to this  
4 subsection, any required percentages for such housing in the city of  
5 Atlantic City may, in its sole discretion, be waived by the Casino  
6 Reinvestment Development Authority. To aid the Casino  
7 Reinvestment Development Authority in making these determinations,  
8 the Casino Reinvestment Development Authority shall review the  
9 proposal for a housing redevelopment program and strategy for the  
10 city of Atlantic City approved and adopted by the Casino Control  
11 Commission and shall give priority to same and any other plan or  
12 project which is consistent with the standards of this subsection and is  
13 acceptable to the Casino Reinvestment Development Authority,  
14 pursuant to section 25 of this 1984 amendatory and supplementary act.  
15 The Casino Reinvestment Development Authority may determine  
16 whether the funds used to finance housing facilities in the city of  
17 Atlantic City for persons or families of low, moderate, median range,  
18 and middle income are derived from the proceeds of bonds purchased  
19 by a licensee from the Casino Reinvestment Development Authority to  
20 be devoted to the financing of projects in the city of Atlantic City,  
21 investments in approved eligible projects commenced by a licensee in  
22 the city of Atlantic City, or a combination of both. Any investment  
23 made by a licensee in excess of 100% of its eligible investment tax  
24 credit during the first three years and in excess of 50% thereafter in  
25 either the purchase of bonds or direct investments in approved eligible  
26 projects for low, moderate, median range, and middle income family  
27 housing facilities in the city of Atlantic City may be carried forward  
28 and credited against the licensee's obligation to make a 100%  
29 investment during the first three years and 50% thereafter in low,  
30 moderate, median range, and middle income family housing in any  
31 future year, with the approval of the Casino Reinvestment  
32 Development Authority. For the purposes of this act, "low income  
33 families" means families whose income does not exceed 50% of the  
34 median income of the area, with adjustments for smaller and larger  
35 families. "Moderate income families" means families whose income  
36 does not exceed 80% and is not less than 50% of the median income  
37 for the area, with adjustments for smaller and larger families. "Median  
38 range income families" means families whose income does not exceed  
39 120% and is not less than 80% of the median income for the area, with  
40 adjustments for smaller and larger families. "Middle income families"  
41 means families whose income does not exceed 150% and not less than  
42 120% of the median income for the area, with adjustments for smaller  
43 and larger families. "Median income" means an income defined as  
44 median within the Standard Metropolitan Statistical Area for Atlantic  
45 City by the United States Department of Housing and Urban  
46 Development.

1 In order to achieve a balanced community, the authority shall  
2 ensure that the development of housing for families of low and  
3 moderate income shall proceed at the same time as housing for families  
4 of median range and middle income, until such time as there is no  
5 longer a need for such facilities in the city of Atlantic City, as  
6 determined by the Casino Reinvestment Development Authority.

7 (4) Notwithstanding any other law or section to the contrary,  
8 particularly this subsection regarding the waiver of the required  
9 percentages for housing in the city of Atlantic City, subsection i. of  
10 section 14, and sections 26, 27, 28, 29, and 31 of this 1984  
11 amendatory and supplementary act, nothing shall be implemented or  
12 waived by the Casino Reinvestment Development Authority which  
13 would reduce, impair, or prevent the fulfillment of the priorities  
14 established and contained in this subsection of this 1984 amendatory  
15 and supplementary act.

16 g. If a person is a licensee with regard to more than one approved  
17 hotel pursuant to section 82 of P.L.1977, c.110 (C.5:12-82), the  
18 person shall separately account for the gross revenues, the investment  
19 alternative tax obligations, and the investments for a tax credit against  
20 the investment alternative tax for each approved hotel, and the tax  
21 obligations of the licensee under this section shall be determined  
22 separately for each approved hotel. The licensee may apportion  
23 investments between its approved hotels; provided that no amount of  
24 investment shall be credited more than once. If a licensee receives the  
25 prior approval of the Casino Reinvestment Development Authority, the  
26 licensee may make eligible investments in excess of the investments  
27 necessary to receive a tax credit against the investment alternative tax  
28 for a given calendar year, and the licensee may carry forward this  
29 excess investment and have it credited to its next investment  
30 alternative tax obligation. If the Casino Reinvestment Development  
31 Authority approves of such excess investment and approves the carry  
32 forward of this excess investment, and a licensee elects to purchase  
33 bonds of the Casino Reinvestment Development Authority or makes  
34 direct investments in approved eligible projects in excess of the  
35 investments necessary to receive a tax credit against the investment  
36 alternative tax for its current obligation, the licensee shall be entitled  
37 to a reduction of the amount of investments necessary in future years,  
38 which amount shall be determined annually by the Casino  
39 Reinvestment Development Authority, taking into account a current  
40 market discount rate from the date of the purchase or investment to  
41 the date the purchase or investment would have been required to be  
42 made.

43 h. Each casino licensee shall prepare and file, in a form prescribed  
44 by the Casino Reinvestment Development Authority, an annual return  
45 reporting that financial information as shall be deemed necessary by  
46 the Casino Reinvestment Development Authority to carry out the

1 provisions of this act. This return shall be filed with the Casino  
2 Reinvestment Development Authority and the Casino Control  
3 Commission on or before April 30 following the calendar year on  
4 which the return is based. The Casino Control Commission shall  
5 verify to the Casino Reinvestment Development Authority the  
6 information contained in the report, to the fullest extent possible.  
7 Nothing in this subsection shall be deemed to affect the due dates for  
8 making any investment or paying any tax under this section.

9 i. Any purchase by a licensee of bonds issued by or offered through  
10 the Casino Reinvestment Development Authority pursuant to sections  
11 14 and 15 of this act and subsection b. of this section and all approved  
12 eligible investments made by a licensee pursuant to section 25 of this  
13 act and subsection b. of this section are to be considered investments  
14 and not taxes owed or grants to the State or any political subdivision  
15 thereof. As such, a licensee shall have the possibility of the return of  
16 principal and a return on the capital invested as with other  
17 investments. Investors in the bonds issued by or offered through the  
18 Casino Reinvestment Development Authority shall be provided with  
19 an opinion from a recognized financial rating agency or a financial  
20 advisory firm with national standing that each loan of bond proceeds  
21 by the Casino Reinvestment Development Authority has the minimum  
22 characteristics of an investment, in that a degree of assurance exists  
23 that interest and principal payments can be made and other terms of  
24 the proposed investment be maintained over the period of the  
25 investment, and that the loan of the bond proceeds would qualify for  
26 a bond rating of "C" or better. If an opinion cannot be obtained from  
27 a recognized financial rating agency or a financial advisory firm with  
28 national standing, an opinion shall be obtained from an expert financial  
29 analyst with national standing, selected and hired by the Casino  
30 Reinvestment Development Authority. In order to achieve a balanced  
31 portfolio, assure the viability of the authority and the projects,  
32 facilities and programs undertaken pursuant to this 1984 amendatory  
33 and supplementary act, no more than 25% of the total investments  
34 made by or through the Casino Reinvestment Development Authority  
35 with the proceeds of bonds generated in each year shall be investments  
36 which would qualify for a bond rating of "C," unless all holders of  
37 obligations in each year agree to waive the 25% limit for that year.  
38 Nothing herein shall be interpreted as limiting the Casino Reinvestment  
39 Development Authority from taking any steps it deems appropriate to  
40 protect the characteristics of its investment in projects or any other  
41 investments from not being real investments with a prospect for the  
42 return of principal and a return on the capital invested. Anything  
43 contained in this section shall not be considered a guarantee by the  
44 State or any political subdivision thereof of any return of principal or  
45 interest, but any purchase by a licensee of bonds or approved eligible  
46 investments made by a licensee pursuant to this act shall be at the risk

1 of the licensee. A licensee or the licensees purchasing an issue of  
2 bonds issued by the Casino Reinvestment Development Authority in  
3 any given year may arrange, at their option, for those bonds or the  
4 investments, made by or through the Casino Reinvestment  
5 Development Authority with the proceeds of those bonds, to be  
6 insured. The cost of any such insurance purchased by a licensee or  
7 licensees shall be paid by the licensee or licensees desiring such  
8 insurance.

9 j. The Casino Reinvestment Development Authority shall  
10 promulgate rules and regulations deemed necessary to carry out the  
11 purposes of this section.

12 k. ~~[The]~~Except as provided in section 13 of P.L. , c. (C. )  
13 (now before the Legislature as this bill), the obligation of a licensee  
14 to pay an investment alternative tax pursuant to subsection a. of this  
15 section shall end for each licensed facility operated by the licensee 30  
16 years after any investment alternative tax obligation is first incurred in  
17 connection with each licensed facility operated by the licensee, unless  
18 extended in connection with a deferral granted by the Casino  
19 Reinvestment Development Authority pursuant to subsection c. of this  
20 section.

21 (cf: P.L.1996, c.118, s.3)

22

23 15. Section 13 of P.L.1984, c.218 (C.5:12-161) is amended to read  
24 as follows:

25 13. The Casino Reinvestment Development Authority shall have  
26 the following powers:

27 a. To adopt and have a common seal and to alter the same at  
28 pleasure;

29 b. To sue or be sued;

30 c. To acquire, hold, use and dispose of any eligible project in which  
31 it is making an investment;

32 d. To acquire, rent, hold, use, and dispose of other personal  
33 property for the purposes of the Casino Reinvestment Development  
34 Authority;

35 e. To acquire by purchase, gift, or otherwise, or lease as lessee,  
36 real property or easements or interests therein necessary or useful and  
37 convenient for the purposes of the Casino Reinvestment Development  
38 Authority which real property, easements or interests may be subject  
39 to mortgages, deeds of trust, or other liens or otherwise, and to hold  
40 and to use the same, and to dispose of the property so acquired no  
41 longer necessary for the purposes of the Casino Reinvestment  
42 Development Authority;

43 f. To make and enforce bylaws or rules and regulations for the  
44 management and regulation of its business and affairs and for the use,  
45 maintenance, and operation of any facility, and to amend the same;

46 g. To enter into any agreements or contracts, execute any

1 instruments, and do and perform any acts or things necessary,  
2 convenient, or desirable for the purposes of the Casino Reinvestment  
3 Development Authority, including the entering into of agreements or  
4 contracts with any governmental unit to provide for the payment of  
5 principal of and interest on any obligation issued by that governmental  
6 unit, the maintenance of necessary reserves in connection with these  
7 obligations or the payments under any lease entered into in connection  
8 with any eligible project;

9 h. To determine eligibility for investments in eligible projects in  
10 order to accomplish the purposes of the Casino Reinvestment  
11 Development Authority;

12 i. To collect and invest any proceeds received under subsection b.  
13 of section 3 and section 14 of this act;

14 j. To invest in obligations of local governmental units issued to  
15 finance eligible projects, provided that the investment shall only be  
16 effected through direct negotiation by the Casino Reinvestment  
17 Development Authority with the local governmental unit;

18 k. To make agreements of any kind with any governmental unit or  
19 person for the use or operation of all or any part of any eligible  
20 project for consideration and for periods of time and upon other terms  
21 and conditions as the Casino Reinvestment Development Authority  
22 may fix and agree upon, which agreements may include a partnership,  
23 limited partnership, joint venture or association in which the Casino  
24 Reinvestment Development Authority is a general or limited partner  
25 or participant;

26 l. To require and collect fees and charges as the Casino  
27 Reinvestment Development Authority shall determine to be reasonable  
28 in connection with the exercise of any power given to the Casino  
29 Reinvestment Development Authority under the act;

30 m. To the extent permitted under a contract of the Casino  
31 Reinvestment Development Authority with purchasers of its bonds  
32 entered into pursuant to section 3 of this 1984 amendatory and  
33 supplementary act, to invest and reinvest any of its moneys not  
34 required for immediate use, including moneys received for the  
35 purchase of its bonds prior to the bonds being issued as it shall deem  
36 prudent. A pro rata share of  $66 \frac{2}{3}$  % of all interest earned by the  
37 Casino Reinvestment Development Authority on any such investments  
38 shall be paid to the licensees who entered into a contract with the  
39 Casino Reinvestment Development Authority for the purchase of its  
40 bonds and who contributed to the moneys which were received by the  
41 Casino Reinvestment Development Authority and were invested  
42 pursuant to this subsection. All functions, powers and duties relating  
43 to the investment or reinvestment of these funds, including the  
44 purchase, sale or exchange of any investments or securities, may, upon  
45 the request of the Casino Reinvestment Development Authority, be  
46 exercised and performed by the Director of the Division of

1 Investment, in accordance with written directions of the Casino  
2 Reinvestment Development Authority signed by an authorized officer,  
3 without regard to any other law relating to investments by the Director  
4 of the Division of Investment;

5 n. To the extent permitted under the contract of the Casino  
6 Reinvestment Development Authority with the holders of its bonds, to  
7 invest and reinvest any of its moneys not required for immediate use,  
8 including proceeds from the sale of any obligations, securities or other  
9 investments as it shall deem prudent. All functions, powers and duties  
10 relating to the investment or reinvestment of these funds, including  
11 the purchase, sale or exchange of any investments or securities, may  
12 upon the request of the Casino Reinvestment Development Authority  
13 be exercised and performed by the Director of the Division of  
14 Investment, in accordance with written directions of the Casino  
15 Reinvestment Development Authority signed by an authorized officer,  
16 without regard to any other law relating to investments by the  
17 Director of the Division of Investment;

18 o. To enter into all agreements or contracts with any governmental  
19 unit or person, execute any instruments, and do and perform any acts  
20 or things necessary, convenient or desirable for the purposes of the  
21 Casino Reinvestment Development Authority to carry out any power  
22 expressly given in this act; [ and]

23 p. To exercise the right of eminent domain in the city of Atlantic  
24 City;

25 q. To meet and hold hearings at places as it shall designate[.] ; and

26 r. To establish, develop, construct, acquire, own, operate, manage,  
27 promote, maintain, repair, reconstruct, restore, improve and otherwise  
28 effectuate, either directly or indirectly, through lessees, licensees or  
29 agents, projects consisting of facilities, at a site or sites within the  
30 State of New Jersey, that are related to, incidental to, necessary for or  
31 complementary to, the accomplishment of any of the purposes of the  
32 authority or of any project of the authority authorized in accordance  
33 with P.L.1984, c.218 (C.5:12-144.1 et seq.), as amended.

34 (cf: P.L.1984, c.218, s.13)

35

36 16. Section 3 of P.L.1991, c.376 (C.40:48-8.47) is amended to  
37 read as follows:

38 3. **[The]** Except as provided by P.L. , c. (C. ) (now before the  
39 Legislature as this bill), proceeds from the fees collected in any eligible  
40 municipality pursuant to this act shall be paid into a special fund which  
41 shall be established and held by the convention center operating  
42 authority which is empowered to operate the convention center  
43 facilities in the eligible municipality. Amounts in the special fund shall  
44 be expended by the convention center operating authority solely for  
45 the purpose of promoting tourism, conventions, resorts and casino  
46 gaming, if any, in the eligible municipality. Pending this application,

1 monies in the fund shall be invested in accordance with law applicable  
2 to the convention center operating authority and the income therefrom  
3 shall be credited to the fund.

4 (cf: P.L.1991, c.376, s.3)

5  
6 17. This act shall take effect on the 60th day next following  
7 enactment.

8  
9  
10 STATEMENT

11  
12 This bill establishes the Casino Reinvestment Development  
13 Authority urban revitalization incentive program (the "incentive  
14 program") to be administered by the Casino Reinvestment  
15 Development Authority (the CRDA) to facilitate the next phase of  
16 Atlantic City's development into a destination resort and to assist  
17 urban areas throughout the State with development and revitalization  
18 projects.

19 The incentive program provides for district project grants for casino  
20 licensees who meet the criteria of the incentive program. In order to  
21 be eligible for the grants, a casino licensee is required to submit a  
22 district project proposal to the CRDA for development of one of six  
23 entertainment-retail districts in Atlantic City. The district projects are  
24 subject to approval by the CRDA pursuant to a project grant  
25 agreement and will consist of a minimum of 150,000 square feet of  
26 public space, retail stores, entertainment venues and restaurants, and  
27 may include, in addition, casino hotels and public parking facilities  
28 approved by the CRDA, to benefit the overall development of Atlantic  
29 City and strengthen the State's economy.

30 In order to be eligible for district project grants, a casino licensee  
31 is also required to submit a project proposal to, and receive approval  
32 from, the CRDA and the Department of Community Affairs (the  
33 department) to develop at least a \$20 million entertainment-retail  
34 project or community and housing development project, in \$10 million  
35 increments for one or more such projects, in an urban area outside of  
36 Atlantic City. Any casino licensee approved for participation in the  
37 incentive program is further required to extend their investment  
38 alternative tax obligations with the CRDA to 35 years from the current  
39 30-year requirement. The bill requires the licensee's investment  
40 alternative tax obligations during the additional five years to be  
41 divided in such a way that Atlantic City receives 25%, South Jersey  
42 receives 25% and North Jersey receives 50%.

43 The bill also authorizes the CRDA to sponsor district projects, and  
44 to receive district project grants, if fewer than six district projects are  
45 proposed by casino licensees and approved by the CRDA, and if the  
46 CRDA sponsored district projects qualify under the incentive program.



1       In addition, the bill authorizes the CRDA and the department to  
2 jointly designate, in their discretion, two entertainment-retail projects,  
3 one in North Jersey and one in South Jersey, as eligible for funds  
4 under the incentive program.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 3251**

with Assembly committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 21, 2001

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3251 with committee amendments.

Assembly Bill No. 3251, as amended, establishes the Casino Reinvestment Development Authority urban revitalization incentive program (the "incentive program") to be administered by the Casino Reinvestment Development Authority (the CRDA) to facilitate the next phase of Atlantic City's development into a destination resort and to assist urban areas throughout the State with development and revitalization projects.

The incentive program provides for district project grants for casino licensees who meet the criteria of the incentive program. In order to be eligible for the grants, a casino licensee is required to submit a district project proposal to the CRDA for development of one of six entertainment-retail districts in Atlantic City. The district projects are subject to approval by the CRDA pursuant to a project grant agreement and will consist of a minimum of 150,000 square feet of public space, retail stores, entertainment venues and restaurants, and may include, in addition, casino hotels and public parking facilities approved by the CRDA, to benefit the overall development of Atlantic City and strengthen the State's economy.

To be eligible for district project grants, a casino licensee is also required to submit a project proposal to, and receive approval from, the CRDA and the Department of Community Affairs (the department) to invest a minimum of \$20 million of its investment alternative tax obligations to developments an entertainment-retail project or community and housing development project, in \$10 million increments for one or more such projects, in an urban area outside of Atlantic City. A casino licensee approved for participation in the incentive program is further required to extend its investment alternative tax obligations with the CRDA to 35 years from the current 30-year requirement. The bill requires the licensee's investment alternative tax obligations during the additional five years to be divided in such a way that Atlantic City receives 25%, South Jersey receives 25% and North Jersey receives 50%.

The bill also authorizes the CRDA to sponsor district projects, and

to receive district project grants, if fewer than six district projects are proposed by casino licensees and approved by the CRDA, and if the CRDA sponsored district projects qualify under the incentive program.

In addition, the bill authorizes the CRDA and the department to jointly designate, in their discretion, two entertainment-retail projects, one in North Jersey and one in South Jersey, as eligible for funds under the incentive program.

As amended and reported by the committee, the bill is identical to Senate Bill No. 2173 (1R), also reported by the committee.

### FISCAL IMPACT

The bill establishes the following funds to provide incentive grants to approved licensees:

- A "project fund" into which shall be deposited all sales and use tax receipts from: (1) the taxation of construction materials used for building an approved district project; and (2) retail sales of tangible personal property originating and delivered from business locations in a district project; and
- A "room fund" into which shall be deposited all revenues received from the hotel use fees (equal to \$2 per day per occupied room) which originate and are delivered from the casino-hotel facility of a casino licensee, and if applicable, from additional hotel rooms which are part of an approved district project.

The Office of Legislative Services (OLS) is unable to quantify the fiscal impact this bill will have on either State or local revenues, as the projects to be undertaken, both in Atlantic City and outside of Atlantic City, are unknown. Moreover, the OLS cannot determine if the projects ultimately initiated within the time frame and on the scale prescribed would have occurred without the proposed incentives. The OLS can state, however, that the legislation will not reduce *existing* sales tax revenues. Whether it will divert future sales tax revenues that might have been generated anyway or will generate other additional revenues that will offset or exceed foregone sales tax collections is speculative. As a result, whether the incremental sales tax revenues dedicated to the newly established Project Fund represent a State subsidy for certain projects (i.e., projects that would have been undertaken anyway), or can be considered "revenue neutral" (i.e., would not have occurred without incentives) cannot be stated with certainty.

*If all six district projects would have occurred irrespective of the legislation, (as assumption made only for purposes of estimating the "cost" of project tax incentives) the maximum loss to the State from foregone sales tax revenues attributable to the six proposed district projects could fall in the range of \$6.6 million to \$36 million in the first year and would be capped at \$15 million per year in subsequent years through 2022.*

However, if the proposed incentives and resultant projects

accomplish the objective of facilitating Atlantic City's development into a destination resort, any loss of State or local revenue of the magnitude indicated is likely to be offset or possibly exceeded by future revenues from other State and local taxes. Although the OLS cannot determine the net impact of any offsets (again, because details of the projects are unknown), anticipated increases in tourism to Atlantic City and in visitors' length of stay generated by the addition of retail-entertainment space could positively impact collections from various State and local taxes.

In addition to State revenues, local revenues would be affected by the establishment of the Room Fund. Currently, the Atlantic City Convention Center Authority receives some \$7.5 million annually for tourism promotion from the \$2 per day hotel occupancy tax on casino hotels. The CRDA estimates that as much as 80 percent of these revenues would be attributable to properties of casino licensees with approved district projects, resulting in a total of some \$6.0 million being deposited into the Room Fund annually, or roughly \$120 million (unadjusted) over 20 years. This amount could be expected to grow in future years as hotel rooms are added through approved district projects, subject to the variability of hotel occupancy rates.

#### COMMITTEE AMENDMENTS

Committee amendments to the bill (1) postpone the deadlines for acceptance and approval by the authority of district projects, (2) provide for deposit of hotel room use fees into the tourism promotion fund of the convention center authority, rather than the General Fund, (3) authorize the Director of the Division of Taxation to collect from project contractors and casino licensees, on forms that the director shall prescribe, information necessary for revenue certification purposes, and (4) direct the annual appropriation to the Divisions of Taxation and Revenue of such sums as are necessary to carry out their responsibilities under the legislation.

[First Reprint]

**ASSEMBLY, No. 3251**

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**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

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INTRODUCED MARCH 1, 2001

**Sponsored by:**

**Assemblyman FRANCIS J. BLEE**

**District 2 (Atlantic)**

**Assemblyman KENNETH C. LEFEVRE**

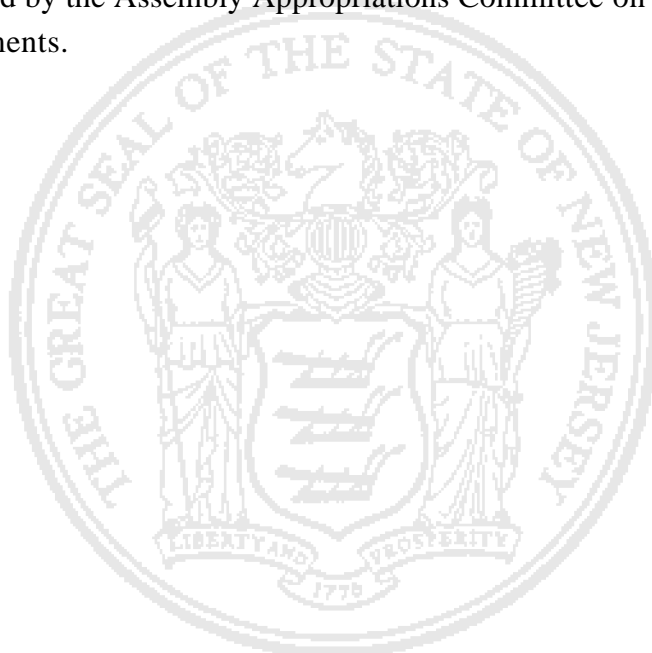
**District 2 (Atlantic)**

**SYNOPSIS**

Establishes the Casino Reinvestment Development Authority urban revitalization incentive program.

**CURRENT VERSION OF TEXT**

As reported by the Assembly Appropriations Committee on June 21, 2001, with amendments.



1 AN ACT concerning the Casino Reinvestment Development Authority  
2 and urban revitalization, amending and supplementing P.L.1984,  
3 c.218 (C.5:12-144.1 et seq.) and amending P.L.1991, c.376.

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

7  
8 1. (New section) Sections 1 through 13 of P.L. , c. (C. )(now  
9 before the Legislature as this bill) shall be known and may be referred  
10 to as the "Casino Reinvestment Development Authority Urban  
11 Revitalization Act."

12  
13 2. (New section) The Legislature finds and declares that:

14 a. Legalized casino gambling was approved by New Jersey's voters  
15 in 1976 as a "unique tool of urban redevelopment" to facilitate the  
16 revitalization of Atlantic City and other distressed municipalities  
17 throughout the State;

18 b. The Legislature created the Casino Reinvestment Development  
19 Authority (the "CRDA") to oversee the investment of casino gambling  
20 revenues for development projects in Atlantic City and other areas  
21 throughout the State;

22 c. During the past 25 years, the development of Atlantic City's  
23 multi-billion dollar casino industry and the CRDA's investment of  
24 hundreds of millions of dollars in housing, commercial and nonprofit  
25 projects have greatly benefited the people of New Jersey and have  
26 served as a model for many other states and countries that wished to  
27 emulate Atlantic City's successful record of casino development and  
28 economic growth;

29 d. It is altogether fitting and proper on the occasion of the 25th  
30 year of legalized casino gaming in Atlantic City to establish a new  
31 program to facilitate the next phase of Atlantic City's development into  
32 a regional, national and international "destination resort" and at the  
33 same time, to insure that substantial commitments are made to projects  
34 to revitalize urban areas and promote continued economic growth  
35 throughout the State.

36  
37 3. (New section) As used in this act:

38 "Authority" means the Casino Reinvestment Development Authority  
39 established pursuant to P.L.1984, c.218 (C.5:12-153 et seq.);

40 "Baseline luxury tax revenue amount" or "baseline luxury tax"  
41 means the annual amount of luxury tax receipts received pursuant to  
42 P.L.1947, c.71 (C.40:48-8.15 et seq.) from the taxation of retail sales

**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:**

**<sup>1</sup> Assembly AAP committee amendments adopted June 21, 2001.**

1 or sales at retail originating from transactions at an entertainment-  
2 retail district project for the last full calendar year preceding the year  
3 in which the district project opens under the incentive program;  
4 "Casino hotel room fee fund" or "room fund" means the fund  
5 established by the State Treasurer pursuant to section 8 of  
6 P.L. , c. (C. ) (now before the Legislature as this bill) into which  
7 shall be deposited the proceeds of the hotel room use fees as specified  
8 pursuant to section 6 of P.L. , c. (C. ) (now before the Legislature  
9 as this bill);  
10 "Casino reinvestment development authority urban revitalization  
11 incentive program" or "incentive program" means the program  
12 established pursuant to section 4 of P.L. , c. (C. ) (now before the  
13 Legislature as this bill) and administered by the authority to facilitate  
14 the development of entertainment-retail districts for the city of Atlantic  
15 City and to promote urban revitalization throughout the State;  
16 "Commissioner" means the Commissioner of Community Affairs;  
17 "Department" means the Department of Community Affairs;  
18 "District project grant" or "grant" means an amount rebated to the  
19 authority pursuant to sections 7 or 8 of P.L. , c. (C. ) (now before  
20 the Legislature as this bill) for disbursement to a casino licensee that  
21 is approved by the authority for a district project or for retention by  
22 the authority for an approved district project sponsored by the  
23 authority;  
24 "Entertainment-retail district" or "district" means one of six areas  
25 within Atlantic City, designated by the authority under the incentive  
26 program;  
27 "Entertainment-retail district project" or "district project" means a  
28 project or projects to be developed by the authority or any casino  
29 licensed to operate in Atlantic City prior to January 1, 2001, including,  
30 but not necessarily limited to, a minimum of 150,000 square feet of  
31 public space, retail stores, entertainment venues and restaurants, and  
32 may include, in addition, casino hotels and public parking facilities  
33 approved by the authority under the incentive program, and may also  
34 include: the purchasing, leasing, condemning, or otherwise acquiring  
35 of land or other property, or an interest therein, approved by the  
36 authority pursuant to a project grant agreement or as an authority  
37 sponsored project, or as necessary for a right-of-way or other  
38 easement to or from the land or property, or the relocating and moving  
39 of persons displaced by the acquisition of the land or property; the  
40 rehabilitation and redevelopment of land or property, approved  
41 pursuant to a project grant agreement or as an authority sponsored  
42 project, including demolition, clearance, removal, relocation,  
43 renovation, alteration, construction, reconstruction, installation or  
44 repair of a building, street, highway, alley, utility, service or other  
45 structure or improvement; the acquisition, construction,  
46 reconstruction, rehabilitation, or installation of parking and other

1 improvements approved pursuant to a project grant agreement or as  
2 an authority sponsored project; and the costs associated therewith  
3 including the costs of an administrative appraisal, economic and  
4 environmental analyses or engineering, planning, design, architectural,  
5 surveying or other professional services approved pursuant to a  
6 project grant agreement or as part of an authority sponsored project;

7 "Entertainment-retail district project fund" or "project fund" means  
8 the fund established by the State Treasurer pursuant to section 7 of  
9 P.L. , c. (C. ) (now before the Legislature as this bill) into which shall  
10 be deposited an amount equivalent to the amount of receipts received  
11 from the taxation of retail sales from a district project and from the  
12 taxation of construction materials used for building a district project,  
13 as specified pursuant to section 5 of P.L. , c. (C. ) (now before the  
14 Legislature as this bill);

15 "Incremental luxury tax revenue amount" or "incremental luxury  
16 tax" means the amount by which the annual luxury tax receipts  
17 received pursuant to P.L.1947, c.71 (C.40:48-8.15 et seq.) from the  
18 taxation of retail sales or sales at retail originating from transactions  
19 at a district project in the year in which the district project opens under  
20 the incentive program, and in each year thereafter, exceed the baseline  
21 luxury tax, as determined by the State Treasurer; and

22 "Project grant agreement" means an agreement entered into  
23 between the authority and a casino licensee, pursuant to section 4 of  
24 P.L. , c. (C. ) (now before the Legislature as this bill), that sets  
25 forth the terms and conditions of approval for a district project and of  
26 eligibility for district project grants, as determined by the authority.

27

28 4. (New section) a. There is established the incentive program  
29 that shall be administered by the authority. The purpose of the  
30 incentive program is to facilitate the development of entertainment-  
31 retail districts for the city of Atlantic City and to promote  
32 revitalization of other urban areas in the State. The provisions of  
33 section 30 of P.L.1984, c.218 (C.5:12-178) shall not apply to the  
34 incentive program established pursuant to this section. In order to  
35 implement the incentive program, the authority is authorized <sup>1</sup>to<sup>1</sup>  
36 accept applications from casino licensees on or before <sup>1</sup>[June 30,]  
37 September 1,<sup>1</sup> 2001 for approval of a district project and to designate  
38 by resolution up to six districts on or before September <sup>1</sup>[1,] 30,<sup>1</sup>  
39 2001 and to enter into project grant agreements with casino licensees  
40 to develop district projects within each district or to approve a district  
41 project sponsored by the authority. The authority may disburse district  
42 project grants in accordance with sections 7 and 8 of P.L. , c. (C. )  
43 (now before the Legislature as this bill) to casino licensees with  
44 approved district projects or to the authority for an authority  
45 sponsored district project under the incentive program, if the authority  
46 determines that:



1 (1) construction of the district project will commence no later than  
2 June 30, 2002 <sup>1</sup>or as otherwise provided<sup>1</sup> pursuant to the project grant  
3 agreement with the authority, or pursuant to the district project plan  
4 approved by the authority for an authority sponsored district project;

5 (2) a proposed district project plan submitted pursuant to section  
6 10 of P.L. , c. (C. ) (now before the Legislature as this bill) is  
7 economically sound and will assist in the overall development of the  
8 city of Atlantic City and will benefit the people of New Jersey by  
9 increasing employment opportunities and strengthening New Jersey's  
10 economy;

11 (3) the disbursement of grants to a casino licensee is a material  
12 factor in the licensee's decision to go forward with a district project;  
13 and

14 (4) the casino licensee has agreed to invest a minimum of \$20  
15 million in its investment alternative tax obligations under section 3 of  
16 P.L.1984, c.218 (C.5:12-144.1), such obligation to be made in \$10  
17 million increments to one or more entertainment-retail projects, or  
18 housing and community development projects, approved by the  
19 authority and the department, in an urban area outside of Atlantic City,  
20 and designated by the commissioner as eligible for, and in need of the  
21 project, pursuant to section 11 of P.L. , c. (C. ) (now before the  
22 Legislature as this bill).

23 b. Notwithstanding any provision to the contrary in  
24 P.L. , c. (C. ) (now before the Legislature as this bill), the authority  
25 and the commissioner jointly may, in their discretion, also designate  
26 two entertainment-retail projects, one in North Jersey and one in  
27 South Jersey, as eligible for funds under the incentive program.

28  
29 5. (New section) a. Notwithstanding the provisions of any law,  
30 rule or regulation to the contrary, all revenues received pursuant to  
31 the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.)  
32 from the taxation of construction materials used for building a district  
33 project approved by the authority pursuant to a project grant  
34 agreement or for building a district project sponsored by the authority,  
35 and from the taxation of retail sales of tangible personal property and  
36 services originating from and delivered from business locations in a  
37 district project approved by the authority pursuant to a project grant  
38 agreement or from business locations in a district project sponsored by  
39 the authority, shall be deposited immediately upon collection by the  
40 Department of the Treasury in the project fund. <sup>1</sup>Contractors  
41 purchasing materials and supplies for use in constructing a district  
42 project shall complete a form or certification prescribed by the  
43 Director of the Division of Taxation in the Department of the  
44 Treasury. The contractor shall identify the district project, materials,  
45 supplies, purchase price and New Jersey sales or use tax paid and  
46 provide such other information and receipts as the director may

1 require. The forms or certificates shall be filed with the authority as  
2 documentation for a report, which the authority shall provide to the  
3 Division of Revenue and the Division of Taxation for revenue  
4 certification purposes. Approved casino licensees shall also provide  
5 to the authority, on a form prescribed by the Director of the Division  
6 of Taxation, the sales tax collected from sales made by vendors in a  
7 district project for each quarter. The authority shall provide a report  
8 to the Division of Revenue and Division of Taxation in the Department  
9 of the Treasury for revenue certification purposes.<sup>1</sup>

10 b. The revenues required to be deposited in the project fund under  
11 subsection a. of this section shall be used for the purposes of the  
12 project fund and for the uses prescribed in section 7 of P.L. , c. (C. )  
13 (now before the Legislature as this bill).

14  
15 6. (New section) a. Notwithstanding the provisions of any law,  
16 rule or regulation to the contrary, all revenues received from hotel  
17 room use fees pursuant to P.L.1991, c.376 (C.40:48-8.45 et seq.),  
18 which originate from and are delivered from the casino-hotel facilities  
19 of the casino licensee with an approved district project, or of any  
20 casino licensee that has the same holding company as the casino  
21 licensee with the approved district project, pursuant to a project grant  
22 agreement, and in the case of a district project sponsored by the  
23 authority, all revenues received from the hotel room use fees which  
24 originate from and are delivered from hotel facilities located within the  
25 authority sponsored district project and designated as part of the  
26 approved district project, and if applicable, from additional hotel  
27 rooms that are approved by the authority as part of the district project,  
28 shall be paid immediately upon collection to the Department of the  
29 Treasury which shall deposit the revenues into the room fund.

30 b. The revenues required to be deposited in the room fund under  
31 subsection a. of this section shall be used for the purposes of the room  
32 fund and for the uses prescribed in section 8 of P.L. , c. (C. ) (now  
33 before the Legislature as this bill).

34  
35 7. (New section) a. There is created a dedicated, nonlapsing  
36 project fund to be held by the State Treasurer, which shall be the  
37 repository for all moneys required to be deposited therein under  
38 section 5 of P.L. , c. (C. ) (now before the Legislature as this bill)  
39 and any moneys appropriated or otherwise made available to the  
40 project fund.

41 b. All moneys deposited in the project fund shall be held and  
42 disbursed, subject to the requirements of section 11 of P.L., c (C. )  
43 (now before the Legislature as this bill), in the form of district project  
44 grants as follows:

45 (1) an amount from the project fund equivalent to the total  
46 revenues received pursuant to the "Sales and Use Tax Act," P.L.1966,

1 c.30 (C.54:32B-1 et seq.) from the taxation of construction materials  
2 used for building a district project approved by the authority pursuant  
3 to a project grant agreement, or for building a district project  
4 sponsored by the authority, shall be rebated in the form of a one-time  
5 grant to the authority for disbursement to the casino licensee with an  
6 approved district project or to the authority for an authority sponsored  
7 district project;

8 (2) an amount from the project fund equivalent to the total  
9 revenues received pursuant to the "Sales and Use Tax Act," P.L.1966,  
10 c.30 (C.54:32B-1 et seq.) from the taxation of retail sales of tangible  
11 property and services originating from and delivered from business  
12 locations in a district project approved by the authority pursuant to a  
13 project grant agreement or from business locations in a district project  
14 sponsored by the authority, shall be rebated in the form of annual  
15 grants to the authority for disbursement to the casino licensee with an  
16 approved district project, or to the authority for an authority  
17 sponsored district project, with each annual grant not to exceed \$2.5  
18 million per district project and payable annually until December 31,  
19 2022, or until the date on which the combined total of grants disbursed  
20 under this section and under section 8 of P.L. , c. (C. )(now before  
21 the Legislature as this bill) equals the approved cost of the district  
22 project, as determined by the authority, whichever is earlier;

23 (3) the balance of the revenues in the project fund shall be  
24 deposited in the General Fund if the authority, in consultation with the  
25 State Treasurer, determines that the revenues are no longer needed for  
26 the purposes of the project fund or for the uses prescribed in  
27 P.L. , c. (C. ) (now before the Legislature as this bill).

28 c. The State Treasurer may invest and reinvest any moneys in the  
29 project fund, or any portion thereof, in legal obligations of the United  
30 States or of the State or any political subdivision thereof. Any income  
31 from, interest on, or increment to moneys so invested or reinvested  
32 shall be included in the project fund.

33

34 8. (New section) a. There is created a dedicated, nonlapsing room  
35 fund to be held by the State Treasurer, which shall be the repository  
36 for all moneys required to be deposited therein under section 6 of  
37 P.L. , c. (C. ) (now before the Legislature as this bill) and any  
38 moneys appropriated or otherwise made available to the room fund.

39 b. All moneys deposited in the room fund shall be held and  
40 disbursed, subject to the requirements of section 11 of  
41 P.L. , c. (C. ) (now before the Legislature as this bill), in the  
42 form of district projects grants as follows:

43 (1) an amount from the room fund equivalent to the incremental  
44 luxury tax for a district project approved by the authority pursuant to  
45 a project grant agreement or for a district project sponsored by the  
46 authority, shall be rebated in the form of annual grants from the room

1 fund to the authority for disbursement to the casino licensee with an  
2 approved district project, or to the authority for an authority  
3 sponsored district project, and shall be payable annually until  
4 December 31, 2022, or until the date on which the combined total of  
5 grants disbursed under this section and under section 7 of  
6 P.L. , c. (C. )(now before the Legislature as this bill) equals the  
7 approved cost of the district project, as determined by the authority,  
8 whichever is earlier;

9 (2) the balance of the revenues in the room fund shall be deposited  
10 in the <sup>1</sup>[General Fund] special fund established pursuant to section 3  
11 of P.L.1991, c.376 (C.40:48-8.47)<sup>1</sup> if the authority, in consultation  
12 with the State Treasurer, determines that the revenues are no longer  
13 needed for the purposes of the room fund or for the uses prescribed in  
14 P.L. , c. (C. ) (now before the Legislature as this bill).

15 c. The State Treasurer may invest and reinvest any moneys in the  
16 room fund, or any portion thereof, in legal obligations of the United  
17 States or of the State or any political subdivision thereof. Any income  
18 from, interest on, or increment to moneys so invested or reinvested  
19 shall be included in the room fund.

20

21 9. (New section) a. The State Treasurer shall maintain separate  
22 accounts in the project fund and room fund for each casino licensee  
23 approved by the authority for a district project, and for the authority  
24 in the event the authority sponsors a district project, and shall credit  
25 to each account an amount of the moneys deposited in each fund equal  
26 to the appropriate share of revenues collected from the taxation of  
27 construction materials and retail sales and services, as provided in  
28 section 7 of P.L. , c. (C. ) (now before the Legislature as this bill),  
29 and from hotel room fees, as provided in section 8 of P.L. , c. (C. )  
30 (now before the Legislature as this bill), or that amount of moneys  
31 appropriated to the funds or otherwise made available to the funds,  
32 and required to be credited to the casino licensee's or the authority's  
33 project fund account or room fund account.

34 b. The <sup>1</sup>Director of the Division of Taxation in consultation with  
35 the<sup>1</sup> State Treasurer shall promulgate such rules and regulations  
36 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
37 (C.52:14B-1 et seq.) as are necessary to govern the administration of  
38 the project fund and room fund for the purposes of P.L. , c. (C. )  
39 (now before the Legislature as this bill). <sup>1</sup>In addition, the Director of  
40 the Division of Taxation and the Director of the Division of Revenue  
41 are authorized to prescribe forms and procedures and to require any  
42 person to provide any information necessary to enforce and administer  
43 the provisions of this act.

44 c. The amount necessary to provide for tax collection,  
45 administrative and enforcement costs incurred by the Division of  
46 Taxation and the Division of Revenue, to meet the requirements of

1 P.L. , c. (C. )(now before the Legislature as this bill) shall be  
2 annually appropriated from the project fund and the room fund, subject  
3 to the approval of the Director of the Division of Budget and  
4 Accounting in the Department of the Treasury.<sup>1</sup>

5  
6 10. (New section) a. A casino licensee or the authority, as  
7 appropriate, shall submit a proposed district project plan for approval  
8 by the authority under the incentive program.

9 b. A proposed district project plan submitted under subsection a.  
10 of this section shall include, but not necessarily be limited to:

11 (1) A description of the proposed district project;

12 (2) An estimate of the total project costs and an estimate of the  
13 annual amounts of district project grants anticipated under the  
14 incentive program for the casino licensee or the authority;

15 (3) A statement of any other revenue sources to be used to finance  
16 the development of a district project;

17 (4) A statement of the time needed to complete a district project;  
18 and

19 (5) A statement of the impact that the proposed district project is  
20 expected to have on the city of Atlantic City.

21  
22 11. (New section) a. A casino licensee shall submit a proposal to  
23 the authority and to the department for an entertainment- retail project  
24 or community and housing development project in an urban area  
25 outside of Atlantic City, consistent with the requirements of paragraph  
26 (4) of subsection a. of section 4 of P.L. , c. (C. ) (now before the  
27 Legislature as this bill), that will further the development and  
28 revitalization of an urban area designated by the department as eligible  
29 for, and in need of, the proposed project. The department shall  
30 evaluate the proposal and determine whether the proposed project  
31 meets the department's project criteria, and the authority shall evaluate  
32 the proposal and determine whether the proposal project meets the  
33 authority's project criteria for approval of urban development projects  
34 outside of the city of Atlantic City under the incentive program. The  
35 authority and the commissioner jointly may, in their discretion, also  
36 designate two entertainment-retail projects, one in North Jersey and  
37 one in South Jersey, as eligible for funds under the incentive program.

38 b. The commissioner and the authority are authorized to approve  
39 the proposed project submitted under subsection a. of this section if  
40 the commissioner and the authority determine that the project meets  
41 the criteria established by the department and the authority,  
42 respectively. Upon approval by the commissioner, the State Treasurer  
43 shall annually, upon receipt of a written statement from the department  
44 certifying the satisfactory status of the project, rebate the district  
45 project grants to the authority for disbursement to casino licensees  
46 under the incentive program.

1 c. The authority and the commissioner shall give preference to  
2 those proposed projects that best leverage non-authority funds for the  
3 total construction project cost.

4  
5 12. (New section) Notwithstanding any provision to the contrary  
6 in P.L. , c. (C. ) (now before the Legislature as this bill), in the  
7 event that fewer than six district projects are proposed by casino  
8 licensees, and approved by the authority, the authority may sponsor a  
9 district project which meets the criteria of paragraphs (1) and (2) of  
10 subsection a. of section 4 of P.L. , c. (C. ) (now before the  
11 Legislature as this bill), and in that event, paragraphs (3) and (4) of  
12 subsection a. of section 4 of P.L. , c. (C. ) are not applicable to the  
13 authority and the grants otherwise payable to a casino licensee  
14 pursuant to paragraphs (1) and (2) of subsection b. of section 7 and  
15 paragraph (1) of subsection b. of section 8 of P.L. , c. (C. ) (now  
16 before the Legislature as this bill) shall be payable to the authority.

17  
18 13. (New section) a. Notwithstanding the provisions of any  
19 other law to the contrary, if a district project of a casino licensee is  
20 approved by the authority under the incentive program established by  
21 section 4 of P.L. , c. (C. ) (now before the Legislature as this bill),  
22 the investment alternative tax imposed by subsection a. of section 3 of  
23 P.L.1984, c.218 (C.5:12-144.1), and any credits which may by law be  
24 applied against that tax, shall end for the casino licensee's licensed  
25 facility, as determined by the authority, 35 years after any investment  
26 alternative tax obligation is first incurred in connection with the  
27 licensed facility operated by the licensee.

28 b. During the additional five years of a casino licensee's investment  
29 alternative tax obligations required pursuant to subsection a. of this  
30 section, the total of the proceeds of all bonds purchased by a licensee  
31 from or through the authority and all approved investments in eligible  
32 projects by a licensee shall be devoted to the financing of projects in  
33 the following areas and amounts: a) 25% for the city of Atlantic City;  
34 b) 25% for South Jersey and c) 50% for North Jersey.

35  
36 14. Section 3 of P.L.1984, c.218 (C.5:12-144.1) is amended to  
37 read as follows:

38 3. a. (1) Commencing with the first annual tax return of a licensee  
39 for any calendar year beginning after December 31, 1983, there is  
40 imposed an investment alternative tax on the gross revenues as defined  
41 in section 24 of P.L.1977, c.110 (C.5:12-24) of the licensee in the  
42 amount of 2.5% of those gross revenues. The tax imposed with  
43 respect to each calendar year shall be due and payable on the last day  
44 of April next following the end of the calendar year. The State  
45 Treasurer shall have a lien against the property constituting the casino  
46 of a licensee for the amount of any tax not paid when due. No tax

1 shall be imposed, however, on the gross revenues received by a  
2 licensee during the first 12 months of the operation of any casino that  
3 commences operation after January 1, 1984, but prior to the effective  
4 date of this act, P.L.1996, c.118 (C.5:12-173.3a et al.).

5 (2) A licensee shall pay to the State Treasurer on or before the  
6 15th day of the first, fourth, seventh, and 10th months of each year as  
7 partial payment of the investment alternative tax imposed pursuant to  
8 paragraph (1) of this subsection an amount equal to 1.25% of the  
9 estimated gross revenues for the three-month period immediately  
10 preceding the first day of those months. The moneys received shall be  
11 placed in an escrow account and shall be held until the licensee directs  
12 that the moneys be transferred to the Casino Reinvestment  
13 Development Authority for the purchase of bonds issued by or offered  
14 through the Casino Reinvestment Development Authority or pursuant  
15 to a contract for such a purchase, be made available to the licensee for  
16 a direct investment approved by the authority, or be transferred to the  
17 Casino Revenue Fund as partial payment of the investment alternative  
18 tax imposed pursuant to paragraph (1) of this subsection. Any interest  
19 derived from the moneys in the escrow account shall be paid or made  
20 available to the Casino Revenue Fund. If a licensee fails to pay the  
21 amount due or underpays by an unjustifiable amount, the Casino  
22 Control Commission shall impose a fine of 5% of the amount due or  
23 of the underpayment, as the case may be, for each month or portion  
24 thereof the licensee is in default of payment, up to 25% of the amount  
25 in default. Any fine imposed shall be paid to the Casino Reinvestment  
26 Development Authority and shall be used for the purposes of this 1984  
27 amendatory and supplementary act.

28 b. Each licensee shall be entitled to an investment tax credit against  
29 the tax imposed by subsection a. of this section, provided the licensee  
30 shall pay over the moneys required pursuant to section 5 of P.L.1993,  
31 c.159 (C.5:12-173.5): (1) for the first 10 years of a licensee's tax  
32 obligation, in an amount equal to twice the purchase price of bonds  
33 issued by the Casino Reinvestment Development Authority pursuant  
34 to sections 14 and 15 of this 1984 amendatory and supplementary act,  
35 purchased by the licensee, or twice the amount of the investments  
36 authorized in lieu thereof, and (2) for the remainder of a licensee's tax  
37 obligation, in an amount equal to twice the purchase price of bonds  
38 issued by the Casino Reinvestment Development Authority pursuant  
39 to sections 14 and 15 of this 1984 amendatory and supplementary act,  
40 purchased by the licensee, or twice the amount of the investments  
41 authorized in lieu thereof, and twice the amount of investments made  
42 by a licensee in other approved eligible investments made pursuant to  
43 section 25 of this act. The Casino Reinvestment Development  
44 Authority shall have the power to enter into a contract or contracts  
45 with a licensee pursuant to which the Casino Reinvestment  
46 Development Authority agrees to issue and sell bonds to the licensee,

1 and the licensee agrees to purchase the bonds issued by or offered  
2 through the Casino Reinvestment Development Authority, in annual  
3 purchase price amounts as will constitute a credit against at least 50%  
4 of the tax to become due in any future year or years. The contract  
5 may contain those terms and conditions relating to the terms of the  
6 bonds and to the issuance and sale of the bonds to the licensee as the  
7 Casino Reinvestment Development Authority shall deem necessary or  
8 desirable. The contract shall not be deemed to be in violation of  
9 section 104 of P.L.1977, c.110 (C.5:12-104). After the first 10 years  
10 of a licensee's investment alternative tax obligation, a licensee will  
11 have the option of entering into a contract with the Casino  
12 Reinvestment Development Authority to have its tax credit comprised  
13 of direct investments in approved eligible projects. These direct  
14 investments shall not comprise more than 50% of a licensee's eligible  
15 tax credit in any one year.

16 The entering of a contract pursuant to this section shall be sufficient  
17 to entitle a licensee to an investment tax credit for the appropriate tax  
18 year.

19 c. A contract entered into between a licensee and the Casino  
20 Reinvestment Development Authority may provide for a deferral of  
21 payment for and delivery of bonds required to be purchased and for a  
22 deferral from making approved eligible investments in any year, but no  
23 deferral shall occur more than two years consecutively. A deferral of  
24 payment for any bonds required to be purchased by a licensee and a  
25 deferral from making approved eligible investments may be granted by  
26 the Casino Reinvestment Development Authority only upon a  
27 determination by the Casino Control Commission that purchase of  
28 these bonds or making approved eligible investments would cause  
29 extreme financial hardship to the licensee and a determination by the  
30 Casino Reinvestment Development Authority that the deferral of the  
31 payment would not violate any covenant or agreement or impair any  
32 financial obligation of the Casino Reinvestment Development  
33 Authority. The contract may establish a late payment charge to be  
34 paid in the event of deferral or other late payment at a rate as shall be  
35 agreed to by the Casino Reinvestment Development Authority. If a  
36 deferral of purchase or investment is granted, the licensee shall be  
37 deemed to have made the purchase or investment at the time required  
38 by the contract, except that if the purchase is not made at the time to  
39 which the purchase or investment was deferred, then the licensee shall  
40 be deemed not to have made the purchase or investment. The Casino  
41 Control Commission shall adopt regulations establishing a uniform  
42 definition of extreme financial hardship applicable to all these  
43 contracts. If a licensee petitions the Casino Reinvestment  
44 Development Authority for a deferral, the Casino Reinvestment  
45 Development Authority shall give notice of that petition to the Casino  
46 Control Commission and to the Division of Gaming Enforcement



1 within three days of the filing of the petition. The Casino Control  
2 Commission shall render a decision within 60 days of notice as to  
3 whether the licensee has established extreme financial hardship, after  
4 consultation with the Division of Gaming Enforcement. The Casino  
5 Reinvestment Development Authority shall render a decision as to the  
6 availability of the deferral within 10 days of the receipt by it of the  
7 decision of the Casino Control Commission and shall notify the  
8 Division of Gaming Enforcement and the Casino Control Commission  
9 of that decision. If a deferral is granted, the Casino Reinvestment  
10 Development Authority may determine whether the purchases or  
11 investments shall be made in a lump sum, made over a period of years,  
12 or whether the period of obligation shall be extended an additional  
13 period of time equivalent to the period of time deferred.

14 d. The license of any licensee which has defaulted in its obligation  
15 to make any purchase of bonds or investment in any approved eligible  
16 project under a contract entered into pursuant to subsection b. of this  
17 section for a period of 90 days may be suspended by the Casino  
18 Control Commission until that purchase is made or deferred in  
19 accordance with subsection b. of this section, or a fine or other penalty  
20 may be imposed upon the licensee by the commission. If the Casino  
21 Control Commission elects not to suspend the license of a licensee  
22 after the licensee has first defaulted in its obligation but instead  
23 imposes some lesser penalty and the licensee continues to be in default  
24 of its obligation after a period of 30 additional days and after any  
25 additional 30-day period, the commission may impose another fine or  
26 penalty upon the licensee, which may include suspension of that  
27 licensee's license. The fine shall be 5% of the amount of the obligation  
28 owed for each month or portion thereof a licensee is in default, up to  
29 25% of that obligation; shall be paid to the Casino Reinvestment  
30 Development Authority; and shall be used for the purposes of this  
31 1984 amendatory and supplementary act.

32 e. A contract entered into by a licensee and the Casino  
33 Reinvestment Development Authority pursuant to subsection b. of this  
34 section may provide that after the first 10 years of a licensee's  
35 investment alternative tax obligation imposed by subsection a. of this  
36 section, the Casino Reinvestment Development Authority may  
37 repurchase bonds previously sold to the licensee, which were issued  
38 after the 10th year of a licensee's investment alternative tax obligation,  
39 by the Casino Reinvestment Development Authority, if the Casino  
40 Reinvestment Development Authority determines that the repurchase  
41 will not violate any agreement or covenant or impair any financial  
42 obligation of the Casino Reinvestment Development Authority and  
43 that the licensee will reinvest the proceeds of the resale in an eligible  
44 project approved by the Casino Reinvestment Development Authority.

45 f. (1) During the 30 years a licensee is obligated to pay an  
46 investment alternative tax pursuant to subsection k. of this section, the

1 total of (a) the proceeds of all bonds purchased by a licensee from or  
 2 through the Casino Reinvestment Development Authority and (b) all  
 3 approved investments in eligible projects by a licensee shall be devoted  
 4 to the financing of projects in the following areas and amounts:

5

6 Areas	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.
	1-3	4-5	6-10	11-15	16-20	21-25	26-30
8 a) Atlantic City	100%	90%	80%	50%	30%	20%	
10 b) South Jersey		8%	12%	28%	43%	45%	
12 c) North Jersey		2%	8%	22%	27%	35%	35%
14 d) Atlantic City through the Atlantic City Fund							65%,

15

16 except that, with respect to the obligations for calendar years 1994  
 17 through 1998, the amount allocated for the financing of projects in  
 18 North Jersey from each casino licensee's obligation shall be the amount  
 19 allocated for calendar year 1993, and the difference between that  
 20 amount and the amount to be allocated to North Jersey, on the basis  
 21 of the above schedule, from each casino licensee's obligations for  
 22 calendar years 1994 through 1998 shall be paid into or credited to the  
 23 Atlantic City Fund established by section 44 of P.L.1995, c.18  
 24 (C.5:12-161.1) and be devoted to the financing of projects in Atlantic  
 25 City through that fund. For the purposes of this paragraph, "South  
 26 Jersey" means the counties of Atlantic, Burlington, Camden, Cape  
 27 May, Cumberland, Gloucester, Mercer, Ocean, and Salem; and "North  
 28 Jersey" means the remaining 12 counties of the State. For the purposes  
 29 of this 1984 amendatory and supplementary act, bond "proceeds"  
 30 means all funds received from the sale of bonds and any funds  
 31 generated or derived therefrom.

32 In the financing of projects outside Atlantic City, the Casino  
 33 Reinvestment Development Authority shall give priority to the  
 34 revitalization of the urban areas of this State in the ways specified in  
 35 section 12 of this 1984 amendatory and supplementary act. Those  
 36 areas shall include, but not be limited to, all municipalities qualifying  
 37 for aid pursuant to P.L.1978, c.14 (C.52:27D-178 et seq.).

38 Within nine months from the effective date of this 1984 amendatory  
 39 and supplementary act, the Casino Reinvestment Development  
 40 Authority shall determine the allocation of projected available moneys  
 41 to municipalities in South Jersey for the first seven years of their  
 42 receipt of funds, giving priority to the revitalization of the urban areas  
 43 of the region. Municipalities receiving such an allocation shall present  
 44 to the Casino Reinvestment Development Authority for its approval  
 45 comprehensive plans or projects for which the allocations shall be  
 46 used. Any such comprehensive plan or project may be submitted to

1 the Casino Reinvestment Development Authority for a determination  
2 of eligibility at any time prior to the year for which the funds are  
3 allocated, and the Casino Reinvestment Development Authority shall  
4 make a determination of eligibility of the plan or project within a  
5 reasonable amount of time. If the Casino Reinvestment Development  
6 Authority makes a positive determination of eligibility for any  
7 comprehensive plan or project, or combination of comprehensive plans  
8 or projects, for any municipality whose total cost exceeds the amount  
9 allocated to that municipality for the first seven years of the receipt of  
10 funds by South Jersey municipalities, the Casino Reinvestment  
11 Development Authority shall make available sufficient funds in  
12 subsequent years necessary to complete those plans or projects, or to  
13 complete that portion of the plan or project originally agreed to be  
14 funded through the Casino Reinvestment Development Authority, from  
15 funds received by the Casino Reinvestment Development Authority in  
16 the years following the seventh year of the receipt of funds by South  
17 Jersey municipalities. If the comprehensive plan or project is  
18 determined by the Casino Reinvestment Development Authority not to  
19 be an eligible plan or project, the municipality may submit any other  
20 comprehensive plan or project for a determination of eligibility. If,  
21 however, the municipality fails to receive a positive determination of  
22 eligibility for any comprehensive plan or project, or combination of  
23 comprehensive plans or projects, sufficient to exhaust the total  
24 allocation to that municipality for any year prior to April 30 of the  
25 following year for which the allocation was made, the allocation to  
26 that municipality for that year shall cease, and the Casino  
27 Reinvestment Development Authority may apply those excess funds to  
28 any other comprehensive plan or project in any other municipality in  
29 the region whose comprehensive plan or project has received a  
30 positive determination of eligibility by the Casino Reinvestment  
31 Development Authority.

32 Within 36 months from the effective date of this 1984 amendatory  
33 and supplementary act, the Casino Reinvestment Development  
34 Authority shall determine the allocation of projected available moneys  
35 to municipalities in North Jersey for the first five years of their receipt  
36 of funds, giving priority to the revitalization of the urban areas of the  
37 region. Municipalities receiving such an allocation shall present to the  
38 Casino Reinvestment Development Authority for its approval  
39 comprehensive plans or projects for which the allocations shall be  
40 used. Any such comprehensive plan or project may be submitted to  
41 the Casino Reinvestment Development Authority for a determination  
42 of eligibility at any time prior to the year for which the funds are  
43 allocated, and the Casino Reinvestment Development Authority shall  
44 make a determination of eligibility of the plan or project within a  
45 reasonable amount of time. If the Casino Reinvestment Development  
46 Authority makes a positive determination of eligibility for any

1 comprehensive plan or project, or combination of comprehensive plans  
2 or projects, for any municipality whose total cost exceeds the amount  
3 allocated to that municipality for the first five years of the receipt of  
4 funds by North Jersey municipalities, the Casino Reinvestment  
5 Development Authority shall make available sufficient funds in  
6 subsequent years necessary to complete those plans or projects, or to  
7 complete that portion of the plan or project originally agreed to be  
8 funded through the Casino Reinvestment Development Authority, from  
9 funds received by the Casino Reinvestment Development Authority in  
10 the years following the fifth year of the receipt of funds by North  
11 Jersey municipalities. If the comprehensive plan or project is  
12 determined by the Casino Reinvestment Development Authority not to  
13 be an eligible plan or project, the municipality may submit any other  
14 comprehensive plan or project for a determination of eligibility. If,  
15 however, the municipality fails to receive a positive determination of  
16 eligibility for any comprehensive plan or project, or combination of  
17 comprehensive plans or projects, sufficient to exhaust the total  
18 allocation to that municipality for any year prior to April 30 of the  
19 following year for which the allocation was made, the allocation to  
20 that municipality for that year shall cease, and the Casino  
21 Reinvestment Development Authority may apply those excess funds to  
22 any other comprehensive plan or project in any other municipality in  
23 the region whose comprehensive plan or project has received a  
24 positive determination of eligibility by the Casino Reinvestment  
25 Development Authority.

26 (2) Commencing with the first year in which a licensee incurs a tax  
27 obligation pursuant to this section, and for the period of two years  
28 thereafter, 100% of the proceeds of all bonds purchased by a licensee  
29 from the Casino Reinvestment Development Authority which are  
30 devoted to the financing of projects in the city of Atlantic City  
31 pursuant to paragraph (1) of this subsection shall be used exclusively  
32 to finance the rehabilitation, development, or construction of, or to  
33 provide mortgage financing of, housing facilities in the city of Atlantic  
34 City for persons or families of low through middle income, as defined  
35 in this subsection. For the purposes of this subsection, the  
36 "rehabilitation, development, or construction of housing facilities"  
37 shall include expenses attributable to site preparation, infrastructure  
38 needs and housing-related community facilities and services, including  
39 supporting commercial development. Commencing with the fourth  
40 year in which a licensee incurs a tax obligation pursuant to this  
41 subsection, 50% of the proceeds of all bonds purchased by a licensee  
42 from the Casino Reinvestment Development Authority which are  
43 devoted to the financing of projects in the city of Atlantic City shall be  
44 used exclusively to finance the rehabilitation, development, or  
45 construction of housing facilities in the city of Atlantic City for  
46 persons or families of low through middle income. Commencing with

1 the 11th year in which a licensee incurs a tax obligation pursuant to  
2 this section, 50% of the annual aggregate of the proceeds of bonds  
3 purchased by a licensee from the Casino Reinvestment Development  
4 Authority which are devoted to the financing of projects in the city of  
5 Atlantic City and investments in approved eligible projects commenced  
6 by a licensee in the city of Atlantic City shall be used exclusively to  
7 finance the rehabilitation, development, or construction of, or to  
8 provide mortgage financing of, housing facilities in the city of Atlantic  
9 City for persons or families of low through middle income.

10 (3) The Legislature finds that it is necessary to provide for a  
11 balanced community and develop a comprehensive housing program.  
12 The Casino Reinvestment Development Authority shall determine the  
13 need for housing in the city of Atlantic City, in consultation with the  
14 city of Atlantic City and specifically its zoning and planning boards.  
15 This shall include determining the types and classes of housing to be  
16 constructed and the number of units of each type and class of housing  
17 to be built. The Casino Reinvestment Development Authority shall  
18 give priority to the housing needs of the persons and their families  
19 residing in the city of Atlantic City in 1983 and continuing such  
20 residency through the effective date of this 1984 amendatory and  
21 supplementary act. The actual percentage of the proceeds of bonds  
22 and investments in approved eligible projects commenced by a licensee  
23 in the city of Atlantic City, which shall be used exclusively to finance  
24 the rehabilitation, development, or construction of, or to provide  
25 mortgage financing of, housing facilities in the city of Atlantic City for  
26 persons or families of low through middle income, shall be based upon  
27 the authority's determination of the need for housing in the city of  
28 Atlantic City conducted pursuant to this subsection. Once the housing  
29 needs of the persons residing in the city of Atlantic City in 1983 and  
30 continuing such residency through the effective date of this 1984  
31 amendatory and supplementary act have been met, as determined by  
32 the Casino Reinvestment Development Authority pursuant to this  
33 subsection, any required percentages for such housing in the city of  
34 Atlantic City may, in its sole discretion, be waived by the Casino  
35 Reinvestment Development Authority. To aid the Casino  
36 Reinvestment Development Authority in making these determinations,  
37 the Casino Reinvestment Development Authority shall review the  
38 proposal for a housing redevelopment program and strategy for the  
39 city of Atlantic City approved and adopted by the Casino Control  
40 Commission and shall give priority to same and any other plan or  
41 project which is consistent with the standards of this subsection and is  
42 acceptable to the Casino Reinvestment Development Authority,  
43 pursuant to section 25 of this 1984 amendatory and supplementary act.  
44 The Casino Reinvestment Development Authority may determine  
45 whether the funds used to finance housing facilities in the city of  
46 Atlantic City for persons or families of low, moderate, median range,

1 and middle income are derived from the proceeds of bonds purchased  
2 by a licensee from the Casino Reinvestment Development Authority to  
3 be devoted to the financing of projects in the city of Atlantic City,  
4 investments in approved eligible projects commenced by a licensee in  
5 the city of Atlantic City, or a combination of both. Any investment  
6 made by a licensee in excess of 100% of its eligible investment tax  
7 credit during the first three years and in excess of 50% thereafter in  
8 either the purchase of bonds or direct investments in approved eligible  
9 projects for low, moderate, median range, and middle income family  
10 housing facilities in the city of Atlantic City may be carried forward  
11 and credited against the licensee's obligation to make a 100%  
12 investment during the first three years and 50% thereafter in low,  
13 moderate, median range, and middle income family housing in any  
14 future year, with the approval of the Casino Reinvestment  
15 Development Authority. For the purposes of this act, "low income  
16 families" means families whose income does not exceed 50% of the  
17 median income of the area, with adjustments for smaller and larger  
18 families. "Moderate income families" means families whose income  
19 does not exceed 80% and is not less than 50% of the median income  
20 for the area, with adjustments for smaller and larger families. "Median  
21 range income families" means families whose income does not exceed  
22 120% and is not less than 80% of the median income for the area, with  
23 adjustments for smaller and larger families. "Middle income families"  
24 means families whose income does not exceed 150% and not less than  
25 120% of the median income for the area, with adjustments for smaller  
26 and larger families. "Median income" means an income defined as  
27 median within the Standard Metropolitan Statistical Area for Atlantic  
28 City by the United States Department of Housing and Urban  
29 Development.

30 In order to achieve a balanced community, the authority shall  
31 ensure that the development of housing for families of low and  
32 moderate income shall proceed at the same time as housing for families  
33 of median range and middle income, until such time as there is no  
34 longer a need for such facilities in the city of Atlantic City, as  
35 determined by the Casino Reinvestment Development Authority.

36 (4) Notwithstanding any other law or section to the contrary,  
37 particularly this subsection regarding the waiver of the required  
38 percentages for housing in the city of Atlantic City, subsection i. of  
39 section 14, and sections 26, 27, 28, 29, and 31 of this 1984  
40 amendatory and supplementary act, nothing shall be implemented or  
41 waived by the Casino Reinvestment Development Authority which  
42 would reduce, impair, or prevent the fulfillment of the priorities  
43 established and contained in this subsection of this 1984 amendatory  
44 and supplementary act.

45 g. If a person is a licensee with regard to more than one approved  
46 hotel pursuant to section 82 of P.L.1977, c.110 (C.5:12-82), the

1 person shall separately account for the gross revenues, the investment  
2 alternative tax obligations, and the investments for a tax credit against  
3 the investment alternative tax for each approved hotel, and the tax  
4 obligations of the licensee under this section shall be determined  
5 separately for each approved hotel. The licensee may apportion  
6 investments between its approved hotels; provided that no amount of  
7 investment shall be credited more than once. If a licensee receives the  
8 prior approval of the Casino Reinvestment Development Authority, the  
9 licensee may make eligible investments in excess of the investments  
10 necessary to receive a tax credit against the investment alternative tax  
11 for a given calendar year, and the licensee may carry forward this  
12 excess investment and have it credited to its next investment  
13 alternative tax obligation. If the Casino Reinvestment Development  
14 Authority approves of such excess investment and approves the carry  
15 forward of this excess investment, and a licensee elects to purchase  
16 bonds of the Casino Reinvestment Development Authority or makes  
17 direct investments in approved eligible projects in excess of the  
18 investments necessary to receive a tax credit against the investment  
19 alternative tax for its current obligation, the licensee shall be entitled  
20 to a reduction of the amount of investments necessary in future years,  
21 which amount shall be determined annually by the Casino  
22 Reinvestment Development Authority, taking into account a current  
23 market discount rate from the date of the purchase or investment to  
24 the date the purchase or investment would have been required to be  
25 made.

26 h. Each casino licensee shall prepare and file, in a form prescribed  
27 by the Casino Reinvestment Development Authority, an annual return  
28 reporting that financial information as shall be deemed necessary by  
29 the Casino Reinvestment Development Authority to carry out the  
30 provisions of this act. This return shall be filed with the Casino  
31 Reinvestment Development Authority and the Casino Control  
32 Commission on or before April 30 following the calendar year on  
33 which the return is based. The Casino Control Commission shall  
34 verify to the Casino Reinvestment Development Authority the  
35 information contained in the report, to the fullest extent possible.  
36 Nothing in this subsection shall be deemed to affect the due dates for  
37 making any investment or paying any tax under this section.

38 i. Any purchase by a licensee of bonds issued by or offered through  
39 the Casino Reinvestment Development Authority pursuant to sections  
40 14 and 15 of this act and subsection b. of this section and all approved  
41 eligible investments made by a licensee pursuant to section 25 of this  
42 act and subsection b. of this section are to be considered investments  
43 and not taxes owed or grants to the State or any political subdivision  
44 thereof. As such, a licensee shall have the possibility of the return of  
45 principal and a return on the capital invested as with other  
46 investments. Investors in the bonds issued by or offered through the

1 Casino Reinvestment Development Authority shall be provided with  
2 an opinion from a recognized financial rating agency or a financial  
3 advisory firm with national standing that each loan of bond proceeds  
4 by the Casino Reinvestment Development Authority has the minimum  
5 characteristics of an investment, in that a degree of assurance exists  
6 that interest and principal payments can be made and other terms of  
7 the proposed investment be maintained over the period of the  
8 investment, and that the loan of the bond proceeds would qualify for  
9 a bond rating of "C" or better. If an opinion cannot be obtained from  
10 a recognized financial rating agency or a financial advisory firm with  
11 national standing, an opinion shall be obtained from an expert financial  
12 analyst with national standing, selected and hired by the Casino  
13 Reinvestment Development Authority. In order to achieve a balanced  
14 portfolio, assure the viability of the authority and the projects,  
15 facilities and programs undertaken pursuant to this 1984 amendatory  
16 and supplementary act, no more than 25% of the total investments  
17 made by or through the Casino Reinvestment Development Authority  
18 with the proceeds of bonds generated in each year shall be investments  
19 which would qualify for a bond rating of "C," unless all holders of  
20 obligations in each year agree to waive the 25% limit for that year.  
21 Nothing herein shall be interpreted as limiting the Casino Reinvestment  
22 Development Authority from taking any steps it deems appropriate to  
23 protect the characteristics of its investment in projects or any other  
24 investments from not being real investments with a prospect for the  
25 return of principal and a return on the capital invested. Anything  
26 contained in this section shall not be considered a guarantee by the  
27 State or any political subdivision thereof of any return of principal or  
28 interest, but any purchase by a licensee of bonds or approved eligible  
29 investments made by a licensee pursuant to this act shall be at the risk  
30 of the licensee. A licensee or the licensees purchasing an issue of  
31 bonds issued by the Casino Reinvestment Development Authority in  
32 any given year may arrange, at their option, for those bonds or the  
33 investments, made by or through the Casino Reinvestment  
34 Development Authority with the proceeds of those bonds, to be  
35 insured. The cost of any such insurance purchased by a licensee or  
36 licensees shall be paid by the licensee or licensees desiring such  
37 insurance.

38 j. The Casino Reinvestment Development Authority shall  
39 promulgate rules and regulations deemed necessary to carry out the  
40 purposes of this section.

41 k. ~~【The】~~Except as provided in section 13 of P.L. , c. (C. )  
42 (now before the Legislature as this bill), the obligation of a licensee  
43 to pay an investment alternative tax pursuant to subsection a. of this  
44 section shall end for each licensed facility operated by the licensee 30  
45 years after any investment alternative tax obligation is first incurred in  
46 connection with each licensed facility operated by the licensee, unless



1 extended in connection with a deferral granted by the Casino  
2 Reinvestment Development Authority pursuant to subsection c. of this  
3 section.

4 (cf: P.L.1996, c.118, s.3)

5

6 15. Section 13 of P.L.1984, c.218 (C.5:12-161) is amended to read  
7 as follows:

8 13. The Casino Reinvestment Development Authority shall have  
9 the following powers:

10 a. To adopt and have a common seal and to alter the same at  
11 pleasure;

12 b. To sue or be sued;

13 c. To acquire, hold, use and dispose of any eligible project in which  
14 it is making an investment;

15 d. To acquire, rent, hold, use, and dispose of other personal  
16 property for the purposes of the Casino Reinvestment Development  
17 Authority;

18 e. To acquire by purchase, gift, or otherwise, or lease as lessee,  
19 real property or easements or interests therein necessary or useful and  
20 convenient for the purposes of the Casino Reinvestment Development  
21 Authority which real property, easements or interests may be subject  
22 to mortgages, deeds of trust, or other liens or otherwise, and to hold  
23 and to use the same, and to dispose of the property so acquired no  
24 longer necessary for the purposes of the Casino Reinvestment  
25 Development Authority;

26 f. To make and enforce bylaws or rules and regulations for the  
27 management and regulation of its business and affairs and for the use,  
28 maintenance, and operation of any facility, and to amend the same;

29 g. To enter into any agreements or contracts, execute any  
30 instruments, and do and perform any acts or things necessary,  
31 convenient, or desirable for the purposes of the Casino Reinvestment  
32 Development Authority, including the entering into of agreements or  
33 contracts with any governmental unit to provide for the payment of  
34 principal of and interest on any obligation issued by that governmental  
35 unit, the maintenance of necessary reserves in connection with these  
36 obligations or the payments under any lease entered into in connection  
37 with any eligible project;

38 h. To determine eligibility for investments in eligible projects in  
39 order to accomplish the purposes of the Casino Reinvestment  
40 Development Authority;

41 i. To collect and invest any proceeds received under subsection b.  
42 of section 3 and section 14 of this act;

43 j. To invest in obligations of local governmental units issued to  
44 finance eligible projects, provided that the investment shall only be  
45 effected through direct negotiation by the Casino Reinvestment  
46 Development Authority with the local governmental unit;

1 k. To make agreements of any kind with any governmental unit or  
2 person for the use or operation of all or any part of any eligible  
3 project for consideration and for periods of time and upon other terms  
4 and conditions as the Casino Reinvestment Development Authority  
5 may fix and agree upon, which agreements may include a partnership,  
6 limited partnership, joint venture or association in which the Casino  
7 Reinvestment Development Authority is a general or limited partner  
8 or participant;

9 l. To require and collect fees and charges as the Casino  
10 Reinvestment Development Authority shall determine to be reasonable  
11 in connection with the exercise of any power given to the Casino  
12 Reinvestment Development Authority under the act;

13 m. To the extent permitted under a contract of the Casino  
14 Reinvestment Development Authority with purchasers of its bonds  
15 entered into pursuant to section 3 of this 1984 amendatory and  
16 supplementary act, to invest and reinvest any of its moneys not  
17 required for immediate use, including moneys received for the  
18 purchase of its bonds prior to the bonds being issued as it shall deem  
19 prudent. A pro rata share of  $66 \frac{2}{3}$  % of all interest earned by the  
20 Casino Reinvestment Development Authority on any such investments  
21 shall be paid to the licensees who entered into a contract with the  
22 Casino Reinvestment Development Authority for the purchase of its  
23 bonds and who contributed to the moneys which were received by the  
24 Casino Reinvestment Development Authority and were invested  
25 pursuant to this subsection. All functions, powers and duties relating  
26 to the investment or reinvestment of these funds, including the  
27 purchase, sale or exchange of any investments or securities, may, upon  
28 the request of the Casino Reinvestment Development Authority, be  
29 exercised and performed by the Director of the Division of  
30 Investment, in accordance with written directions of the Casino  
31 Reinvestment Development Authority signed by an authorized officer,  
32 without regard to any other law relating to investments by the Director  
33 of the Division of Investment;

34 n. To the extent permitted under the contract of the Casino  
35 Reinvestment Development Authority with the holders of its bonds, to  
36 invest and reinvest any of its moneys not required for immediate use,  
37 including proceeds from the sale of any obligations, securities or other  
38 investments as it shall deem prudent. All functions, powers and duties  
39 relating to the investment or reinvestment of these funds, including  
40 the purchase, sale or exchange of any investments or securities, may  
41 upon the request of the Casino Reinvestment Development Authority  
42 be exercised and performed by the Director of the Division of  
43 Investment, in accordance with written directions of the Casino  
44 Reinvestment Development Authority signed by an authorized officer,  
45 without regard to any other law relating to investments by the  
46 Director of the Division of Investment;

- 1 o. To enter into all agreements or contracts with any governmental  
2 unit or person, execute any instruments, and do and perform any acts  
3 or things necessary, convenient or desirable for the purposes of the  
4 Casino Reinvestment Development Authority to carry out any power  
5 expressly given in this act; [ and]  
6 p. To exercise the right of eminent domain in the city of Atlantic  
7 City;  
8 q. To meet and hold hearings at places as it shall designate[.] ; and  
9 r. To establish, develop, construct, acquire, own, operate, manage,  
10 promote, maintain, repair, reconstruct, restore, improve and otherwise  
11 effectuate, either directly or indirectly, through lessees, licensees or  
12 agents, projects consisting of facilities, at a site or sites within the  
13 State of New Jersey, that are related to, incidental to, necessary for or  
14 complementary to, the accomplishment of any of the purposes of the  
15 authority or of any project of the authority authorized in accordance  
16 with P.L.1984, c.218 (C.5:12-144.1 et seq.), as amended.  
17 (cf: P.L.1984, c.218, s.13)

18  
19 16. Section 3 of P.L.1991, c.376 (C.40:48-8.47) is amended to  
20 read as follows:

21 3. [The] Except as provided by P.L. , c. (C. ) (now before the  
22 Legislature as this bill), proceeds from the fees collected in any eligible  
23 municipality pursuant to this act shall be paid into a special fund which  
24 shall be established and held by the convention center operating  
25 authority which is empowered to operate the convention center  
26 facilities in the eligible municipality. Amounts in the special fund shall  
27 be expended by the convention center operating authority solely for  
28 the purpose of promoting tourism, conventions, resorts and casino  
29 gaming, if any, in the eligible municipality. Pending this application,  
30 monies in the fund shall be invested in accordance with law applicable  
31 to the convention center operating authority and the income therefrom  
32 shall be credited to the fund.  
33 (cf: P.L.1991, c.376, s.3)

34  
35 17. This act shall take effect on the 60th day next following  
36 enactment.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 3251

### STATE OF NEW JERSEY

### 209th LEGISLATURE

DATED: JULY 19, 2001

#### SUMMARY

**Synopsis:** Establishes the Casino Reinvestment Development Authority urban revitalization incentive program.

**Type of Impact:** Several, see below.

**Agencies Affected:** Division of Taxation; Casino Reinvestment Development Authority; City of Atlantic City; Convention Center Operating Authority.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>State Revenue</b>	Indeterminate. See discussion below.		
<b>Local Revenue</b>	Indeterminate. See discussion below.		

- ! The Office of Legislative Services (OLS) estimates that the grant incentives established by this legislation could result in the loss of potential State tax revenues of between \$6.6 million and \$36 million in the first year following enactment, but would be capped at \$15 million per year in subsequent years until 2022.
- ! If the tax incentives provided by the bill succeed in spurring hotel and retail development in Atlantic City, this loss may be offset or exceeded by an indeterminate increase in revenues from other State taxes, including the Casino Revenue Tax, the investment alternative tax obligation (or CRDA tax), and eventually the sales tax.
- ! In addition to the impact on State revenues, collections from the hotel room occupancy tax on casino hotels would be reallocated from the Atlantic City Convention Center Operating Authority's tourism promotion fund to provide grants to casino licensees with approved district projects.
- ! The loss of local revenues from the hotel room occupancy tax is expected to be offset by an increase in revenues from the existing nine percent Luxury Tax on occupied rooms and entertainment, and the three percent Luxury Tax on alcoholic beverages.

## BILL DESCRIPTION

Assembly Bill No. 3251 (1R) of 2001 establishes the "Casino Reinvestment Development Authority Urban Revitalization Program" in the Casino Reinvestment Development Authority (CRDA). The incentive program provides for district project grants for certain eligible casino licensees for development of up to six entertainment-retail districts in Atlantic City, each of which will entail a minimum of 150,000 square feet of space. Alternatively, district projects may be undertaken by the CRDA if fewer than six district projects are proposed by casino licensees.

In addition to undertaking an approved project, in order to be eligible for a district project grant a casino licensee must also agree to allocate a minimum of \$20 million to one or more approved entertainment-retail or community and housing development projects in an urban area outside of Atlantic City. The CRDA may also designate two such projects, one in South Jersey and one in North Jersey at its discretion. The licensee is further required to extend its investment alternative tax obligation with the CRDA from 30 to 35 years. The benefit of this additional five year period will be divided between Atlantic City (25 percent), South Jersey (25 percent), and North Jersey (50 percent).

The bill establishes the following funds to provide incentive grants to approved licensees:

- ! A "project fund" into which shall be deposited all sales and use tax receipts from: (1) the taxation of construction materials used for building an approved district project; and (2) retail sales of tangible personal property originating and delivered from business locations in a district project; and
- ! A "room fund" into which shall be deposited all revenues received from the hotel use fees (equal to \$2 per day per occupied room) which originate and are delivered from the casino-hotel facility of a casino licensee, and if applicable, from additional hotel rooms which are part of an approved district project.

<b>Summary of Incentives Proposed Under A-3251 (1R)</b>			
<b><u>Incentive</u></b>	<b><u>Revenue Source</u></b>	<b><u>Statutory Revenue Use</u></b>	<b><u>Proposed Use of Revenues</u></b>
<b>PROJECT FUND</b>	Sales tax on construction materials for approved district projects.	General Fund	Grants for casino licensees with approved district projects or for CRDA for approved project(s).
	Incremental retail sales tax from businesses located in a district project.	General Fund	Grants for casino licensees with approved district projects or for CRDA for approved project(s), until 2022.
<b>ROOM FUND</b>	Hotel use fees (\$2 per room) which originate from properties of casino licensee with approved district project.	Tourism promotion fund (Convention Center Operating Authority)	Annual grants to casino licensees with approved district projects or to CRDA for project(s), until 2022. To be allocated based on incremental luxury tax generated by licensee's district project.

Finally, the bill provides for the appropriation of such sums as are necessary from both the room fund and the project fund to the Division of Taxation and the Division of Revenue to carry out their responsibilities under the legislation.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The Office of Legislative Services (OLS) is unable to quantify the fiscal impact this legislation will have on either State or local revenues, as the projects to be undertaken, both in Atlantic City and outside of Atlantic City, are unknown. Moreover, the OLS cannot determine if the projects ultimately initiated within the time frame and of the scale prescribed would have occurred without the proposed incentives. The OLS can state, however, that the legislation will not reduce *existing* sales tax revenues. Whether it will divert future sales tax revenues that might have been generated anyway or will generate other additional revenues that will offset or exceed foregone sales tax collections is speculative. As a result, whether the incremental sales tax revenues dedicated to the newly established Project Fund represent a State subsidy for certain projects (i.e. projects which would have occurred anyway), or can be considered "revenue neutral" (i.e. projects which would not have occurred without incentives) cannot be stated with certainty.

However, *for the sole purpose of estimating the cost of project tax incentives, the OLS has assumed that all six district projects would have occurred irrespective of the legislation.* Based on this premise, the maximum loss to the State from foregone sales tax revenues attributable to the six proposed district projects could fall in the range of \$6.6 million to \$36 million in the first year and would be capped at \$15 million per year in subsequent years through 2022. With respect to year one, the low-end estimate assumes six projects of minimum scale (150,000 square feet each) while the high-end estimate reflects large scale projects of approximately 800,000 - 900,000 square feet each based on information provided by the CRDA.

The first year tax incentive estimate is limited to the sales tax rebate on construction materials.

At a minimum, this would equal \$1.1 million per project based on total estimated construction costs of approximately \$45 million for a project of minimum scale (150,000 sq. ft x \$300/sq. ft as per the CRDA), of which 40 percent (or \$18 million) is assumed to be taxable (based on industry data). Hence, applying the six percent State sales tax to the taxable base (\$18 million) yields \$1,080,000 *per project* to be deposited into the Project Fund, or a total of \$6.6 million for six projects. Alternatively, a more ambitious project, which the CRDA suggests could cost up to \$250 million (@800,000 - 900,000 square feet), would result in foregone sales tax revenues of about \$6.0 million *per project* (\$250 million x 40 percent taxable sales x 6.0 percent sales tax) for a total of \$36 million over six projects. Of course, the actual amount rebated will ultimately depend on the square footage and construction costs of approved projects and project costs, as determined by the CRDA.

In subsequent years, any potential loss is due exclusively to the incremental sales tax attributable to business conducted in the district project until 2022. The estimate assumes each project will generate sales sufficient to claim a maximum allowable grant of \$2.5 million (which requires \$42 million in taxable sales) for a total of \$15 million per year in foregone State sales tax revenues (\$2.5 million x 6 projects) or some \$300 million (unadjusted) over 20 years. (See summary table below.)



or local revenue of the magnitude indicated is likely to be offset or possibly exceeded by future revenues from other State and local taxes. Although the OLS cannot determine the net impact of any offsets (again, because details of the projects are unknown), anticipated increases in visitations to Atlantic City and in visitors' length of stay generated by the addition of retail-entertainment space could directly impact collections from the following taxes:

<b>Potential Offsetting State and Local Revenues</b>
--

- ! **Casino Revenue Tax:** An 8.0 percent tax on gross casino revenues. These revenues are deposited into the Casino Revenue Fund which provides for programs for seniors and the disabled.
- ! **Investment alternative tax obligation (CRDA tax):** A 1.25 percent tax on gross casino revenues paid to the CRDA for reinvestment, either directly or through the purchase of pool bonds, in development projects in Atlantic City and other regions of the State.
- ! **Parking Fees:** A \$1.50 per car per day fee for parking at a casino is utilized by the CRDA for improvements to the "Corridor" region of Atlantic City.
- ! **Sales tax:** Revenues from the six percent State sales tax on tangible goods and services (including lodging, food and drink, and retail sales, but excluding until 2022 the incremental sales tax revenues deposited into the Project Fund) benefit the State's General Fund. However, the benefit of additional retail sales generated in Atlantic City as a result of this legislation only holds to the degree that such sales reflect an absolute increase in sales Statewide as opposed to a mere shift of sales from one geographical region of the State to another. (To this end, ideally, sales would be generated by an increase in out-of-State visitors.)
- ! **Luxury tax:** A 9 percent tax imposed on occupied hotel rooms. Deposited into a "Luxury Tax fund" for the benefit of the Sports and Exposition Authority and Atlantic City convention center.
- ! **Local property taxes:** For retail establishments, market values are based on estimated annual sales. Market value is then taxed at a rate of \$2.957 per \$100 of sales.

Section: *Revenue, Finance and Appropriations*

Analyst: *Catherine Z. Brennan*  
*Senior Fiscal Analyst*

Approved: *Alan R. Kooney*  
*Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.



§§1-13  
C.5:12-173.9  
to 5:12-173.21  
§17  
Note to  
§§1-16

P.L. 2001, CHAPTER 221, *approved August 24, 2001*  
Senate, No. 2173 (*First Reprint*)

1 AN ACT concerning the Casino Reinvestment Development Authority  
2 and urban revitalization, amending and supplementing P.L.1984,  
3 c.218 (C.5:12-144.1 et seq.) and amending P.L.1991, c.376.  
4

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

7  
8 1. (New section) Sections 1 through 13 of P.L. , c. (C. )(now  
9 before the Legislature as this bill) shall be known and may be referred  
10 to as the "Casino Reinvestment Development Authority Urban  
11 Revitalization Act."  
12

13 2. (New section) The Legislature finds and declares that:

14 a. Legalized casino gambling was approved by New Jersey's voters  
15 in 1976 as a "unique tool of urban redevelopment" to facilitate the  
16 revitalization of Atlantic City and other distressed municipalities  
17 throughout the State;

18 b. The Legislature created the Casino Reinvestment Development  
19 Authority (the "CRDA") to oversee the investment of casino gambling  
20 revenues for development projects in Atlantic City and other areas  
21 throughout the State;

22 c. During the past 25 years, the development of Atlantic City's  
23 multi-billion dollar casino industry and the CRDA's investment of  
24 hundreds of millions of dollars in housing, commercial and nonprofit  
25 projects have greatly benefited the people of New Jersey and have  
26 served as a model for many other states and countries that wished to  
27 emulate Atlantic City's successful record of casino development and  
28 economic growth;

29 d. It is altogether fitting and proper on the occasion of the 25th  
30 year of legalized casino gaming in Atlantic City to establish a new  
31 program to facilitate the next phase of Atlantic City's development into  
32 a regional, national and international "destination resort" and at the  
33 same time, to insure that substantial commitments are made to projects  
34 to revitalize urban areas and promote continued economic growth  
35 throughout the State.

**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:**

**<sup>1</sup>Senate SBA committee amendments adopted March 15, 2001.**

1 3. (New section) As used in this act:

2 "Authority" means the Casino Reinvestment Development Authority  
3 established pursuant to P.L.1984, c.218 (C.5:12-153 et seq.);

4 "Baseline luxury tax revenue amount" or "baseline luxury tax"  
5 means the annual amount of luxury tax receipts received pursuant to  
6 P.L.1947, c.71 (C.40:48-8.15 et seq.) from the taxation of retail sales  
7 or sales at retail originating from transactions at an entertainment-  
8 retail district project for the last full calendar year preceding the year  
9 in which the district project opens under the incentive program;

10 "Casino hotel room fee fund" or "room fund" means the fund  
11 established by the State Treasurer pursuant to section 8 of  
12 P.L. , c. (C. ) (now before the Legislature as this bill) into which  
13 shall be deposited the proceeds of the hotel room use fees as specified  
14 pursuant to section 6 of P.L. , c. (C. ) (now before the Legislature  
15 as this bill);

16 "Casino reinvestment development authority urban revitalization  
17 incentive program" or "incentive program" means the program  
18 established pursuant to section 4 of P.L. , c. (C. ) (now before the  
19 Legislature as this bill) and administered by the authority to facilitate  
20 the development of entertainment-retail districts for the city of Atlantic  
21 City and to promote urban revitalization throughout the State;

22 "Commissioner" means the Commissioner of Community Affairs;

23 "Department" means the Department of Community Affairs;

24 "District project grant" or "grant" means an amount rebated to the  
25 authority pursuant to sections 7 or 8 of P.L. , c. (C. ) (now before  
26 the Legislature as this bill) for disbursement to a casino licensee that  
27 is approved by the authority for a district project or for retention by  
28 the authority for an approved district project sponsored by the  
29 authority;

30 "Entertainment-retail district" or "district" means one of six areas  
31 within Atlantic City, designated by the authority under the incentive  
32 program;

33 "Entertainment-retail district project" or "district project" means a  
34 project or projects to be developed by the authority or any casino  
35 licensed to operate in Atlantic City prior to January 1, 2001, including,  
36 but not necessarily limited to, a minimum of 150,000 square feet of  
37 public space, retail stores, entertainment venues and restaurants, and  
38 may include, in addition, casino hotels and public parking facilities  
39 approved by the authority under the incentive program, and may also  
40 include: the purchasing, leasing, condemning, or otherwise acquiring  
41 of land or other property, or an interest therein, approved by the  
42 authority pursuant to a project grant agreement or as an authority  
43 sponsored project, or as necessary for a right-of-way or other  
44 easement to or from the land or property, or the relocating and moving  
45 of persons displaced by the acquisition of the land or property; the  
46 rehabilitation and redevelopment of land or property, approved

1 pursuant to a project grant agreement or as an authority sponsored  
2 project, including demolition, clearance, removal, relocation,  
3 renovation, alteration, construction, reconstruction, installation or  
4 repair of a building, street, highway, alley, utility, service or other  
5 structure or improvement; the acquisition, construction,  
6 reconstruction, rehabilitation, or installation of parking and other  
7 improvements approved pursuant to a project grant agreement or as  
8 an authority sponsored project; and the costs associated therewith  
9 including the costs of an administrative appraisal, economic and  
10 environmental analyses or engineering, planning, design, architectural,  
11 surveying or other professional services approved pursuant to a  
12 project grant agreement or as part of an authority sponsored project;

13 "Entertainment-retail district project fund" or "project fund" means  
14 the fund established by the State Treasurer pursuant to section 7 of  
15 P.L. , c. (C. ) (now before the Legislature as this bill) into which  
16 shall be deposited an amount equivalent to the amount of receipts  
17 received from the taxation of retail sales from a district project and  
18 from the taxation of construction materials used for building a district  
19 project, as specified pursuant to section 5 of P.L. , c. (C. ) (now  
20 before the Legislature as this bill);

21 "Incremental luxury tax revenue amount" or "incremental luxury  
22 tax" means the amount by which the annual luxury tax receipts  
23 received pursuant to P.L.1947, c.71 (C.40:48-8.15 et seq.) from the  
24 taxation of retail sales or sales at retail originating from transactions  
25 at a district project in the year in which the district project opens under  
26 the incentive program, and in each year thereafter, exceed the baseline  
27 luxury tax, as determined by the State Treasurer; and

28 "Project grant agreement" means an agreement entered into  
29 between the authority and a casino licensee, pursuant to section 4 of  
30 P.L. , c. (C. ) (now before the Legislature as this bill), that sets  
31 forth the terms and conditions of approval for a district project and of  
32 eligibility for district project grants, as determined by the authority.

33  
34 4. (New section) a. There is established the incentive program  
35 that shall be administered by the authority. The purpose of the  
36 incentive program is to facilitate the development of entertainment-  
37 retail districts for the city of Atlantic City and to promote  
38 revitalization of other urban areas in the State. The provisions of  
39 section 30 of P.L.1984, c.218 (C.5:12-178) shall not apply to the  
40 incentive program established pursuant to this section. In order to  
41 implement the incentive program, the authority is authorized <sup>1</sup>to<sup>1</sup>  
42 accept applications from casino licensees on or before <sup>1</sup>[June 30,]  
43 September 1,<sup>1</sup> 2001 for approval of a district project and to designate  
44 by resolution up to six districts on or before September <sup>1</sup>[1,] 30,<sup>1</sup>  
45 2001 and to enter into project grant agreements with casino licensees  
46 to develop district projects within each district or to approve a district

1 project sponsored by the authority. The authority may disburse district  
2 project grants in accordance with sections 7 and 8 of P.L. , c. (C. )  
3 (now before the Legislature as this bill) to casino licensees with  
4 approved district projects or to the authority for an authority  
5 sponsored district project under the incentive program, if the authority  
6 determines that:

7 (1) construction of the district project will commence no later than  
8 June 30, 2002 <sup>1</sup>or as otherwise provided<sup>1</sup> pursuant to the project grant  
9 agreement with the authority, or pursuant to the district project plan  
10 approved by the authority for an authority sponsored district project;

11 (2) a proposed district project plan submitted pursuant to section  
12 10 of P.L. , c. (C. ) (now before the Legislature as this bill) is  
13 economically sound and will assist in the overall development of the  
14 city of Atlantic City and will benefit the people of New Jersey by  
15 increasing employment opportunities and strengthening New Jersey's  
16 economy;

17 (3) the disbursement of grants to a casino licensee is a material  
18 factor in the licensee's decision to go forward with a district project;  
19 and

20 (4) the casino licensee has agreed to invest a minimum of \$20  
21 million in its investment alternative tax obligations under section 3 of  
22 P.L.1984, c.218 (C.5:12-144.1), such obligation to be made in \$10  
23 million increments to one or more entertainment-retail projects, or  
24 housing and community development projects, approved by the  
25 authority and the department, in an urban area outside of Atlantic City,  
26 and designated by the commissioner as eligible for, and in need of the  
27 project, pursuant to section 11 of P.L. , c. (C. ) (now before the  
28 Legislature as this bill).

29 b. Notwithstanding any provision to the contrary in  
30 P.L. , c. (C. ) (now before the Legislature as this bill), the authority  
31 and the commissioner jointly may, in their discretion, also designate  
32 two entertainment-retail projects, one in North Jersey and one in  
33 South Jersey, as eligible for funds under the incentive program.

34  
35 5. (New section) a. Notwithstanding the provisions of any law,  
36 rule or regulation to the contrary, all revenues received pursuant to  
37 the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.)  
38 from the taxation of construction materials used for building a district  
39 project approved by the authority pursuant to a project grant  
40 agreement or for building a district project sponsored by the authority,  
41 and from the taxation of retail sales of tangible personal property and  
42 services originating from and delivered from business locations in a  
43 district project approved by the authority pursuant to a project grant  
44 agreement or from business locations in a district project sponsored by  
45 the authority, shall be deposited immediately upon collection by the  
46 Department of the Treasury in the project fund. <sup>1</sup>Contractors

1 purchasing materials and supplies for use in constructing a district  
2 project shall complete a form or certification prescribed by the  
3 Director of the Division of Taxation in the Department of the  
4 Treasury. The contractor shall identify the district project, materials,  
5 supplies, purchase price and New Jersey sales or use tax paid and  
6 provide such other information and receipts as the director may  
7 require. The forms or certificates shall be filed with the authority as  
8 documentation for a report, which the authority shall provide to the  
9 Division of Revenue and the Division of Taxation for revenue  
10 certification purposes. Approved casino licensees shall also provide  
11 to the authority, on a form prescribed by the Director of the Division  
12 of Taxation, the sales tax collected from sales made by vendors in a  
13 district project for each quarter. The authority shall provide a report  
14 to the Division of Revenue and Division of Taxation in the Department  
15 of the Treasury for revenue certification purposes.<sup>1</sup>

16 b. The revenues required to be deposited in the project fund under  
17 subsection a. of this section shall be used for the purposes of the  
18 project fund and for the uses prescribed in section 7 of P.L. , c. (C. )  
19 (now before the Legislature as this bill).

20

21 6. (New section) a. Notwithstanding the provisions of any law,  
22 rule or regulation to the contrary, all revenues received from hotel  
23 room use fees pursuant to P.L.1991, c.376 (C.40:48-8.45 et seq.),  
24 which originate from and are delivered from the casino-hotel facilities  
25 of the casino licensee with an approved district project, or of any  
26 casino licensee that has the same holding company as the casino  
27 licensee with the approved district project, pursuant to a project grant  
28 agreement, and in the case of a district project sponsored by the  
29 authority, all revenues received from the hotel room use fees which  
30 originate from and are delivered from hotel facilities located within the  
31 authority sponsored district project and designated as part of the  
32 approved district project, and if applicable, from additional hotel  
33 rooms that are approved by the authority as part of the district project,  
34 shall be paid immediately upon collection to the Department of the  
35 Treasury which shall deposit the revenues into the room fund.

36 b. The revenues required to be deposited in the room fund under  
37 subsection a. of this section shall be used for the purposes of the room  
38 fund and for the uses prescribed in section 8 of P.L. , c. (C. ) (now  
39 before the Legislature as this bill).

40

41 7. (New section) a. There is created a dedicated, nonlapsing  
42 project fund to be held by the State Treasurer, which shall be the  
43 repository for all moneys required to be deposited therein under  
44 section 5 of P.L. , c. (C. ) (now before the Legislature as this bill)  
45 and any moneys appropriated or otherwise made available to the  
46 project fund.

1 b. All moneys deposited in the project fund shall be held and  
2 disbursed, subject to the requirements of section 11 of P.L., c (C .)  
3 (now before the Legislature as this bill), in the form of district project  
4 grants as follows:

5 (1) an amount from the project fund equivalent to the total  
6 revenues received pursuant to the "Sales and Use Tax Act,"  
7 P.L.1966, c.30 (C.54:32B-1 et seq.) from the taxation of construction  
8 materials used for building a district project approved by the authority  
9 pursuant to a project grant agreement, or for building a district project  
10 sponsored by the authority, shall be rebated in the form of a one-time  
11 grant to the authority for disbursement to the casino licensee with an  
12 approved district project or to the authority for an authority sponsored  
13 district project;

14 (2) an amount from the project fund equivalent to the total  
15 revenues received pursuant to the "Sales and Use Tax Act," P.L.1966,  
16 c.30 (C.54:32B-1 et seq.) from the taxation of retail sales of tangible  
17 property and services originating from and delivered from business  
18 locations in a district project approved by the authority pursuant to a  
19 project grant agreement or from business locations in a district project  
20 sponsored by the authority, shall be rebated in the form of annual  
21 grants to the authority for disbursement to the casino licensee with an  
22 approved district project, or to the authority for an authority  
23 sponsored district project, with each annual grant not to exceed \$2.5  
24 million per district project and payable annually until December 31,  
25 2022, or until the date on which the combined total of grants disbursed  
26 under this section and under section 8 of P.L. , c. (C. )(now before  
27 the Legislature as this bill) equals the approved cost of the district  
28 project, as determined by the authority, whichever is earlier;

29 (3) the balance of the revenues in the project fund shall be  
30 deposited in the General Fund if the authority, in consultation with the  
31 State Treasurer, determines that the revenues are no longer needed for  
32 the purposes of the project fund or for the uses prescribed in  
33 P.L. , c. (C. ) (now before the Legislature as this bill).

34 c. The State Treasurer may invest and reinvest any moneys in the  
35 project fund, or any portion thereof, in legal obligations of the United  
36 States or of the State or any political subdivision thereof. Any income  
37 from, interest on, or increment to moneys so invested or reinvested  
38 shall be included in the project fund.

39  
40 8. (New section) a. There is created a dedicated, nonlapsing room  
41 fund to be held by the State Treasurer, which shall be the repository  
42 for all moneys required to be deposited therein under section 6 of  
43 P.L. , c. (C .) (now before the Legislature as this bill) and any  
44 moneys appropriated or otherwise made available to the room fund.

45 b. All moneys deposited in the room fund shall be held and  
46 disbursed, subject to the requirements of section 11 of

1 P.L. , c. (C. ) (now before the Legislature as this bill), in the  
2 form of district projects grants as follows:

3 (1) an amount from the room fund equivalent to the incremental  
4 luxury tax for a district project approved by the authority pursuant to  
5 a project grant agreement or for a district project sponsored by the  
6 authority, shall be rebated in the form of annual grants from the room  
7 fund to the authority for disbursement to the casino licensee with an  
8 approved district project, or to the authority for an authority  
9 sponsored district project, and shall be payable annually until  
10 December 31, 2022, or until the date on which the combined total of  
11 grants disbursed under this section and under section 7 of  
12 P.L. , c. (C. )(now before the Legislature as this bill) equals the  
13 approved cost of the district project, as determined by the authority,  
14 whichever is earlier;

15 (2) the balance of the revenues in the room fund shall be deposited  
16 in the <sup>1</sup>[General Fund] special fund established pursuant to section 3  
17 of P.L.1991, c.376 (C.40:48-8.47)<sup>1</sup> if the authority, in consultation  
18 with the State Treasurer, determines that the revenues are no longer  
19 needed for the purposes of the room fund or for the uses prescribed in  
20 P.L. , c. (C. ) (now before the Legislature as this bill).

21 c. The State Treasurer may invest and reinvest any moneys in the  
22 room fund, or any portion thereof, in legal obligations of the United  
23 States or of the State or any political subdivision thereof. Any income  
24 from, interest on, or increment to moneys so invested or reinvested  
25 shall be included in the room fund.

26

27 9. (New section) a. The State Treasurer shall maintain separate  
28 accounts in the project fund and room fund for each casino licensee  
29 approved by the authority for a district project, and for the authority  
30 in the event the authority sponsors a district project, and shall credit  
31 to each account an amount of the moneys deposited in each fund equal  
32 to the appropriate share of revenues collected from the taxation of  
33 construction materials and retail sales and services, as provided in  
34 section 7 of P.L. , c. (C. ) (now before the Legislature as this bill),  
35 and from hotel room fees, as provided in section 8 of P.L. , c. (C. )  
36 (now before the Legislature as this bill), or that amount of moneys  
37 appropriated to the funds or otherwise made available to the funds,  
38 and required to be credited to the casino licensee's or the authority's  
39 project fund account or room fund account.

40 b. The <sup>1</sup>Director of the Division of Taxation in consultation with  
41 the<sup>1</sup> State Treasurer shall promulgate such rules and regulations  
42 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
43 (C.52:14B-1 et seq.) as are necessary to govern the administration of  
44 the project fund and room fund for the purposes of P.L. , c. (C. )  
45 (now before the Legislature as this bill). <sup>1</sup>In addition, the Director of  
46 the Division of Taxation and the Director of the Division of Revenue

1 are authorized to prescribe forms and procedures and to require any  
2 person to provide any information necessary to enforce and administer  
3 the provisions of this act.

4 c. The amount necessary to provide for tax collection,  
5 administrative and enforcement costs incurred by the Division of  
6 Taxation and the Division of Revenue, to meet the requirements of  
7 P.L. , c. (C. )(now before the Legislature as this bill) shall be  
8 annually appropriated from the project fund and the room fund, subject  
9 to the approval of the Director of the Division of Budget and  
10 Accounting in the Department of the Treasury.<sup>1</sup>

11  
12 10. (New section) a. A casino licensee or the authority, as  
13 appropriate, shall submit a proposed district project plan for approval  
14 by the authority under the incentive program.

15 b. A proposed district project plan submitted under subsection a.  
16 of this section shall include, but not necessarily be limited to:

17 (1) A description of the proposed district project;

18 (2) An estimate of the total project costs and an estimate of the  
19 annual amounts of district project grants anticipated under the  
20 incentive program for the casino licensee or the authority;

21 (3) A statement of any other revenue sources to be used to finance  
22 the development of a district project;

23 (4) A statement of the time needed to complete a district project;  
24 and

25 (5) A statement of the impact that the proposed district project is  
26 expected to have on the city of Atlantic City.

27  
28 11. (New section) a. A casino licensee shall submit a proposal to  
29 the authority and to the department for an entertainment- retail project  
30 or community and housing development project in an urban area  
31 outside of Atlantic City, consistent with the requirements of paragraph  
32 (4) of subsection a. of section 4 of P.L. , c. (C. ) (now before the  
33 Legislature as this bill), that will further the development and  
34 revitalization of an urban area designated by the department as eligible  
35 for, and in need of, the proposed project. The department shall  
36 evaluate the proposal and determine whether the proposed project  
37 meets the department's project criteria, and the authority shall evaluate  
38 the proposal and determine whether the proposal project meets the  
39 authority's project criteria for approval of urban development projects  
40 outside of the city of Atlantic City under the incentive program. The  
41 authority and the commissioner jointly may, in their discretion, also  
42 designate two entertainment-retail projects, one in North Jersey and  
43 one in South Jersey, as eligible for funds under the incentive program.

44 b. The commissioner and the authority are authorized to approve  
45 the proposed project submitted under subsection a. of this section if  
46 the commissioner and the authority determine that the project meets



1 the criteria established by the department and the authority,  
2 respectively. Upon approval by the commissioner, the State Treasurer  
3 shall annually, upon receipt of a written statement from the department  
4 certifying the satisfactory status of the project, rebate the district  
5 project grants to the authority for disbursement to casino licensees  
6 under the incentive program.

7 c. The authority and the commissioner shall give preference to  
8 those proposed projects that best leverage non-authority funds for the  
9 total construction project cost.

10  
11 12. (New section) Notwithstanding any provision to the contrary  
12 in P.L. , c. (C. ) (now before the Legislature as this bill), in the  
13 event that fewer than six district projects are proposed by casino  
14 licensees, and approved by the authority, the authority may sponsor a  
15 district project which meets the criteria of paragraphs (1) and (2) of  
16 subsection a. of section 4 of P.L. , c. (C. ) (now before the  
17 Legislature as this bill), and in that event, paragraphs (3) and (4) of  
18 subsection a. of section 4 of P.L. , c. (C. ) are not applicable to the  
19 authority and the grants otherwise payable to a casino licensee  
20 pursuant to paragraphs (1) and (2) of subsection b. of section 7 and  
21 paragraph (1) of subsection b. of section 8 of P.L. , c. (C. ) (now  
22 before the Legislature as this bill) shall be payable to the authority.

23  
24 13. (New section) a. Notwithstanding the provisions of any  
25 other law to the contrary, if a district project of a casino licensee is  
26 approved by the authority under the incentive program established by  
27 section 4 of P.L. , c. (C. ) (now before the Legislature as this bill), the  
28 investment alternative tax imposed by subsection a. of section 3 of  
29 P.L.1984, c.218 (C.5:12-144.1), and any credits which may by law be  
30 applied against that tax, shall end for the casino licensee's licensed  
31 facility, as determined by the authority, 35 years after any investment  
32 alternative tax obligation is first incurred in connection with the  
33 licensed facility operated by the licensee.

34 b. During the additional five years of a casino licensee's investment  
35 alternative tax obligations required pursuant to subsection a. of this  
36 section, the total of the proceeds of all bonds purchased by a licensee  
37 from or through the authority and all approved investments in eligible  
38 projects by a licensee shall be devoted to the financing of projects in  
39 the following areas and amounts: a) 25% for the city of Atlantic City;  
40 b) 25% for South Jersey and c) 50% for North Jersey.

41  
42 14. Section 3 of P.L.1984, c.218 (C.5:12-144.1) is amended to  
43 read as follows:

44 3. a. (1) Commencing with the first annual tax return of a licensee  
45 for any calendar year beginning after December 31, 1983, there is  
46 imposed an investment alternative tax on the gross revenues as defined

1 in section 24 of P.L.1977, c.110 (C.5:12-24) of the licensee in the  
2 amount of 2.5% of those gross revenues. The tax imposed with  
3 respect to each calendar year shall be due and payable on the last day  
4 of April next following the end of the calendar year. The State  
5 Treasurer shall have a lien against the property constituting the casino  
6 of a licensee for the amount of any tax not paid when due. No tax  
7 shall be imposed, however, on the gross revenues received by a  
8 licensee during the first 12 months of the operation of any casino that  
9 commences operation after January 1, 1984, but prior to the effective  
10 date of this act, P.L.1996, c.118 (C.5:12-173.3a et al.).

11 (2) A licensee shall pay to the State Treasurer on or before the  
12 15th day of the first, fourth, seventh, and 10th months of each year as  
13 partial payment of the investment alternative tax imposed pursuant to  
14 paragraph (1) of this subsection an amount equal to 1.25% of the  
15 estimated gross revenues for the three-month period immediately  
16 preceding the first day of those months. The moneys received shall be  
17 placed in an escrow account and shall be held until the licensee directs  
18 that the moneys be transferred to the Casino Reinvestment  
19 Development Authority for the purchase of bonds issued by or offered  
20 through the Casino Reinvestment Development Authority or pursuant  
21 to a contract for such a purchase, be made available to the licensee for  
22 a direct investment approved by the authority, or be transferred to the  
23 Casino Revenue Fund as partial payment of the investment alternative  
24 tax imposed pursuant to paragraph (1) of this subsection. Any interest  
25 derived from the moneys in the escrow account shall be paid or made  
26 available to the Casino Revenue Fund. If a licensee fails to pay the  
27 amount due or underpays by an unjustifiable amount, the Casino  
28 Control Commission shall impose a fine of 5% of the amount due or  
29 of the underpayment, as the case may be, for each month or portion  
30 thereof the licensee is in default of payment, up to 25% of the amount  
31 in default. Any fine imposed shall be paid to the Casino Reinvestment  
32 Development Authority and shall be used for the purposes of this 1984  
33 amendatory and supplementary act.

34 b. Each licensee shall be entitled to an investment tax credit against  
35 the tax imposed by subsection a. of this section, provided the licensee  
36 shall pay over the moneys required pursuant to section 5 of P.L.1993,  
37 c.159 (C.5:12-173.5): (1) for the first 10 years of a licensee's tax  
38 obligation, in an amount equal to twice the purchase price of bonds  
39 issued by the Casino Reinvestment Development Authority pursuant  
40 to sections 14 and 15 of this 1984 amendatory and supplementary act,  
41 purchased by the licensee, or twice the amount of the investments  
42 authorized in lieu thereof, and (2) for the remainder of a licensee's tax  
43 obligation, in an amount equal to twice the purchase price of bonds  
44 issued by the Casino Reinvestment Development Authority pursuant  
45 to sections 14 and 15 of this 1984 amendatory and supplementary act,  
46 purchased by the licensee, or twice the amount of the investments

1 authorized in lieu thereof, and twice the amount of investments made  
2 by a licensee in other approved eligible investments made pursuant to  
3 section 25 of this act. The Casino Reinvestment Development  
4 Authority shall have the power to enter into a contract or contracts  
5 with a licensee pursuant to which the Casino Reinvestment  
6 Development Authority agrees to issue and sell bonds to the licensee,  
7 and the licensee agrees to purchase the bonds issued by or offered  
8 through the Casino Reinvestment Development Authority, in annual  
9 purchase price amounts as will constitute a credit against at least 50%  
10 of the tax to become due in any future year or years. The contract  
11 may contain those terms and conditions relating to the terms of the  
12 bonds and to the issuance and sale of the bonds to the licensee as the  
13 Casino Reinvestment Development Authority shall deem necessary or  
14 desirable. The contract shall not be deemed to be in violation of  
15 section 104 of P.L.1977, c.110 (C.5:12-104). After the first 10 years  
16 of a licensee's investment alternative tax obligation, a licensee will  
17 have the option of entering into a contract with the Casino  
18 Reinvestment Development Authority to have its tax credit comprised  
19 of direct investments in approved eligible projects. These direct  
20 investments shall not comprise more than 50% of a licensee's eligible  
21 tax credit in any one year.

22 The entering of a contract pursuant to this section shall be sufficient  
23 to entitle a licensee to an investment tax credit for the appropriate tax  
24 year.

25 c. A contract entered into between a licensee and the Casino  
26 Reinvestment Development Authority may provide for a deferral of  
27 payment for and delivery of bonds required to be purchased and for a  
28 deferral from making approved eligible investments in any year, but no  
29 deferral shall occur more than two years consecutively. A deferral of  
30 payment for any bonds required to be purchased by a licensee and a  
31 deferral from making approved eligible investments may be granted by  
32 the Casino Reinvestment Development Authority only upon a  
33 determination by the Casino Control Commission that purchase of  
34 these bonds or making approved eligible investments would cause  
35 extreme financial hardship to the licensee and a determination by the  
36 Casino Reinvestment Development Authority that the deferral of the  
37 payment would not violate any covenant or agreement or impair any  
38 financial obligation of the Casino Reinvestment Development  
39 Authority. The contract may establish a late payment charge to be  
40 paid in the event of deferral or other late payment at a rate as shall be  
41 agreed to by the Casino Reinvestment Development Authority. If a  
42 deferral of purchase or investment is granted, the licensee shall be  
43 deemed to have made the purchase or investment at the time required  
44 by the contract, except that if the purchase is not made at the time to  
45 which the purchase or investment was deferred, then the licensee shall  
46 be deemed not to have made the purchase or investment. The Casino

1 Control Commission shall adopt regulations establishing a uniform  
2 definition of extreme financial hardship applicable to all these  
3 contracts. If a licensee petitions the Casino Reinvestment  
4 Development Authority for a deferral, the Casino Reinvestment  
5 Development Authority shall give notice of that petition to the Casino  
6 Control Commission and to the Division of Gaming Enforcement  
7 within three days of the filing of the petition. The Casino Control  
8 Commission shall render a decision within 60 days of notice as to  
9 whether the licensee has established extreme financial hardship, after  
10 consultation with the Division of Gaming Enforcement. The Casino  
11 Reinvestment Development Authority shall render a decision as to the  
12 availability of the deferral within 10 days of the receipt by it of the  
13 decision of the Casino Control Commission and shall notify the  
14 Division of Gaming Enforcement and the Casino Control Commission  
15 of that decision. If a deferral is granted, the Casino Reinvestment  
16 Development Authority may determine whether the purchases or  
17 investments shall be made in a lump sum, made over a period of years,  
18 or whether the period of obligation shall be extended an additional  
19 period of time equivalent to the period of time deferred.

20 d. The license of any licensee which has defaulted in its obligation  
21 to make any purchase of bonds or investment in any approved eligible  
22 project under a contract entered into pursuant to subsection b. of this  
23 section for a period of 90 days may be suspended by the Casino  
24 Control Commission until that purchase is made or deferred in  
25 accordance with subsection b. of this section, or a fine or other penalty  
26 may be imposed upon the licensee by the commission. If the Casino  
27 Control Commission elects not to suspend the license of a licensee  
28 after the licensee has first defaulted in its obligation but instead  
29 imposes some lesser penalty and the licensee continues to be in default  
30 of its obligation after a period of 30 additional days and after any  
31 additional 30-day period, the commission may impose another fine or  
32 penalty upon the licensee, which may include suspension of that  
33 licensee's license. The fine shall be 5% of the amount of the obligation  
34 owed for each month or portion thereof a licensee is in default, up to  
35 25% of that obligation; shall be paid to the Casino Reinvestment  
36 Development Authority; and shall be used for the purposes of this  
37 1984 amendatory and supplementary act.

38 e. A contract entered into by a licensee and the Casino  
39 Reinvestment Development Authority pursuant to subsection b. of this  
40 section may provide that after the first 10 years of a licensee's  
41 investment alternative tax obligation imposed by subsection a. of this  
42 section, the Casino Reinvestment Development Authority may  
43 repurchase bonds previously sold to the licensee, which were issued  
44 after the 10th year of a licensee's investment alternative tax obligation,  
45 by the Casino Reinvestment Development Authority, if the Casino  
46 Reinvestment Development Authority determines that the repurchase

1 will not violate any agreement or covenant or impair any financial  
 2 obligation of the Casino Reinvestment Development Authority and  
 3 that the licensee will reinvest the proceeds of the resale in an eligible  
 4 project approved by the Casino Reinvestment Development Authority.

5 f. (1) During the 30 years a licensee is obligated to pay an  
 6 investment alternative tax pursuant to subsection k. of this section, the  
 7 total of (a) the proceeds of all bonds purchased by a licensee from or  
 8 through the Casino Reinvestment Development Authority and (b) all  
 9 approved investments in eligible projects by a licensee shall be devoted  
 10 to the financing of projects in the following areas and amounts:

11

12 Areas	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.
13	1-3	4-5	6-10	11-15	16-20	21-25	26-30
14 a) Atlantic City	100%	90%	80%	50%	30%	20%	
15							
16 b) South Jersey		8%	12%	28%	43%	45%	
17							
18 c) North Jersey		2%	8%	22%	27%	35%	35%
19							
20 d) Atlantic City through the Atlantic City Fund							65%,

21

22 except that, with respect to the obligations for calendar years 1994  
 23 through 1998, the amount allocated for the financing of projects in  
 24 North Jersey from each casino licensee's obligation shall be the amount  
 25 allocated for calendar year 1993, and the difference between that  
 26 amount and the amount to be allocated to North Jersey, on the basis  
 27 of the above schedule, from each casino licensee's obligations for  
 28 calendar years 1994 through 1998 shall be paid into or credited to the  
 29 Atlantic City Fund established by section 44 of P.L.1995, c.18  
 30 (C.5:12-161.1) and be devoted to the financing of projects in Atlantic  
 31 City through that fund. For the purposes of this paragraph, "South  
 32 Jersey" means the counties of Atlantic, Burlington, Camden, Cape  
 33 May, Cumberland, Gloucester, Mercer, Ocean, and Salem; and "North  
 34 Jersey" means the remaining 12 counties of the State. For the purposes  
 35 of this 1984 amendatory and supplementary act, bond "proceeds"  
 36 means all funds received from the sale of bonds and any funds  
 37 generated or derived therefrom.

38 In the financing of projects outside Atlantic City, the Casino  
 39 Reinvestment Development Authority shall give priority to the  
 40 revitalization of the urban areas of this State in the ways specified in  
 41 section 12 of this 1984 amendatory and supplementary act. Those  
 42 areas shall include, but not be limited to, all municipalities qualifying  
 43 for aid pursuant to P.L.1978, c.14 (C.52:27D-178 et seq.).

44 Within nine months from the effective date of this 1984 amendatory  
 45 and supplementary act, the Casino Reinvestment Development  
 46 Authority shall determine the allocation of projected available moneys

1 to municipalities in South Jersey for the first seven years of their  
2 receipt of funds, giving priority to the revitalization of the urban areas  
3 of the region. Municipalities receiving such an allocation shall present  
4 to the Casino Reinvestment Development Authority for its approval  
5 comprehensive plans or projects for which the allocations shall be  
6 used. Any such comprehensive plan or project may be submitted to  
7 the Casino Reinvestment Development Authority for a determination  
8 of eligibility at any time prior to the year for which the funds are  
9 allocated, and the Casino Reinvestment Development Authority shall  
10 make a determination of eligibility of the plan or project within a  
11 reasonable amount of time. If the Casino Reinvestment Development  
12 Authority makes a positive determination of eligibility for any  
13 comprehensive plan or project, or combination of comprehensive plans  
14 or projects, for any municipality whose total cost exceeds the amount  
15 allocated to that municipality for the first seven years of the receipt of  
16 funds by South Jersey municipalities, the Casino Reinvestment  
17 Development Authority shall make available sufficient funds in  
18 subsequent years necessary to complete those plans or projects, or to  
19 complete that portion of the plan or project originally agreed to be  
20 funded through the Casino Reinvestment Development Authority, from  
21 funds received by the Casino Reinvestment Development Authority in  
22 the years following the seventh year of the receipt of funds by South  
23 Jersey municipalities. If the comprehensive plan or project is  
24 determined by the Casino Reinvestment Development Authority not to  
25 be an eligible plan or project, the municipality may submit any other  
26 comprehensive plan or project for a determination of eligibility. If,  
27 however, the municipality fails to receive a positive determination of  
28 eligibility for any comprehensive plan or project, or combination of  
29 comprehensive plans or projects, sufficient to exhaust the total  
30 allocation to that municipality for any year prior to April 30 of the  
31 following year for which the allocation was made, the allocation to  
32 that municipality for that year shall cease, and the Casino  
33 Reinvestment Development Authority may apply those excess funds to  
34 any other comprehensive plan or project in any other municipality in  
35 the region whose comprehensive plan or project has received a  
36 positive determination of eligibility by the Casino Reinvestment  
37 Development Authority.

38 Within 36 months from the effective date of this 1984 amendatory  
39 and supplementary act, the Casino Reinvestment Development  
40 Authority shall determine the allocation of projected available moneys  
41 to municipalities in North Jersey for the first five years of their receipt  
42 of funds, giving priority to the revitalization of the urban areas of the  
43 region. Municipalities receiving such an allocation shall present to the  
44 Casino Reinvestment Development Authority for its approval  
45 comprehensive plans or projects for which the allocations shall be  
46 used. Any such comprehensive plan or project may be submitted to

1 the Casino Reinvestment Development Authority for a determination  
2 of eligibility at any time prior to the year for which the funds are  
3 allocated, and the Casino Reinvestment Development Authority shall  
4 make a determination of eligibility of the plan or project within a  
5 reasonable amount of time. If the Casino Reinvestment Development  
6 Authority makes a positive determination of eligibility for any  
7 comprehensive plan or project, or combination of comprehensive plans  
8 or projects, for any municipality whose total cost exceeds the amount  
9 allocated to that municipality for the first five years of the receipt of  
10 funds by North Jersey municipalities, the Casino Reinvestment  
11 Development Authority shall make available sufficient funds in  
12 subsequent years necessary to complete those plans or projects, or to  
13 complete that portion of the plan or project originally agreed to be  
14 funded through the Casino Reinvestment Development Authority, from  
15 funds received by the Casino Reinvestment Development Authority in  
16 the years following the fifth year of the receipt of funds by North  
17 Jersey municipalities. If the comprehensive plan or project is  
18 determined by the Casino Reinvestment Development Authority not to  
19 be an eligible plan or project, the municipality may submit any other  
20 comprehensive plan or project for a determination of eligibility. If,  
21 however, the municipality fails to receive a positive determination of  
22 eligibility for any comprehensive plan or project, or combination of  
23 comprehensive plans or projects, sufficient to exhaust the total  
24 allocation to that municipality for any year prior to April 30 of the  
25 following year for which the allocation was made, the allocation to  
26 that municipality for that year shall cease, and the Casino  
27 Reinvestment Development Authority may apply those excess funds to  
28 any other comprehensive plan or project in any other municipality in  
29 the region whose comprehensive plan or project has received a  
30 positive determination of eligibility by the Casino Reinvestment  
31 Development Authority.

32 (2) Commencing with the first year in which a licensee incurs a tax  
33 obligation pursuant to this section, and for the period of two years  
34 thereafter, 100% of the proceeds of all bonds purchased by a licensee  
35 from the Casino Reinvestment Development Authority which are  
36 devoted to the financing of projects in the city of Atlantic City  
37 pursuant to paragraph (1) of this subsection shall be used exclusively  
38 to finance the rehabilitation, development, or construction of, or to  
39 provide mortgage financing of, housing facilities in the city of Atlantic  
40 City for persons or families of low through middle income, as defined  
41 in this subsection. For the purposes of this subsection, the  
42 "rehabilitation, development, or construction of housing facilities"  
43 shall include expenses attributable to site preparation, infrastructure  
44 needs and housing-related community facilities and services, including  
45 supporting commercial development. Commencing with the fourth  
46 year in which a licensee incurs a tax obligation pursuant to this

1 subsection, 50% of the proceeds of all bonds purchased by a licensee  
2 from the Casino Reinvestment Development Authority which are  
3 devoted to the financing of projects in the city of Atlantic City shall be  
4 used exclusively to finance the rehabilitation, development, or  
5 construction of housing facilities in the city of Atlantic City for  
6 persons or families of low through middle income. Commencing with  
7 the 11th year in which a licensee incurs a tax obligation pursuant to  
8 this section, 50% of the annual aggregate of the proceeds of bonds  
9 purchased by a licensee from the Casino Reinvestment Development  
10 Authority which are devoted to the financing of projects in the city of  
11 Atlantic City and investments in approved eligible projects commenced  
12 by a licensee in the city of Atlantic City shall be used exclusively to  
13 finance the rehabilitation, development, or construction of, or to  
14 provide mortgage financing of, housing facilities in the city of Atlantic  
15 City for persons or families of low through middle income.

16 (3) The Legislature finds that it is necessary to provide for a  
17 balanced community and develop a comprehensive housing program.  
18 The Casino Reinvestment Development Authority shall determine the  
19 need for housing in the city of Atlantic City, in consultation with the  
20 city of Atlantic City and specifically its zoning and planning boards.  
21 This shall include determining the types and classes of housing to be  
22 constructed and the number of units of each type and class of housing  
23 to be built. The Casino Reinvestment Development Authority shall  
24 give priority to the housing needs of the persons and their families  
25 residing in the city of Atlantic City in 1983 and continuing such  
26 residency through the effective date of this 1984 amendatory and  
27 supplementary act. The actual percentage of the proceeds of bonds  
28 and investments in approved eligible projects commenced by a licensee  
29 in the city of Atlantic City, which shall be used exclusively to finance  
30 the rehabilitation, development, or construction of, or to provide  
31 mortgage financing of, housing facilities in the city of Atlantic City for  
32 persons or families of low through middle income, shall be based upon  
33 the authority's determination of the need for housing in the city of  
34 Atlantic City conducted pursuant to this subsection. Once the housing  
35 needs of the persons residing in the city of Atlantic City in 1983 and  
36 continuing such residency through the effective date of this 1984  
37 amendatory and supplementary act have been met, as determined by  
38 the Casino Reinvestment Development Authority pursuant to this  
39 subsection, any required percentages for such housing in the city of  
40 Atlantic City may, in its sole discretion, be waived by the Casino  
41 Reinvestment Development Authority. To aid the Casino  
42 Reinvestment Development Authority in making these determinations,  
43 the Casino Reinvestment Development Authority shall review the  
44 proposal for a housing redevelopment program and strategy for the  
45 city of Atlantic City approved and adopted by the Casino Control  
46 Commission and shall give priority to same and any other plan or



1 project which is consistent with the standards of this subsection and is  
2 acceptable to the Casino Reinvestment Development Authority,  
3 pursuant to section 25 of this 1984 amendatory and supplementary act.  
4 The Casino Reinvestment Development Authority may determine  
5 whether the funds used to finance housing facilities in the city of  
6 Atlantic City for persons or families of low, moderate, median range,  
7 and middle income are derived from the proceeds of bonds purchased  
8 by a licensee from the Casino Reinvestment Development Authority to  
9 be devoted to the financing of projects in the city of Atlantic City,  
10 investments in approved eligible projects commenced by a licensee in  
11 the city of Atlantic City, or a combination of both. Any investment  
12 made by a licensee in excess of 100% of its eligible investment tax  
13 credit during the first three years and in excess of 50% thereafter in  
14 either the purchase of bonds or direct investments in approved eligible  
15 projects for low, moderate, median range, and middle income family  
16 housing facilities in the city of Atlantic City may be carried forward  
17 and credited against the licensee's obligation to make a 100%  
18 investment during the first three years and 50% thereafter in low,  
19 moderate, median range, and middle income family housing in any  
20 future year, with the approval of the Casino Reinvestment  
21 Development Authority. For the purposes of this act, "low income  
22 families" means families whose income does not exceed 50% of the  
23 median income of the area, with adjustments for smaller and larger  
24 families. "Moderate income families" means families whose income  
25 does not exceed 80% and is not less than 50% of the median income  
26 for the area, with adjustments for smaller and larger families. "Median  
27 range income families" means families whose income does not exceed  
28 120% and is not less than 80% of the median income for the area, with  
29 adjustments for smaller and larger families. "Middle income families"  
30 means families whose income does not exceed 150% and not less than  
31 120% of the median income for the area, with adjustments for smaller  
32 and larger families. "Median income" means an income defined as  
33 median within the Standard Metropolitan Statistical Area for Atlantic  
34 City by the United States Department of Housing and Urban  
35 Development.

36 In order to achieve a balanced community, the authority shall  
37 ensure that the development of housing for families of low and  
38 moderate income shall proceed at the same time as housing for families  
39 of median range and middle income, until such time as there is no  
40 longer a need for such facilities in the city of Atlantic City, as  
41 determined by the Casino Reinvestment Development Authority.

42 (4) Notwithstanding any other law or section to the contrary,  
43 particularly this subsection regarding the waiver of the required  
44 percentages for housing in the city of Atlantic City, subsection i. of  
45 section 14, and sections 26, 27, 28, 29, and 31 of this 1984  
46 amendatory and supplementary act, nothing shall be implemented or

1 waived by the Casino Reinvestment Development Authority which  
2 would reduce, impair, or prevent the fulfillment of the priorities  
3 established and contained in this subsection of this 1984 amendatory  
4 and supplementary act.

5 g. If a person is a licensee with regard to more than one approved  
6 hotel pursuant to section 82 of P.L.1977, c.110 (C.5:12-82), the  
7 person shall separately account for the gross revenues, the investment  
8 alternative tax obligations, and the investments for a tax credit against  
9 the investment alternative tax for each approved hotel, and the tax  
10 obligations of the licensee under this section shall be determined  
11 separately for each approved hotel. The licensee may apportion  
12 investments between its approved hotels; provided that no amount of  
13 investment shall be credited more than once. If a licensee receives the  
14 prior approval of the Casino Reinvestment Development Authority, the  
15 licensee may make eligible investments in excess of the investments  
16 necessary to receive a tax credit against the investment alternative tax  
17 for a given calendar year, and the licensee may carry forward this  
18 excess investment and have it credited to its next investment  
19 alternative tax obligation. If the Casino Reinvestment Development  
20 Authority approves of such excess investment and approves the carry  
21 forward of this excess investment, and a licensee elects to purchase  
22 bonds of the Casino Reinvestment Development Authority or makes  
23 direct investments in approved eligible projects in excess of the  
24 investments necessary to receive a tax credit against the investment  
25 alternative tax for its current obligation, the licensee shall be entitled  
26 to a reduction of the amount of investments necessary in future years,  
27 which amount shall be determined annually by the Casino  
28 Reinvestment Development Authority, taking into account a current  
29 market discount rate from the date of the purchase or investment to  
30 the date the purchase or investment would have been required to be  
31 made.

32 h. Each casino licensee shall prepare and file, in a form prescribed  
33 by the Casino Reinvestment Development Authority, an annual return  
34 reporting that financial information as shall be deemed necessary by  
35 the Casino Reinvestment Development Authority to carry out the  
36 provisions of this act. This return shall be filed with the Casino  
37 Reinvestment Development Authority and the Casino Control  
38 Commission on or before April 30 following the calendar year on  
39 which the return is based. The Casino Control Commission shall  
40 verify to the Casino Reinvestment Development Authority the  
41 information contained in the report, to the fullest extent possible.  
42 Nothing in this subsection shall be deemed to affect the due dates for  
43 making any investment or paying any tax under this section.

44 i. Any purchase by a licensee of bonds issued by or offered through  
45 the Casino Reinvestment Development Authority pursuant to sections  
46 14 and 15 of this act and subsection b. of this section and all approved

1 eligible investments made by a licensee pursuant to section 25 of this  
2 act and subsection b. of this section are to be considered investments  
3 and not taxes owed or grants to the State or any political subdivision  
4 thereof. As such, a licensee shall have the possibility of the return of  
5 principal and a return on the capital invested as with other  
6 investments. Investors in the bonds issued by or offered through the  
7 Casino Reinvestment Development Authority shall be provided with  
8 an opinion from a recognized financial rating agency or a financial  
9 advisory firm with national standing that each loan of bond proceeds  
10 by the Casino Reinvestment Development Authority has the minimum  
11 characteristics of an investment, in that a degree of assurance exists  
12 that interest and principal payments can be made and other terms of  
13 the proposed investment be maintained over the period of the  
14 investment, and that the loan of the bond proceeds would qualify for  
15 a bond rating of "C" or better. If an opinion cannot be obtained from  
16 a recognized financial rating agency or a financial advisory firm with  
17 national standing, an opinion shall be obtained from an expert financial  
18 analyst with national standing, selected and hired by the Casino  
19 Reinvestment Development Authority. In order to achieve a balanced  
20 portfolio, assure the viability of the authority and the projects,  
21 facilities and programs undertaken pursuant to this 1984 amendatory  
22 and supplementary act, no more than 25% of the total investments  
23 made by or through the Casino Reinvestment Development Authority  
24 with the proceeds of bonds generated in each year shall be investments  
25 which would qualify for a bond rating of "C," unless all holders of  
26 obligations in each year agree to waive the 25% limit for that year.  
27 Nothing herein shall be interpreted as limiting the Casino Reinvestment  
28 Development Authority from taking any steps it deems appropriate to  
29 protect the characteristics of its investment in projects or any other  
30 investments from not being real investments with a prospect for the  
31 return of principal and a return on the capital invested. Anything  
32 contained in this section shall not be considered a guarantee by the  
33 State or any political subdivision thereof of any return of principal or  
34 interest, but any purchase by a licensee of bonds or approved eligible  
35 investments made by a licensee pursuant to this act shall be at the risk  
36 of the licensee. A licensee or the licensees purchasing an issue of  
37 bonds issued by the Casino Reinvestment Development Authority in  
38 any given year may arrange, at their option, for those bonds or the  
39 investments, made by or through the Casino Reinvestment  
40 Development Authority with the proceeds of those bonds, to be  
41 insured. The cost of any such insurance purchased by a licensee or  
42 licensees shall be paid by the licensee or licensees desiring such  
43 insurance.

44 j. The Casino Reinvestment Development Authority shall  
45 promulgate rules and regulations deemed necessary to carry out the  
46 purposes of this section.

1 k. ~~【The】~~Except as provided in section 13 of P.L. , c. (C. )  
2 (now before the Legislature as this bill), the obligation of a licensee  
3 to pay an investment alternative tax pursuant to subsection a. of this  
4 section shall end for each licensed facility operated by the licensee 30  
5 years after any investment alternative tax obligation is first incurred in  
6 connection with each licensed facility operated by the licensee, unless  
7 extended in connection with a deferral granted by the Casino  
8 Reinvestment Development Authority pursuant to subsection c. of this  
9 section.  
10 (cf: P.L.1996, c.118, s.3)

11

12 15. Section 13 of P.L.1984, c.218 (C.5:12-161) is amended to read  
13 as follows:

14 13. The Casino Reinvestment Development Authority shall have  
15 the following powers:

16 a. To adopt and have a common seal and to alter the same at  
17 pleasure;

18 b. To sue or be sued;

19 c. To acquire, hold, use and dispose of any eligible project in which  
20 it is making an investment;

21 d. To acquire, rent, hold, use, and dispose of other personal  
22 property for the purposes of the Casino Reinvestment Development  
23 Authority;

24 e. To acquire by purchase, gift, or otherwise, or lease as lessee,  
25 real property or easements or interests therein necessary or useful and  
26 convenient for the purposes of the Casino Reinvestment Development  
27 Authority which real property, easements or interests may be subject  
28 to mortgages, deeds of trust, or other liens or otherwise, and to hold  
29 and to use the same, and to dispose of the property so acquired no  
30 longer necessary for the purposes of the Casino Reinvestment  
31 Development Authority;

32 f. To make and enforce bylaws or rules and regulations for the  
33 management and regulation of its business and affairs and for the use,  
34 maintenance, and operation of any facility, and to amend the same;

35 g. To enter into any agreements or contracts, execute any  
36 instruments, and do and perform any acts or things necessary,  
37 convenient, or desirable for the purposes of the Casino Reinvestment  
38 Development Authority, including the entering into of agreements or  
39 contracts with any governmental unit to provide for the payment of  
40 principal of and interest on any obligation issued by that governmental  
41 unit, the maintenance of necessary reserves in connection with these  
42 obligations or the payments under any lease entered into in connection  
43 with any eligible project;

44 h. To determine eligibility for investments in eligible projects in  
45 order to accomplish the purposes of the Casino Reinvestment  
46 Development Authority;

- 1 i. To collect and invest any proceeds received under subsection b.  
2 of section 3 and section 14 of this act;
- 3 j. To invest in obligations of local governmental units issued to  
4 finance eligible projects, provided that the investment shall only be  
5 effected through direct negotiation by the Casino Reinvestment  
6 Development Authority with the local governmental unit;
- 7 k. To make agreements of any kind with any governmental unit or  
8 person for the use or operation of all or any part of any eligible  
9 project for consideration and for periods of time and upon other terms  
10 and conditions as the Casino Reinvestment Development Authority  
11 may fix and agree upon, which agreements may include a partnership,  
12 limited partnership, joint venture or association in which the Casino  
13 Reinvestment Development Authority is a general or limited partner  
14 or participant;
- 15 l. To require and collect fees and charges as the Casino  
16 Reinvestment Development Authority shall determine to be reasonable  
17 in connection with the exercise of any power given to the Casino  
18 Reinvestment Development Authority under the act;
- 19 m. To the extent permitted under a contract of the Casino  
20 Reinvestment Development Authority with purchasers of its bonds  
21 entered into pursuant to section 3 of this 1984 amendatory and  
22 supplementary act, to invest and reinvest any of its moneys not  
23 required for immediate use, including moneys received for the  
24 purchase of its bonds prior to the bonds being issued as it shall deem  
25 prudent. A pro rata share of  $66 \frac{2}{3}$  % of all interest earned by the  
26 Casino Reinvestment Development Authority on any such investments  
27 shall be paid to the licensees who entered into a contract with the  
28 Casino Reinvestment Development Authority for the purchase of its  
29 bonds and who contributed to the moneys which were received by the  
30 Casino Reinvestment Development Authority and were invested  
31 pursuant to this subsection. All functions, powers and duties relating  
32 to the investment or reinvestment of these funds, including the  
33 purchase, sale or exchange of any investments or securities, may, upon  
34 the request of the Casino Reinvestment Development Authority, be  
35 exercised and performed by the Director of the Division of  
36 Investment, in accordance with written directions of the Casino  
37 Reinvestment Development Authority signed by an authorized officer,  
38 without regard to any other law relating to investments by the Director  
39 of the Division of Investment;
- 40 n. To the extent permitted under the contract of the Casino  
41 Reinvestment Development Authority with the holders of its bonds, to  
42 invest and reinvest any of its moneys not required for immediate use,  
43 including proceeds from the sale of any obligations, securities or other  
44 investments as it shall deem prudent. All functions, powers and duties  
45 relating to the investment or reinvestment of these funds, including  
46 the purchase, sale or exchange of any investments or securities, may

1 upon the request of the Casino Reinvestment Development Authority  
 2 be exercised and performed by the Director of the Division of  
 3 Investment, in accordance with written directions of the Casino  
 4 Reinvestment Development Authority signed by an authorized officer,  
 5 without regard to any other law relating to investments by the  
 6 Director of the Division of Investment;

7 o. To enter into all agreements or contracts with any governmental  
 8 unit or person, execute any instruments, and do and perform any acts  
 9 or things necessary, convenient or desirable for the purposes of the  
 10 Casino Reinvestment Development Authority to carry out any power  
 11 expressly given in this act; [ and]

12 p. To exercise the right of eminent domain in the city of Atlantic  
 13 City;

14 q. To meet and hold hearings at places as it shall designate[.]; and

15 r. To establish, develop, construct, acquire, own, operate, manage,  
 16 promote, maintain, repair, reconstruct, restore, improve and otherwise  
 17 effectuate, either directly or indirectly, through lessees, licensees or  
 18 agents, projects consisting of facilities, at a site or sites within the  
 19 State of New Jersey, that are related to, incidental to, necessary for or  
 20 complementary to, the accomplishment of any of the purposes of the  
 21 authority or of any project of the authority authorized in accordance  
 22 with P.L.1984, c.218 (C.5:12-144.1 et seq.), as amended.

23 (cf: P.L.1984, c.218, s.13)

24

25 16. Section 3 of P.L.1991, c.376 (C.40:48-8.47) is amended to  
 26 read as follows:

27 3. [The] Except as provided by P.L. , c. (C. ) (now before the  
 28 Legislature as this bill), proceeds from the fees collected in any eligible  
 29 municipality pursuant to this act shall be paid into a special fund which  
 30 shall be established and held by the convention center operating  
 31 authority which is empowered to operate the convention center  
 32 facilities in the eligible municipality. Amounts in the special fund shall  
 33 be expended by the convention center operating authority solely for  
 34 the purpose of promoting tourism, conventions, resorts and casino  
 35 gaming, if any, in the eligible municipality. Pending this application,  
 36 monies in the fund shall be invested in accordance with law applicable  
 37 to the convention center operating authority and the income therefrom  
 38 shall be credited to the fund.

39 (cf: P.L.1991, c.376, s.3)

40

41 17. This act shall take effect on the 60th day next following  
 42 enactment.

43

44

45

46 Establishes the Casino Reinvestment Development Authority urban  
 47 revitalization incentive program.

## CHAPTER 221

AN ACT concerning the Casino Reinvestment Development Authority and urban revitalization, amending and supplementing P.L.1984, c.218 (C.5:12-144.1 et seq.) and amending P.L.1991, c.376.

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

C.5:12-173.9 Short title.

1. Sections 1 through 13 of P.L.2001, c.221 (C.5:12-173.9 et seq.) shall be known and may be referred to as the "Casino Reinvestment Development Authority Urban Revitalization Act."

C.5:12-173.10 Findings, declaration relative to CRDA urban revitalization program.

2. The Legislature finds and declares that:

a. Legalized casino gambling was approved by New Jersey's voters in 1976 as a "unique tool of urban redevelopment" to facilitate the revitalization of Atlantic City and other distressed municipalities throughout the State;

b. The Legislature created the Casino Reinvestment Development Authority (the "CRDA") to oversee the investment of casino gambling revenues for development projects in Atlantic City and other areas throughout the State;

c. During the past 25 years, the development of Atlantic City's multi-billion dollar casino industry and the CRDA's investment of hundreds of millions of dollars in housing, commercial and nonprofit projects have greatly benefited the people of New Jersey and have served as a model for many other states and countries that wished to emulate Atlantic City's successful record of casino development and economic growth;

d. It is altogether fitting and proper on the occasion of the 25th year of legalized casino gaming in Atlantic City to establish a new program to facilitate the next phase of Atlantic City's development into a regional, national and international "destination resort" and at the same time, to insure that substantial commitments are made to projects to revitalize urban areas and promote continued economic growth throughout the State.

C.5:12-173.11 Definitions relative to CRDA urban revitalization program.

3. As used in this act:

"Authority" means the Casino Reinvestment Development Authority established pursuant to P.L.1984, c.218 (C.5:12-153 et seq.);

"Baseline luxury tax revenue amount" or "baseline luxury tax" means the annual amount of luxury tax receipts received pursuant to P.L.1947, c.71 (C.40:48-8.15 et seq.) from the taxation of retail sales or sales at retail originating from transactions at an entertainment-retail district project for the last full calendar year preceding the year in which the district project opens under the incentive program;

"Casino hotel room fee fund" or "room fund" means the fund established by the State Treasurer pursuant to section 8 of P.L.2001, c.221 (C.5:12-173.16) into which shall be deposited the proceeds of the hotel room use fees as specified pursuant to section 6 of P.L.2001, c.221 (C.5:12-173.14);

"Casino reinvestment development authority urban revitalization incentive program" or "incentive program" means the program established pursuant to section 4 of P.L.2001, c.221 (C.5:12-173.12) and administered by the authority to facilitate the development of entertainment-retail districts for the city of Atlantic City and to promote urban revitalization throughout the State;

"Commissioner" means the Commissioner of Community Affairs;

"Department" means the Department of Community Affairs;

"District project grant" or "grant" means an amount rebated to the authority pursuant to sections 7 or 8 of P.L.2001, c.221 (C.5:12-173.15 or 5:12-173.16) for disbursement to a casino licensee that is approved by the authority for a district project or for retention by the authority for an approved district project sponsored by the authority;

"Entertainment-retail district" or "district" means one of six areas within Atlantic City, designated by the authority under the incentive program;

"Entertainment-retail district project" or "district project" means a project or projects to be developed by the authority or any casino licensed to operate in Atlantic City prior to January 1,

2001, including, but not necessarily limited to, a minimum of 150,000 square feet of public space, retail stores, entertainment venues and restaurants, and may include, in addition, casino hotels and public parking facilities approved by the authority under the incentive program, and may also include: the purchasing, leasing, condemning, or otherwise acquiring of land or other property, or an interest therein, approved by the authority pursuant to a project grant agreement or as an authority sponsored project, or as necessary for a right-of-way or other easement to or from the land or property, or the relocating and moving of persons displaced by the acquisition of the land or property; the rehabilitation and redevelopment of land or property, approved pursuant to a project grant agreement or as an authority sponsored project, including demolition, clearance, removal, relocation, renovation, alteration, construction, reconstruction, installation or repair of a building, street, highway, alley, utility, service or other structure or improvement; the acquisition, construction, reconstruction, rehabilitation, or installation of parking and other improvements approved pursuant to a project grant agreement or as an authority sponsored project; and the costs associated therewith including the costs of an administrative appraisal, economic and environmental analyses or engineering, planning, design, architectural, surveying or other professional services approved pursuant to a project grant agreement or as part of an authority sponsored project;

"Entertainment-retail district project fund" or "project fund" means the fund established by the State Treasurer pursuant to section 7 of P.L.2001, c.221 (C.5:12-173.15) into which shall be deposited an amount equivalent to the amount of receipts received from the taxation of retail sales from a district project and from the taxation of construction materials used for building a district project, as specified pursuant to section 5 of P.L.2001, c.221 (C.5:12-173.13);

"Incremental luxury tax revenue amount" or "incremental luxury tax" means the amount by which the annual luxury tax receipts received pursuant to P.L.1947, c.71 (C.40:48-8.15 et seq.) from the taxation of retail sales or sales at retail originating from transactions at a district project in the year in which the district project opens under the incentive program, and in each year thereafter, exceed the baseline luxury tax, as determined by the State Treasurer; and

"Project grant agreement" means an agreement entered into between the authority and a casino licensee, pursuant to section 4 of P.L.2001, c.221 (C.5:12-173.12), that sets forth the terms and conditions of approval for a district project and of eligibility for district project grants, as determined by the authority.

#### C.5:12-173.12 Urban revitalization incentive program.

4. a. There is established the incentive program that shall be administered by the authority. The purpose of the incentive program is to facilitate the development of entertainment-retail districts for the city of Atlantic City and to promote revitalization of other urban areas in the State. The provisions of section 30 of P.L.1984, c.218 (C.5:12-178) shall not apply to the incentive program established pursuant to this section. In order to implement the incentive program, the authority is authorized to accept applications from casino licensees on or before September 1,2001 for approval of a district project and to designate by resolution up to six districts on or before September 30,2001 and to enter into project grant agreements with casino licensees to develop district projects within each district or to approve a district project sponsored by the authority. The authority may disburse district project grants in accordance with sections 7 and 8 of P.L.2001, c.221 (C.5:12-173.15 and 5:12-173.16) to casino licensees with approved district projects or to the authority for an authority sponsored district project under the incentive program, if the authority determines that:

(1) construction of the district project will commence no later than June 30, 2002 or as otherwise provided pursuant to the project grant agreement with the authority, or pursuant to the district project plan approved by the authority for an authority sponsored district project;

(2) a proposed district project plan submitted pursuant to section 10 of P.L.2001, 221 (C.5:12-173.18) is economically sound and will assist in the overall development of the city of Atlantic City and will benefit the people of New Jersey by increasing employment opportunities and strengthening New Jersey's economy;

(3) the disbursement of grants to a casino licensee is a material factor in the licensee's decision to go forward with a district project; and



(4) the casino licensee has agreed to invest a minimum of \$20 million in its investment alternative tax obligations under section 3 of P.L.1984, c.218 (C.5:12-144.1), such obligation to be made in \$10 million increments to one or more entertainment-retail projects, or housing and community development projects, approved by the authority and the department, in an urban area outside of Atlantic City, and designated by the commissioner as eligible for, and in need of the project, pursuant to section 11 of P.L.2001, c.221 (C.5:12-173.19).

b. Notwithstanding any provision to the contrary in P.L.2001, c.221 (C.5:12-173.9 et al.), the authority and the commissioner jointly may, in their discretion, also designate two entertainment-retail projects, one in North Jersey and one in South Jersey, as eligible for funds under the incentive program.

#### C.5:12-173.13 Deposit of sales and use tax revenues.

5. a. Notwithstanding the provisions of any law, rule or regulation to the contrary, all revenues received pursuant to the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) from the taxation of construction materials used for building a district project approved by the authority pursuant to a project grant agreement or for building a district project sponsored by the authority, and from the taxation of retail sales of tangible personal property and services originating from and delivered from business locations in a district project approved by the authority pursuant to a project grant agreement or from business locations in a district project sponsored by the authority, shall be deposited immediately upon collection by the Department of the Treasury in the project fund. Contractors purchasing materials and supplies for use in constructing a district project shall complete a form or certification prescribed by the Director of the Division of Taxation in the Department of the Treasury. The contractor shall identify the district project, materials, supplies, purchase price and New Jersey sales or use tax paid and provide such other information and receipts as the director may require. The forms or certificates shall be filed with the authority as documentation for a report, which the authority shall provide to the Division of Revenue and the Division of Taxation for revenue certification purposes. Approved casino licensees shall also provide to the authority, on a form prescribed by the Director of the Division of Taxation, the sales tax collected from sales made by vendors in a district project for each quarter. The authority shall provide a report to the Division of Revenue and Division of Taxation in the Department of the Treasury for revenue certification purposes.

b. The revenues required to be deposited in the project fund under subsection a. of this section shall be used for the purposes of the project fund and for the uses prescribed in section 7 of P.L.2001, c.221 (C.5:12-173.15).

#### C.5:12-173.14 Deposit of hotel room use fee revenues.

6. a. Notwithstanding the provisions of any law, rule or regulation to the contrary, all revenues received from hotel room use fees pursuant to P.L.1991, c.376 (C.40:48-8.45 et seq.), which originate from and are delivered from the casino-hotel facilities of the casino licensee with an approved district project, or of any casino licensee that has the same holding company as the casino licensee with the approved district project, pursuant to a project grant agreement, and in the case of a district project sponsored by the authority, all revenues received from the hotel room use fees which originate from and are delivered from hotel facilities located within the authority sponsored district project and designated as part of the approved district project, and if applicable, from additional hotel rooms that are approved by the authority as part of the district project, shall be paid immediately upon collection to the Department of the Treasury which shall deposit the revenues into the room fund.

b. The revenues required to be deposited in the room fund under subsection a. of this section shall be used for the purposes of the room fund and for the uses prescribed in section 8 of P.L.2001, c.221 (C.5:12-173.16).

#### C.5:12-173.15 Project fund created.

7. a. There is created a dedicated, nonlapsing project fund to be held by the State Treasurer, which shall be the repository for all moneys required to be deposited therein under section 5 of

P.L.2001, c.221 (C.5:12-173.13) and any moneys appropriated or otherwise made available to the project fund.

b. All moneys deposited in the project fund shall be held and disbursed, subject to the requirements of section 11 of P.L.2001, c.221 (C.5:12-173.19), in the form of district project grants as follows:

(1) an amount from the project fund equivalent to the total revenues received pursuant to the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) from the taxation of construction materials used for building a district project approved by the authority pursuant to a project grant agreement, or for building a district project sponsored by the authority, shall be rebated in the form of a one-time grant to the authority for disbursement to the casino licensee with an approved district project or to the authority for an authority sponsored district project;

(2) an amount from the project fund equivalent to the total revenues received pursuant to the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) from the taxation of retail sales of tangible property and services originating from and delivered from business locations in a district project approved by the authority pursuant to a project grant agreement or from business locations in a district project sponsored by the authority, shall be rebated in the form of annual grants to the authority for disbursement to the casino licensee with an approved district project, or to the authority for an authority sponsored district project, with each annual grant not to exceed \$2.5 million per district project and payable annually until December 31, 2022, or until the date on which the combined total of grants disbursed under this section and under section 8 of P.L.2001, c.221 (C.5:12-173.16) equals the approved cost of the district project, as determined by the authority, whichever is earlier;

(3) the balance of the revenues in the project fund shall be deposited in the General Fund if the authority, in consultation with the State Treasurer, determines that the revenues are no longer needed for the purposes of the project fund or for the uses prescribed in P.L.2001, c.221 (C.5:12-173.9 et al.).

c. The State Treasurer may invest and reinvest any moneys in the project fund, or any portion thereof, in legal obligations of the United States or of the State or any political subdivision thereof. Any income from, interest on, or increment to moneys so invested or reinvested shall be included in the project fund.

C.5:12-173.16 Room fund created.

8. a. There is created a dedicated, nonlapsing room fund to be held by the State Treasurer, which shall be the repository for all moneys required to be deposited therein under section 6 of P.L.2001, c.221 (C.5:12-173.14) and any moneys appropriated or otherwise made available to the room fund.

b. All moneys deposited in the room fund shall be held and disbursed, subject to the requirements of section 11 of P.L.2001, c.221 (C.5:12-173.19), in the form of district projects grants as follows:

(1) an amount from the room fund equivalent to the incremental luxury tax for a district project approved by the authority pursuant to a project grant agreement or for a district project sponsored by the authority, shall be rebated in the form of annual grants from the room fund to the authority for disbursement to the casino licensee with an approved district project, or to the authority for an authority sponsored district project, and shall be payable annually until December 31, 2022, or until the date on which the combined total of grants disbursed under this section and under section 7 of P.L.2001, c.221 (C.5:12-173.15) equals the approved cost of the district project, as determined by the authority, whichever is earlier;

(2) the balance of the revenues in the room fund shall be deposited in the special fund established pursuant to section 3 of P.L.1991, c.376 (C.40:48-8.47) if the authority, in consultation with the State Treasurer, determines that the revenues are no longer needed for the purposes of the room fund or for the uses prescribed in P.L.2001, c.221 (C.5:12-173.9 et al.).

c. The State Treasurer may invest and reinvest any moneys in the room fund, or any portion thereof, in legal obligations of the United States or of the State or any political subdivision thereof. Any income from, interest on, or increment to moneys so invested or reinvested shall be included in the room fund.

C.5:12-173.17 Separate accounts within project, room funds.

9. a. The State Treasurer shall maintain separate accounts in the project fund and room fund for each casino licensee approved by the authority for a district project, and for the authority in the event the authority sponsors a district project, and shall credit to each account an amount of the moneys deposited in each fund equal to the appropriate share of revenues collected from the taxation of construction materials and retail sales and services, as provided in section 7 of P.L.2001, c.221 (C.5:12-173.15), and from hotel room fees, as provided in section 8 of P.L.2001, c.221 (C.5:12-173.16), or that amount of moneys appropriated to the funds or otherwise made available to the funds, and required to be credited to the casino licensee's or the authority's project fund account or room fund account.

b. The Director of the Division of Taxation in consultation with the State Treasurer shall promulgate such rules and regulations pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) as are necessary to govern the administration of the project fund and room fund for the purposes of P.L.2001, c.221 (C.5:12-173.9 et al.). In addition, the Director of the Division of Taxation and the Director of the Division of Revenue are authorized to prescribe forms and procedures and to require any person to provide any information necessary to enforce and administer the provisions of this act.

c. The amount necessary to provide for tax collection, administrative and enforcement costs incurred by the Division of Taxation and the Division of Revenue, to meet the requirements of P.L.2001, c.221 (C.5:12-173.9 et al.) shall be annually appropriated from the project fund and the room fund, subject to the approval of the Director of the Division of Budget and Accounting in the Department of the Treasury.

C.5:12-173.18 Proposed district project plan.

10. a. A casino licensee or the authority, as appropriate, shall submit a proposed district project plan for approval by the authority under the incentive program.

b. A proposed district project plan submitted under subsection a. of this section shall include, but not necessarily be limited to:

- (1) A description of the proposed district project;
- (2) An estimate of the total project costs and an estimate of the annual amounts of district project grants anticipated under the incentive program for the casino licensee or the authority;
- (3) A statement of any other revenue sources to be used to finance the development of a district project;
- (4) A statement of the time needed to complete a district project; and
- (5) A statement of the impact that the proposed district project is expected to have on the city of Atlantic City.

C.5:12-173.19 Proposal for entertainment-retail project, community and housing development project.

11. a. A casino licensee shall submit a proposal to the authority and to the department for an entertainment- retail project or community and housing development project in an urban area outside of Atlantic City, consistent with the requirements of paragraph (4) of subsection a. of section 4 of P.L.2001, c.221 (C.5:12-173.12), that will further the development and revitalization of an urban area designated by the department as eligible for, and in need of, the proposed project. The department shall evaluate the proposal and determine whether the proposed project meets the department's project criteria, and the authority shall evaluate the proposal and determine whether the proposal project meets the authority's project criteria for approval of urban development projects outside of the city of Atlantic City under the incentive program. The authority and the commissioner jointly may, in their discretion, also designate two entertainment-retail projects, one in North Jersey and one in South Jersey, as eligible for funds under the incentive program.

b. The commissioner and the authority are authorized to approve the proposed project submitted under subsection a. of this section if the commissioner and the authority determine that the project meets the criteria established by the department and the authority, respectively. Upon approval by the commissioner, the State Treasurer shall annually, upon receipt of a written

statement from the department certifying the satisfactory status of the project, rebate the district project grants to the authority for disbursement to casino licensees under the incentive program.

c. The authority and the commissioner shall give preference to those proposed projects that best leverage non-authority funds for the total construction project cost.

C.5:12-173.20 Authority sponsored project.

12. Notwithstanding any provision to the contrary in P.L.2001, c.221 (C.5:12-173.9 et al.), in the event that fewer than six district projects are proposed by casino licensees, and approved by the authority, the authority may sponsor a district project which meets the criteria of paragraphs (1) and (2) of subsection a. of section 4 of P.L.2001, c.221 (C.5:12-173.12), and in that event, paragraphs (3) and (4) of subsection a. of section 4 of P.L.2001, c.221 (C.5:12-173.12) are not applicable to the authority and the grants otherwise payable to a casino licensee pursuant to paragraphs (1) and (2) of subsection b. of section 7 and paragraph (1) of subsection b. of section 8 of P.L.2001, c.221 (C.5:12-173.15 and 5:12-173.16) shall be payable to the authority.

C.5:12-173.21 Termination of investment alternative tax for licensed facility.

13. a. Notwithstanding the provisions of any other law to the contrary, if a district project of a casino licensee is approved by the authority under the incentive program established by section 4 of P.L.2001, c.221 (C.5:12-173.12), the investment alternative tax imposed by subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1), and any credits which may by law be applied against that tax, shall end for the casino licensee's licensed facility, as determined by the authority, 35 years after any investment alternative tax obligation is first incurred in connection with the licensed facility operated by the licensee.

b. During the additional five years of a casino licensee's investment alternative tax obligations required pursuant to subsection a. of this section, the total of the proceeds of all bonds purchased by a licensee from or through the authority and all approved investments in eligible projects by a licensee shall be devoted to the financing of projects in the following areas and amounts: a) 25% for the city of Atlantic City; b) 25% for South Jersey and c) 50% for North Jersey.

14. Section 3 of P.L.1984, c.218 (C.5:12-144.1) is amended to read as follows:

C.5:12-144.1 Imposition of investment alternative tax.

3. a. (1) Commencing with the first annual tax return of a licensee for any calendar year beginning after December 31, 1983, there is imposed an investment alternative tax on the gross revenues as defined in section 24 of P.L.1977, c.110 (C.5:12-24) of the licensee in the amount of 2.5% of those gross revenues. The tax imposed with respect to each calendar year shall be due and payable on the last day of April next following the end of the calendar year. The State Treasurer shall have a lien against the property constituting the casino of a licensee for the amount of any tax not paid when due. No tax shall be imposed, however, on the gross revenues received by a licensee during the first 12 months of the operation of any casino that commences operation after January 1, 1984, but prior to the effective date of this act, P.L.1996, c.118 (C.5:12-173.3a et al.).

(2) A licensee shall pay to the State Treasurer on or before the 15th day of the first, fourth, seventh, and 10th months of each year as partial payment of the investment alternative tax imposed pursuant to paragraph (1) of this subsection an amount equal to 1.25% of the estimated gross revenues for the three-month period immediately preceding the first day of those months. The moneys received shall be placed in an escrow account and shall be held until the licensee directs that the moneys be transferred to the Casino Reinvestment Development Authority for the purchase of bonds issued by or offered through the Casino Reinvestment Development Authority or pursuant to a contract for such a purchase, be made available to the licensee for a direct investment approved by the authority, or be transferred to the Casino Revenue Fund as partial payment of the investment alternative tax imposed pursuant to paragraph (1) of this subsection. Any interest derived from the moneys in the escrow account shall be paid or made

available to the Casino Revenue Fund. If a licensee fails to pay the amount due or underpays by an unjustifiable amount, the Casino Control Commission shall impose a fine of 5% of the amount due or of the underpayment, as the case may be, for each month or portion thereof the licensee is in default of payment, up to 25% of the amount in default. Any fine imposed shall be paid to the Casino Reinvestment Development Authority and shall be used for the purposes of this 1984 amendatory and supplementary act.

b. Each licensee shall be entitled to an investment tax credit against the tax imposed by subsection a. of this section, provided the licensee shall pay over the moneys required pursuant to section 5 of P.L.1993, c.159 (C.5:12-173.5): (1) for the first 10 years of a licensee's tax obligation, in an amount equal to twice the purchase price of bonds issued by the Casino Reinvestment Development Authority pursuant to sections 14 and 15 of this 1984 amendatory and supplementary act, purchased by the licensee, or twice the amount of the investments authorized in lieu thereof, and (2) for the remainder of a licensee's tax obligation, in an amount equal to twice the purchase price of bonds issued by the Casino Reinvestment Development Authority pursuant to sections 14 and 15 of this 1984 amendatory and supplementary act, purchased by the licensee, or twice the amount of the investments authorized in lieu thereof, and twice the amount of investments made by a licensee in other approved eligible investments made pursuant to section 25 of this act. The Casino Reinvestment Development Authority shall have the power to enter into a contract or contracts with a licensee pursuant to which the Casino Reinvestment Development Authority agrees to issue and sell bonds to the licensee, and the licensee agrees to purchase the bonds issued by or offered through the Casino Reinvestment Development Authority, in annual purchase price amounts as will constitute a credit against at least 50% of the tax to become due in any future year or years. The contract may contain those terms and conditions relating to the terms of the bonds and to the issuance and sale of the bonds to the licensee as the Casino Reinvestment Development Authority shall deem necessary or desirable. The contract shall not be deemed to be in violation of section 104 of P.L.1977, c.110 (C.5:12-104). After the first 10 years of a licensee's investment alternative tax obligation, a licensee will have the option of entering into a contract with the Casino Reinvestment Development Authority to have its tax credit comprised of direct investments in approved eligible projects. These direct investments shall not comprise more than 50% of a licensee's eligible tax credit in any one year.

The entering of a contract pursuant to this section shall be sufficient to entitle a licensee to an investment tax credit for the appropriate tax year.

c. A contract entered into between a licensee and the Casino Reinvestment Development Authority may provide for a deferral of payment for and delivery of bonds required to be purchased and for a deferral from making approved eligible investments in any year, but no deferral shall occur more than two years consecutively. A deferral of payment for any bonds required to be purchased by a licensee and a deferral from making approved eligible investments may be granted by the Casino Reinvestment Development Authority only upon a determination by the Casino Control Commission that purchase of these bonds or making approved eligible investments would cause extreme financial hardship to the licensee and a determination by the Casino Reinvestment Development Authority that the deferral of the payment would not violate any covenant or agreement or impair any financial obligation of the Casino Reinvestment Development Authority. The contract may establish a late payment charge to be paid in the event of deferral or other late payment at a rate as shall be agreed to by the Casino Reinvestment Development Authority. If a deferral of purchase or investment is granted, the licensee shall be deemed to have made the purchase or investment at the time required by the contract, except that if the purchase is not made at the time to which the purchase or investment was deferred, then the licensee shall be deemed not to have made the purchase or investment. The Casino Control Commission shall adopt regulations establishing a uniform definition of extreme financial hardship applicable to all these contracts. If a licensee petitions the Casino Reinvestment Development Authority for a deferral, the Casino Reinvestment Development Authority shall give notice of that petition to the Casino Control Commission and to the Division of Gaming Enforcement within three days of the filing of the petition. The Casino Control Commission shall render a decision within 60 days of notice as to whether the licensee has established extreme

financial hardship, after consultation with the Division of Gaming Enforcement. The Casino Reinvestment Development Authority shall render a decision as to the availability of the deferral within 10 days of the receipt by it of the decision of the Casino Control Commission and shall notify the Division of Gaming Enforcement and the Casino Control Commission of that decision. If a deferral is granted, the Casino Reinvestment Development Authority may determine whether the purchases or investments shall be made in a lump sum, made over a period of years, or whether the period of obligation shall be extended an additional period of time equivalent to the period of time deferred.

d. The license of any licensee which has defaulted in its obligation to make any purchase of bonds or investment in any approved eligible project under a contract entered into pursuant to subsection b. of this section for a period of 90 days may be suspended by the Casino Control Commission until that purchase is made or deferred in accordance with subsection b. of this section, or a fine or other penalty may be imposed upon the licensee by the commission. If the Casino Control Commission elects not to suspend the license of a licensee after the licensee has first defaulted in its obligation but instead imposes some lesser penalty and the licensee continues to be in default of its obligation after a period of 30 additional days and after any additional 30-day period, the commission may impose another fine or penalty upon the licensee, which may include suspension of that licensee's license. The fine shall be 5% of the amount of the obligation owed for each month or portion thereof a licensee is in default, up to 25% of that obligation; shall be paid to the Casino Reinvestment Development Authority; and shall be used for the purposes of this 1984 amendatory and supplementary act.

e. A contract entered into by a licensee and the Casino Reinvestment Development Authority pursuant to subsection b. of this section may provide that after the first 10 years of a licensee's investment alternative tax obligation imposed by subsection a. of this section, the Casino Reinvestment Development Authority may repurchase bonds previously sold to the licensee, which were issued after the 10th year of a licensee's investment alternative tax obligation, by the Casino Reinvestment Development Authority, if the Casino Reinvestment Development Authority determines that the repurchase will not violate any agreement or covenant or impair any financial obligation of the Casino Reinvestment Development Authority and that the licensee will reinvest the proceeds of the resale in an eligible project approved by the Casino Reinvestment Development Authority.

f. (1) During the 30 years a licensee is obligated to pay an investment alternative tax pursuant to subsection k. of this section, the total of (a) the proceeds of all bonds purchased by a licensee from or through the Casino Reinvestment Development Authority and (b) all approved investments in eligible projects by a licensee shall be devoted to the financing of projects in the following areas and amounts:

Areas	Yrs. 1-3	Yrs. 4-5	Yrs. 6-10	Yrs. 11-15	Yrs. 16-20	Yrs. 21-25	Yrs. 26-30
a) Atlantic City	100%	90%	80%	50%	30%	20%	
b) South Jersey		8%	12%	28%	43%	45%	
c) North Jersey		2%	8%	22%	27%	35%	35%
d) Atlantic City through the Atlantic City Fund							65%,

except that, with respect to the obligations for calendar years 1994 through 1998, the amount allocated for the financing of projects in North Jersey from each casino licensee's obligation shall be the amount allocated for calendar year 1993, and the difference between that amount and the amount to be allocated to North Jersey, on the basis of the above schedule, from each casino licensee's obligations for calendar years 1994 through 1998 shall be paid into or credited to the Atlantic City Fund established by section 44 of P.L.1995, c.18 (C.5:12-161.1) and be devoted to the financing of projects in Atlantic City through that fund. For the purposes of this paragraph, "South Jersey" means the counties of Atlantic, Burlington, Camden, Cape May,

Cumberland, Gloucester, Mercer, Ocean, and Salem; and "North Jersey" means the remaining 12 counties of the State. For the purposes of this 1984 amendatory and supplementary act, bond "proceeds" means all funds received from the sale of bonds and any funds generated or derived therefrom.

In the financing of projects outside Atlantic City, the Casino Reinvestment Development Authority shall give priority to the revitalization of the urban areas of this State in the ways specified in section 12 of this 1984 amendatory and supplementary act. Those areas shall include, but not be limited to, all municipalities qualifying for aid pursuant to P.L.1978, c.14 (C.52:27D-178 et seq.).

Within nine months from the effective date of this 1984 amendatory and supplementary act, the Casino Reinvestment Development Authority shall determine the allocation of projected available moneys to municipalities in South Jersey for the first seven years of their receipt of funds, giving priority to the revitalization of the urban areas of the region. Municipalities receiving such an allocation shall present to the Casino Reinvestment Development Authority for its approval comprehensive plans or projects for which the allocations shall be used. Any such comprehensive plan or project may be submitted to the Casino Reinvestment Development Authority for a determination of eligibility at any time prior to the year for which the funds are allocated, and the Casino Reinvestment Development Authority shall make a determination of eligibility of the plan or project within a reasonable amount of time. If the Casino Reinvestment Development Authority makes a positive determination of eligibility for any comprehensive plan or project, or combination of comprehensive plans or projects, for any municipality whose total cost exceeds the amount allocated to that municipality for the first seven years of the receipt of funds by South Jersey municipalities, the Casino Reinvestment Development Authority shall make available sufficient funds in subsequent years necessary to complete those plans or projects, or to complete that portion of the plan or project originally agreed to be funded through the Casino Reinvestment Development Authority, from funds received by the Casino Reinvestment Development Authority in the years following the seventh year of the receipt of funds by South Jersey municipalities. If the comprehensive plan or project is determined by the Casino Reinvestment Development Authority not to be an eligible plan or project, the municipality may submit any other comprehensive plan or project for a determination of eligibility. If, however, the municipality fails to receive a positive determination of eligibility for any comprehensive plan or project, or combination of comprehensive plans or projects, sufficient to exhaust the total allocation to that municipality for any year prior to April 30 of the following year for which the allocation was made, the allocation to that municipality for that year shall cease, and the Casino Reinvestment Development Authority may apply those excess funds to any other comprehensive plan or project in any other municipality in the region whose comprehensive plan or project has received a positive determination of eligibility by the Casino Reinvestment Development Authority.

Within 36 months from the effective date of this 1984 amendatory and supplementary act, the Casino Reinvestment Development Authority shall determine the allocation of projected available moneys to municipalities in North Jersey for the first five years of their receipt of funds, giving priority to the revitalization of the urban areas of the region. Municipalities receiving such an allocation shall present to the Casino Reinvestment Development Authority for its approval comprehensive plans or projects for which the allocations shall be used. Any such comprehensive plan or project may be submitted to the Casino Reinvestment Development Authority for a determination of eligibility at any time prior to the year for which the funds are allocated, and the Casino Reinvestment Development Authority shall make a determination of eligibility of the plan or project within a reasonable amount of time. If the Casino Reinvestment Development Authority makes a positive determination of eligibility for any comprehensive plan or project, or combination of comprehensive plans or projects, for any municipality whose total cost exceeds the amount allocated to that municipality for the first five years of the receipt of funds by North Jersey municipalities, the Casino Reinvestment Development Authority shall make available sufficient funds in subsequent years necessary to complete those plans or projects, or to complete that portion of the plan or project originally agreed to be funded through the Casino Reinvestment Development Authority, from funds received by the Casino

Reinvestment Development Authority in the years following the fifth year of the receipt of funds by North Jersey municipalities. If the comprehensive plan or project is determined by the Casino Reinvestment Development Authority not to be an eligible plan or project, the municipality may submit any other comprehensive plan or project for a determination of eligibility. If, however, the municipality fails to receive a positive determination of eligibility for any comprehensive plan or project, or combination of comprehensive plans or projects, sufficient to exhaust the total allocation to that municipality for any year prior to April 30 of the following year for which the allocation was made, the allocation to that municipality for that year shall cease, and the Casino Reinvestment Development Authority may apply those excess funds to any other comprehensive plan or project in any other municipality in the region whose comprehensive plan or project has received a positive determination of eligibility by the Casino Reinvestment Development Authority.

(2) Commencing with the first year in which a licensee incurs a tax obligation pursuant to this section, and for the period of two years thereafter, 100% of the proceeds of all bonds purchased by a licensee from the Casino Reinvestment Development Authority which are devoted to the financing of projects in the city of Atlantic City pursuant to paragraph (1) of this subsection shall be used exclusively to finance the rehabilitation, development, or construction of, or to provide mortgage financing of, housing facilities in the city of Atlantic City for persons or families of low through middle income, as defined in this subsection. For the purposes of this subsection, the "rehabilitation, development, or construction of housing facilities" shall include expenses attributable to site preparation, infrastructure needs and housing-related community facilities and services, including supporting commercial development. Commencing with the fourth year in which a licensee incurs a tax obligation pursuant to this subsection, 50% of the proceeds of all bonds purchased by a licensee from the Casino Reinvestment Development Authority which are devoted to the financing of projects in the city of Atlantic City shall be used exclusively to finance the rehabilitation, development, or construction of housing facilities in the city of Atlantic City for persons or families of low through middle income. Commencing with the 11th year in which a licensee incurs a tax obligation pursuant to this section, 50% of the annual aggregate of the proceeds of bonds purchased by a licensee from the Casino Reinvestment Development Authority which are devoted to the financing of projects in the city of Atlantic City and investments in approved eligible projects commenced by a licensee in the city of Atlantic City shall be used exclusively to finance the rehabilitation, development, or construction of, or to provide mortgage financing of, housing facilities in the city of Atlantic City for persons or families of low through middle income.

(3) The Legislature finds that it is necessary to provide for a balanced community and develop a comprehensive housing program. The Casino Reinvestment Development Authority shall determine the need for housing in the city of Atlantic City, in consultation with the city of Atlantic City and specifically its zoning and planning boards. This shall include determining the types and classes of housing to be constructed and the number of units of each type and class of housing to be built. The Casino Reinvestment Development Authority shall give priority to the housing needs of the persons and their families residing in the city of Atlantic City in 1983 and continuing such residency through the effective date of this 1984 amendatory and supplementary act. The actual percentage of the proceeds of bonds and investments in approved eligible projects commenced by a licensee in the city of Atlantic City, which shall be used exclusively to finance the rehabilitation, development, or construction of, or to provide mortgage financing of, housing facilities in the city of Atlantic City for persons or families of low through middle income, shall be based upon the authority's determination of the need for housing in the city of Atlantic City conducted pursuant to this subsection. Once the housing needs of the persons residing in the city of Atlantic City in 1983 and continuing such residency through the effective date of this 1984 amendatory and supplementary act have been met, as determined by the Casino Reinvestment Development Authority pursuant to this subsection, any required percentages for such housing in the city of Atlantic City may, in its sole discretion, be waived by the Casino Reinvestment Development Authority. To aid the Casino Reinvestment Development Authority in making these determinations, the Casino Reinvestment Development Authority shall review the proposal for a housing redevelopment program and strategy for the



city of Atlantic City approved and adopted by the Casino Control Commission and shall give priority to same and any other plan or project which is consistent with the standards of this subsection and is acceptable to the Casino Reinvestment Development Authority, pursuant to section 25 of this 1984 amendatory and supplementary act. The Casino Reinvestment Development Authority may determine whether the funds used to finance housing facilities in the city of Atlantic City for persons or families of low, moderate, median range, and middle income are derived from the proceeds of bonds purchased by a licensee from the Casino Reinvestment Development Authority to be devoted to the financing of projects in the city of Atlantic City, investments in approved eligible projects commenced by a licensee in the city of Atlantic City, or a combination of both. Any investment made by a licensee in excess of 100% of its eligible investment tax credit during the first three years and in excess of 50% thereafter in either the purchase of bonds or direct investments in approved eligible projects for low, moderate, median range, and middle income family housing facilities in the city of Atlantic City may be carried forward and credited against the licensee's obligation to make a 100% investment during the first three years and 50% thereafter in low, moderate, median range, and middle income family housing in any future year, with the approval of the Casino Reinvestment Development Authority. For the purposes of this act, "low income families" means families whose income does not exceed 50% of the median income of the area, with adjustments for smaller and larger families. "Moderate income families" means families whose income does not exceed 80% and is not less than 50% of the median income for the area, with adjustments for smaller and larger families. "Median range income families" means families whose income does not exceed 120% and is not less than 80% of the median income for the area, with adjustments for smaller and larger families. "Middle income families" means families whose income does not exceed 150% and not less than 120% of the median income for the area, with adjustments for smaller and larger families. "Median income" means an income defined as median within the Standard Metropolitan Statistical Area for Atlantic City by the United States Department of Housing and Urban Development.

In order to achieve a balanced community, the authority shall ensure that the development of housing for families of low and moderate income shall proceed at the same time as housing for families of median range and middle income, until such time as there is no longer a need for such facilities in the city of Atlantic City, as determined by the Casino Reinvestment Development Authority.

(4) Notwithstanding any other law or section to the contrary, particularly this subsection regarding the waiver of the required percentages for housing in the city of Atlantic City, subsection i. of section 14, and sections 26, 27, 28, 29, and 31 of this 1984 amendatory and supplementary act, nothing shall be implemented or waived by the Casino Reinvestment Development Authority which would reduce, impair, or prevent the fulfillment of the priorities established and contained in this subsection of this 1984 amendatory and supplementary act.

g. If a person is a licensee with regard to more than one approved hotel pursuant to section 82 of P.L.1977, c.110 (C.5:12-82), the person shall separately account for the gross revenues, the investment alternative tax obligations, and the investments for a tax credit against the investment alternative tax for each approved hotel, and the tax obligations of the licensee under this section shall be determined separately for each approved hotel. The licensee may apportion investments between its approved hotels; provided that no amount of investment shall be credited more than once. If a licensee receives the prior approval of the Casino Reinvestment Development Authority, the licensee may make eligible investments in excess of the investments necessary to receive a tax credit against the investment alternative tax for a given calendar year, and the licensee may carry forward this excess investment and have it credited to its next investment alternative tax obligation. If the Casino Reinvestment Development Authority approves of such excess investment and approves the carry forward of this excess investment, and a licensee elects to purchase bonds of the Casino Reinvestment Development Authority or makes direct investments in approved eligible projects in excess of the investments necessary to receive a tax credit against the investment alternative tax for its current obligation, the licensee shall be entitled to a reduction of the amount of investments necessary in future years, which amount shall be determined annually by the Casino Reinvestment Development Authority, taking

into account a current market discount rate from the date of the purchase or investment to the date the purchase or investment would have been required to be made.

h. Each casino licensee shall prepare and file, in a form prescribed by the Casino Reinvestment Development Authority, an annual return reporting that financial information as shall be deemed necessary by the Casino Reinvestment Development Authority to carry out the provisions of this act. This return shall be filed with the Casino Reinvestment Development Authority and the Casino Control Commission on or before April 30 following the calendar year on which the return is based. The Casino Control Commission shall verify to the Casino Reinvestment Development Authority the information contained in the report, to the fullest extent possible. Nothing in this subsection shall be deemed to affect the due dates for making any investment or paying any tax under this section.

i. Any purchase by a licensee of bonds issued by or offered through the Casino Reinvestment Development Authority pursuant to sections 14 and 15 of this act and subsection b. of this section and all approved eligible investments made by a licensee pursuant to section 25 of this act and subsection b. of this section are to be considered investments and not taxes owed or grants to the State or any political subdivision thereof. As such, a licensee shall have the possibility of the return of principal and a return on the capital invested as with other investments. Investors in the bonds issued by or offered through the Casino Reinvestment Development Authority shall be provided with an opinion from a recognized financial rating agency or a financial advisory firm with national standing that each loan of bond proceeds by the Casino Reinvestment Development Authority has the minimum characteristics of an investment, in that a degree of assurance exists that interest and principal payments can be made and other terms of the proposed investment be maintained over the period of the investment, and that the loan of the bond proceeds would qualify for a bond rating of "C" or better. If an opinion cannot be obtained from a recognized financial rating agency or a financial advisory firm with national standing, an opinion shall be obtained from an expert financial analyst with national standing, selected and hired by the Casino Reinvestment Development Authority. In order to achieve a balanced portfolio, assure the viability of the authority and the projects, facilities and programs undertaken pursuant to this 1984 amendatory and supplementary act, no more than 25% of the total investments made by or through the Casino Reinvestment Development Authority with the proceeds of bonds generated in each year shall be investments which would qualify for a bond rating of "C," unless all holders of obligations in each year agree to waive the 25% limit for that year. Nothing herein shall be interpreted as limiting the Casino Reinvestment Development Authority from taking any steps it deems appropriate to protect the characteristics of its investment in projects or any other investments from not being real investments with a prospect for the return of principal and a return on the capital invested. Anything contained in this section shall not be considered a guarantee by the State or any political subdivision thereof of any return of principal or interest, but any purchase by a licensee of bonds or approved eligible investments made by a licensee pursuant to this act shall be at the risk of the licensee. A licensee or the licensees purchasing an issue of bonds issued by the Casino Reinvestment Development Authority in any given year may arrange, at their option, for those bonds or the investments, made by or through the Casino Reinvestment Development Authority with the proceeds of those bonds, to be insured. The cost of any such insurance purchased by a licensee or licensees shall be paid by the licensee or licensees desiring such insurance.

j. The Casino Reinvestment Development Authority shall promulgate rules and regulations deemed necessary to carry out the purposes of this section.

k. Except as provided in section 13 of P.L.2001, c.221 (C.5:12-173.21), the obligation of a licensee to pay an investment alternative tax pursuant to subsection a. of this section shall end for each licensed facility operated by the licensee 30 years after any investment alternative tax obligation is first incurred in connection with each licensed facility operated by the licensee, unless extended in connection with a deferral granted by the Casino Reinvestment Development Authority pursuant to subsection c. of this section.

15. Section 13 of P.L.1984, c.218 (C.5:12-161) is amended to read as follows:

C.5:12-161 Powers of authority.

13. The Casino Reinvestment Development Authority shall have the following powers:

- a. To adopt and have a common seal and to alter the same at pleasure;
- b. To sue or be sued;
- c. To acquire, hold, use and dispose of any eligible project in which it is making an investment;
- d. To acquire, rent, hold, use, and dispose of other personal property for the purposes of the Casino Reinvestment Development Authority;
- e. To acquire by purchase, gift, or otherwise, or lease as lessee, real property or easements or interests therein necessary or useful and convenient for the purposes of the Casino Reinvestment Development Authority which real property, easements or interests may be subject to mortgages, deeds of trust, or other liens or otherwise, and to hold and to use the same, and to dispose of the property so acquired no longer necessary for the purposes of the Casino Reinvestment Development Authority;
- f. To make and enforce bylaws or rules and regulations for the management and regulation of its business and affairs and for the use, maintenance, and operation of any facility, and to amend the same;
- g. To enter into any agreements or contracts, execute any instruments, and do and perform any acts or things necessary, convenient, or desirable for the purposes of the Casino Reinvestment Development Authority, including the entering into of agreements or contracts with any governmental unit to provide for the payment of principal of and interest on any obligation issued by that governmental unit, the maintenance of necessary reserves in connection with these obligations or the payments under any lease entered into in connection with any eligible project;
- h. To determine eligibility for investments in eligible projects in order to accomplish the purposes of the Casino Reinvestment Development Authority;
- i. To collect and invest any proceeds received under subsection b. of section 3 and section 14 of this act;
- j. To invest in obligations of local governmental units issued to finance eligible projects, provided that the investment shall only be effected through direct negotiation by the Casino Reinvestment Development Authority with the local governmental unit;
- k. To make agreements of any kind with any governmental unit or person for the use or operation of all or any part of any eligible project for consideration and for periods of time and upon other terms and conditions as the Casino Reinvestment Development Authority may fix and agree upon, which agreements may include a partnership, limited partnership, joint venture or association in which the Casino Reinvestment Development Authority is a general or limited partner or participant;
- l. To require and collect fees and charges as the Casino Reinvestment Development Authority shall determine to be reasonable in connection with the exercise of any power given to the Casino Reinvestment Development Authority under the act;
- m. To the extent permitted under a contract of the Casino Reinvestment Development Authority with purchasers of its bonds entered into pursuant to section 3 of this 1984 amendatory and supplementary act, to invest and reinvest any of its moneys not required for immediate use, including moneys received for the purchase of its bonds prior to the bonds being issued as it shall deem prudent. A pro rata share of  $66 \frac{2}{3}$  % of all interest earned by the Casino Reinvestment Development Authority on any such investments shall be paid to the licensees who entered into a contract with the Casino Reinvestment Development Authority for the purchase of its bonds and who contributed to the moneys which were received by the Casino Reinvestment Development Authority and were invested pursuant to this subsection. All functions, powers and duties relating to the investment or reinvestment of these funds, including the purchase, sale or exchange of any investments or securities, may, upon the request of the Casino Reinvestment Development Authority, be exercised and performed by the Director of the Division of Investment, in accordance with written directions of the Casino Reinvestment Development Authority signed by an authorized officer, without regard to any other law relating to investments by the Director of the Division of Investment;

n. To the extent permitted under the contract of the Casino Reinvestment Development Authority with the holders of its bonds, to invest and reinvest any of its moneys not required for immediate use, including proceeds from the sale of any obligations, securities or other investments as it shall deem prudent. All functions, powers and duties relating to the investment or reinvestment of these funds, including the purchase, sale or exchange of any investments or securities, may upon the request of the Casino Reinvestment Development Authority be exercised and performed by the Director of the Division of Investment, in accordance with written directions of the Casino Reinvestment Development Authority signed by an authorized officer, without regard to any other law relating to investments by the Director of the Division of Investment;

o. To enter into all agreements or contracts with any governmental unit or person, execute any instruments, and do and perform any acts or things necessary, convenient or desirable for the purposes of the Casino Reinvestment Development Authority to carry out any power expressly given in this act;

p. To exercise the right of eminent domain in the city of Atlantic City;

q. To meet and hold hearings at places as it shall designate; and

r. To establish, develop, construct, acquire, own, operate, manage, promote, maintain, repair, reconstruct, restore, improve and otherwise effectuate, either directly or indirectly, through lessees, licensees or agents, projects consisting of facilities, at a site or sites within the State of New Jersey, that are related to, incidental to, necessary for or complementary to, the accomplishment of any of the purposes of the authority or of any project of the authority authorized in accordance with P.L.1984, c.218 (C.5:12-144.1 et seq.), as amended.

16. Section 3 of P.L.1991, c.376 (C.40:48-8.47) is amended to read as follows:

C.40:48-8.47 Proceeds from promotional fees.

3. Except as provided by P.L.2001, c.221 (C.5:12-173.9 et al.), proceeds from the fees collected in any eligible municipality pursuant to this act shall be paid into a special fund which shall be established and held by the convention center operating authority which is empowered to operate the convention center facilities in the eligible municipality. Amounts in the special fund shall be expended by the convention center operating authority solely for the purpose of promoting tourism, conventions, resorts and casino gaming, if any, in the eligible municipality. Pending this application, monies in the fund shall be invested in accordance with law applicable to the convention center operating authority and the income therefrom shall be credited to the fund.

17. This act shall take effect on the 60th day next following enactment.

Approved August 24, 2001.

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TRENTON, NJ 08625

**Office of the Governor**  
**NEWS RELEASE**

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RELEASE: August 24 , 2001

**DIFRANCESCO SIGNS LAW TO FURTHER REVITALIZE NEW JERSEY CITIES**  
**Incentive Grants will aid in the Renaissance of Cities from Newark to Atlantic**

Acting Governor Donald T. DiFrancesco signed legislation today that will continue the dramatic revitalization of New Jersey cities by establishing the Casino Reinvestment Development Authority (CRDA) Urban Revitalization Incentive Program.

"A great state needs great cities. We need thriving centers of commerce and culture that attract people to live, work and visit. For New Jersey to reach its potential, New Brunswick must succeed, Camden must succeed, and Trenton must succeed. And certainly, our largest city, Newark, must continue to succeed. Good things are happening in Newark. With the bill I sign today, the renaissance will continue. More redevelopment will take place. More economic activity will be generated. And the conditions will be even better for building an arena that brings major-league excitement to this great city," said DiFrancesco.

DiFrancesco signed the legislation in front of the boarded-up Hahnes department store in Newark, which will be redeveloped into loft apartments above stores and restaurants by the New Newark Foundation. As a result of the new incentive program, the Tropicana Casino will contribute \$20 million as part of their redevelopment plan.

"A redeveloped Hahnes building means more people living and working here. More people taking part in the rich culture of this city. More people doing business in Newark. And all of that activity generating the revenues that will support the dynamic arena we have planned for Newark," said DiFrancesco.

This landmark incentive program will transform Atlantic City into a premier resort designation while encouraging the renaissance of cities throughout the state. The CRDA will provide grants to casino licensees for development of one of six entertainment-retail districts in Atlantic City. The district projects must consist of a minimum of 150,000 square feet of public space, retail stores, entertainment venues and restaurants. The project may include casino hotels and public facilities that improve the overall development of Atlantic City and strengthen the state's economy.

The CRDA grants will aid in the redevelopment of cities throughout New Jersey by requiring casinos to invest a minimum of \$20 million of its investment alternative tax obligations for the development of an entertainment-retail project or community and housing development in an urban area outside of Atlantic City.

A casino licensee approved for participation in the incentive program is further required to extend its investment alternative tax obligations with the CRDA to 35 years from the current 30-year requirement. The new law requires the licensee's investment alternative tax obligations during the additional five years to be divided in such a way that Atlantic City receives 25 percent, the remainder of South Jersey receives 25 percent and North Jersey receives 50 percent.

The legislation (S-2173/A-3251) was sponsored by Senators Bill Gormley (R-Atlantic), Sharpe James (D-Essex/Union) and Assemblymembers Francis Blee (R-Atlantic) and Ken LeFevre (R-Atlantic).