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<b>FLOOR AMENDMENT STATEMENT:</b>	No
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<b>REPORTS:</b>	No
<b>HEARINGS:</b>	No
<b>NEWSPAPER ARTICLES:</b>	Yes

- “Senate OK’s hotly debated tax breaks for casinos” The Star-Ledger, 12-21-2021
- “Changes to Casinos’ Tax Payments Advance - Senate Votes to send bill to Murphy’s desk,” The Record, 12-21-2021
- “Tax relief bill for Atlantic City casinos goes to governor,” Associated Press State Wire: New Jersey, December 21, 2021
- “Casino tax breaks land on governor’s desk” NJBIZ, 12-21-2021
- “N.J. Senate approves PILOT bill,” The Press of Atlantic City, 12-21-2021
- “Senate approves hotly debated tax breaks for A.C.” The Times, 12-22-2021
- “Atlantic City casinos get new tax deal under controversial bill signed by Murphy,” northjersey.com, 12-22-2021
- “Murphy signs controversial casino tax break,” NJBIZ, 12-22-2021
- “Atlantic City casinos get tax deal under new law,” The Record, 12-23-2021
- “Atlantic files suit to stop PILOT law,” The Press of Atlantic City, 12-23-2021
- “Murphy OKs tax breaks for casinos,” The Star-Ledger 12-23-2021
- “Murphy OKs tax breaks

RWH/JA

§1  
C.52:27BBBB-  
19.1  
§§7,8  
C.52:27BBBB-27  
and  
52:27BBBB-28

P.L. 2021, CHAPTER 315, *approved December 21, 2021*  
Senate, No. 4007 (*First Reprint*)

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

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

- 9 1. (New section) The Legislature finds and declares:  
10 a. The “Casino Property Tax Stabilization Act,” P.L.2016, c.5  
11 (C.52:27BBBB-18 et seq.), was enacted on May 27, 2016, to  
12 address a dire financial circumstance that affected casino gaming  
13 properties in Atlantic City, and the finances of the city itself.  
14 Competition from other states in New Jersey’s region had siphoned  
15 off many of the out-of-State and foreign gamblers who had  
16 frequented the casino gaming properties in Atlantic City for many  
17 years. The regional competition in casino gaming had a deleterious  
18 effect on Atlantic City in several ways, including an increase in  
19 unemployment due to the closing of four casino properties out of  
20 the 12 that had been operating in the city; a strain on Atlantic City’s  
21 municipal budget due to property tax refunds required by successful  
22 assessment appeals of casino gaming properties in the years  
23 immediately prior to the enactment of that law; and an increased  
24 property tax burden on Atlantic City and Atlantic County residents  
25 based on the decreasing value of the remaining casino gaming  
26 properties.  
27 b. The Legislature responded to this dire financial circumstance  
28 by devising a 10-year payment in lieu of property tax (PILOT)  
29 program that avoided costly property tax assessment appeals for the  
30 operators of casino gaming properties and Atlantic City, and that  
31 provided an annual mandatory minimum property tax-related  
32 payment to Atlantic City by the casino gaming properties, payments  
33 that Atlantic City is able to rely upon each year to support its  
34 municipal budget. This annual PILOT payment was first  
35 implemented in calendar year 2017, and is to end at the end of  
36 calendar year 2026. The operation of the “Casino Property Tax

**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 December 6, 2021.

1 Stabilization Act,” P.L.2016, c.5 (C.52:27BBBB-18 et seq.) has  
2 stabilized the finances of each individual casino gaming property as  
3 well as the finances of Atlantic City.

4 c. The Legislature notes, with interest and approval, the  
5 stabilizing effect that the “Casino Property Tax Stabilization Act,”  
6 P.L.2016, c.5 (C.52:27BBBB-18 et seq.) has had on the finances of  
7 the Atlantic City and the casino gaming industry during the first  
8 five years of the law. The Legislature also notes that two additional  
9 casino gaming properties have opened in Atlantic City since the  
10 enactment of the “Casino Property Tax Stabilization Act,”  
11 P.L.2016, c.5 (C.52:27BBBB-18 et seq.), and that Atlantic City’s  
12 overall financial condition is more stable since the casino gaming  
13 properties began making PILOT payments. This financial stability  
14 benefits the casinos, their employees, property taxpayers in Atlantic  
15 City, and all New Jersey residents.

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

40 e. The Legislature is concerned that, due to the State’s public  
41 health emergency declared in response to the COVID-19 pandemic,  
42 which negatively impacted tourism in Atlantic City by restricting  
43 the public’s right to travel; closing casino gaming properties for  
44 months on end and then allowing them to open only partially for  
45 another extended period of time; and closing other businesses that  
46 would have been visited by tourists to the city for months as well;  
47 requiring each casino gaming property to make an annual PILOT  
48 payment, as calculated under the current version of the “Casino

1 Property Tax Stabilization Act,” P.L.2016, c.5 (C.52:27BBBB-  
2 18 et seq.), and also satisfy its full IAT obligations for calendar  
3 years 2022 through 2026 may create financial difficulties for those  
4 gaming properties.

5 Similarly, the Legislature is also concerned with the impact on  
6 the casino gaming properties in Atlantic City of the total amount of  
7 the PILOT payments, as calculated under the current version of the  
8 “Casino Property Tax Stabilization Act,” P.L.2016, c.5  
9 (C.52:27BBBB-18 et seq.), owed by those casino gaming  
10 properties, as well as the current manner of determining each  
11 individual casino gaming property’s PILOT payment responsibility,  
12 due to all of the issues experienced in Atlantic City resulting from  
13 the public health emergency. The Legislature is concerned that the  
14 impact of all of the public health emergency limitations on Atlantic  
15 City’s casino gaming properties will affect the finances of those  
16 casinos for the foreseeable future, and thereby impact their ability  
17 to pay the required PILOT payments to the city and impact their  
18 ability to contribute to the quality of life of the State’s senior and  
19 disabled residents who rely on casino revenue deposited into the  
20 Casino Revenue Fund to fund programs that reduce property taxes  
21 as well as utility assistance programs benefiting those residents.

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

1 g. As the Legislature is empowered by the provisions of Article  
2 VIII, Section I, paragraph 2 of the New Jersey Constitution to grant  
3 property tax exemptions by general law, and the Legislature  
4 exercised this authority in 2016 through enacting the “Casino  
5 Property Tax Stabilization Act,” P.L.2016, c.5 (C.52:27BBBB-  
6 18 et seq.) to create the 10-year PILOT program that began in 2017,  
7 the Legislature also has the authority, by law, to revise that PILOT  
8 program to thereby address the impact of the expiration of the IAT  
9 credit mechanism and its effects on the casino gaming industry in  
10 the State, as well as the amount, and calculation, of the PILOT  
11 payments required to be paid to Atlantic City by the casino gaming  
12 properties in Atlantic City.

13 h. The Legislature has also determined to address in this act  
14 other matters related to the continued successful operation of New  
15 Jersey’s casino gaming properties by ensuring: (1) that the casino  
16 gaming properties dedicate sufficient sources of revenue to provide  
17 for necessary capital improvements, and (2) that the City of Atlantic  
18 City also has adequate funds available to it for capital  
19 improvements and other needed quality of life expenditures.  
20

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

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

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

41 (1) The ability to assure the financial integrity of casino  
42 operations by the maintenance of a casino bankroll or equivalent  
43 provisions adequate to pay winning wagers to casino patrons when  
44 due. A casino licensee or applicant shall be presumed to have met  
45 this standard if it maintains, on a daily basis, a casino bankroll, or a  
46 casino bankroll and equivalent provisions, in an amount which is at  
47 least equal to the average daily minimum casino bankroll or  
48 equivalent provisions, calculated on a monthly basis, for the

1 corresponding month in the previous year. For any casino licensee  
2 or applicant which has been in operation for less than a year, such  
3 amount shall be determined by the division based upon levels  
4 maintained by a comparable casino licensee;

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

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

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

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

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

41 c. Each applicant shall produce such information,  
42 documentation and assurances as may be required to establish by  
43 clear and convincing evidence the applicant's good character,  
44 honesty and integrity. Such information shall include, without  
45 limitation, information pertaining to family, habits, character,  
46 reputation, criminal and arrest record, business activities, financial  
47 affairs, and business, professional and personal associates, covering

1 at least the 10-year period immediately preceding the filing of the  
2 application. Each applicant shall notify the commission and division  
3 of any civil judgments obtained against any such applicant  
4 pertaining to antitrust or security regulation laws of the federal  
5 government, of this State or of any other state, jurisdiction,  
6 province or country. In addition, each applicant shall produce letters  
7 of reference from law enforcement agencies having jurisdiction in  
8 the applicant's place of residence and principal place of business,  
9 which letters of reference shall indicate that such law enforcement  
10 agencies do not have any pertinent information concerning the  
11 applicant, or if such law enforcement agency does have information  
12 pertaining to the applicant, shall specify what the information is. If  
13 the applicant has conducted gaming operations in a jurisdiction  
14 which permits such activity, the applicant shall produce letters of  
15 reference from the gaming or casino enforcement or control agency  
16 which shall specify the experiences of such agency with the  
17 applicant, his associates, and his gaming operation; provided,  
18 however, that if no such letters are received within 60 days of  
19 request therefor, the applicant may submit a statement under oath  
20 that he is or was during the period such activities were conducted in  
21 good standing with such gaming or casino enforcement or control  
22 agency.

23 d. Each applicant shall produce such information,  
24 documentation and assurances as may be required to establish by  
25 clear and convincing evidence that the applicant has sufficient  
26 business ability and casino experience as to establish the likelihood  
27 of creation and maintenance of a successful, efficient casino  
28 operation. The applicant shall produce the names of all proposed  
29 casino key employees as they become known and a description of  
30 their respective or proposed responsibilities.

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

47 f. For the purposes of this section, each applicant shall be  
48 responsible for the submission to the division of the name, address,



1 fingerprints and written consent for a criminal history record  
2 background check to be performed for each person who must  
3 individually qualify in conjunction with the casino license  
4 application. The division is hereby authorized to exchange  
5 fingerprint data with and receive criminal history record  
6 information from the State Bureau of Identification in the Division  
7 of State Police and the Federal Bureau of Investigation consistent  
8 with applicable State and federal laws, rules and regulations. The  
9 applicant shall bear the cost for the criminal history record  
10 background check, including all costs of administering and  
11 processing the check. The Division of State Police shall promptly  
12 notify the division in the event a current or prospective licensee,  
13 who was the subject of a criminal history record background check  
14 pursuant to this section, is arrested for a crime or offense in this  
15 State after the date the background check was performed.

16 (cf: P.L.2011, c.19, s.48)

17

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

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

21 "Atlantic City" means the City of Atlantic City, in Atlantic  
22 County;

23 "Base amount" means, for calendar years 2018 through 2021, the  
24 amount of the payment in lieu of taxes as determined by  
25 subparagraph (d) of paragraph (3) of subsection c. of this section;  
26 and for calendar years 2022 through 2026, the amount of the  
27 payment in lieu of taxes as determined by subparagraphs (e)  
28 through (h) of paragraph (3) of subsection c. of this section;

29 "Casino gaming property" means one or more parcels of real  
30 property located in Atlantic City, and any adjacent property utilized  
31 in connection with such property, upon which there is located a  
32 facility licensed to be used for casino gaming in 2014 or thereafter,  
33 whether or not in actual operation, which has more than 500 guest  
34 hotel rooms, and is not subject to recorded covenants prohibiting  
35 casino gaming;

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

39 "Division" means the Division of Gaming Enforcement in the  
40 Department of Law and Public Safety;

41 "Gross gaming revenue" (GGR) means the total amount of  
42 revenue raised through casino gaming, including revenue from  
43 sports pool operations, from all of the casino gaming properties  
44 located in Atlantic City as determined by the division for calendar  
45 years 2014 through 2020. For the purpose of determining the  
46 amount of the payment in lieu of taxes pursuant to this section,  
47 gross gaming revenue shall not include revenue derived from

1 Internet casino gaming and Internet sports wagering during calendar  
2 years 2021 through 2026 as determined by the division;

3 “Infrastructure Fund” means the Infrastructure Fund established  
4 pursuant to section 8 of P.L. , c. (C. ) (pending before the  
5 Legislature as this bill);

6 "Local Finance Board" means the Local Finance Board in the  
7 Division of Local Government Services in the Department of  
8 Community Affairs; and

9 "Treasury" means the Department of the Treasury.

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

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

46 (2) Any new owner of a casino gaming property following the  
47 effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.) shall  
48 immediately become responsible for signing **[a]** the financial

1 agreement with Atlantic City promising to make payments  
2 consistent with this section.

3 (3) (a) The total amount of the payment in lieu of property  
4 taxes owed to Atlantic City for calendar year 2017 shall be \$120  
5 million. To the extent that any owner of a casino gaming property  
6 has paid property taxes for calendar year 2017 prior to the date  
7 P.L.2016, c.5 (C.52:27BBBB-18 et al.) becomes operative, the  
8 amount of property taxes so paid shall be credited toward that  
9 owner's allocated share of the \$120 million total payment in lieu of  
10 property taxes.

11 (b) For calendar **[year]** years 2018 **[and for each calendar year**  
12 **thereafter]**, 2019, 2020, and 2021, the amount of the payment in  
13 lieu of property taxes owed to Atlantic City shall increase by two  
14 percent per year in every year in which there is no upward  
15 adjustment to the base amount of the payment in lieu of taxes from  
16 the previous calendar year as determined by subparagraph (d) of  
17 this paragraph.

18 (c) For calendar **[year]** years 2018 **[and for each calendar year**  
19 **thereafter]**, 2019, 2020, and 2021, the total amount of the payment  
20 in lieu of property taxes owed to Atlantic City shall be the base  
21 amount as determined by subparagraph (d) of this paragraph and the  
22 total amount of the annual increases to date as determined by  
23 subparagraph (b) of this paragraph.

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

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

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

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

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

43 If the amount of the GGR in the preceding calendar year is  
44 between \$1.8 billion and \$2.2 billion and the aggregate gross  
45 revenues from all of the casino gaming properties located in  
46 Atlantic City from all revenue streams, excluding GGR, have not  
47 increased compared to the prior calendar year by more than the

1 amount by which GGR is less than \$2.2 billion, as determined by  
2 the division, the base amount shall be \$110 million, or in the case of  
3 an upward adjustment, \$20 million more than the PILOT in the  
4 previous year, whichever is greater;

5 If the amount of the GGR in the preceding calendar year is \$1.8  
6 billion or less and the aggregate gross revenue from all of the casino  
7 gaming properties located in Atlantic City from all revenue streams,  
8 excluding GGR have not increased compared to the prior calendar  
9 year by more than the amount by which GGR is less than \$1.8  
10 billion as determined by the division, the base amount shall be \$90  
11 million.

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

14 (f) For calendar years 2023, 2024, 2025, and 2026, in any  
15 calendar year in which there is not an upward or a downward  
16 adjustment to the base amount of the payment in lieu of property  
17 taxes owed to Atlantic City pursuant to subparagraph (h) of this  
18 paragraph, the total amount of the payment in lieu of property taxes  
19 owed to Atlantic City for the calendar year shall increase by two  
20 percent from the preceding year.

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

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

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

33 If the amount of the GGR in the preceding calendar year is  
34 between \$2.3 billion and \$2.9 billion, the base amount shall be \$110  
35 million, or in the case of an upward adjustment, \$10 million more  
36 than the PILOT in the previous year and in the case of a downward  
37 adjustment, \$10 million less than the PILOT in the previous year,  
38 whichever amount is greater; and

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

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

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

3 The number of hotel guest rooms in each casino gaming  
4 property; and

5 The gross gaming revenue of the casino in each casino gaming  
6 property from the prior calendar year.

7 Each of these three criteria shall bear equal weight in the formula  
8 implemented by the Local Finance Board, in consultation with the  
9 division, pursuant to this paragraph, provided that during calendar  
10 years 2017, 2018, 2019, 2020, and 2021, if].

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

35 (6) Beginning in calendar year 2022, an individual casino  
36 gaming property shall no longer be allowed a credit against the  
37 obligation of the operator of that property under paragraph (2) of  
38 subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) in the  
39 amount that the payment in lieu of property taxes owed is in excess  
40 of the total real property taxes due and payable by the casino  
41 gaming property in calendar year 2015, as allowed under paragraph  
42 (5) of this subsection for calendar years 2017, 2018, 2019, 2020,  
43 and 2021; provided, however, any increase in the net liability of an  
44 individual casino gaming property resulting from the elimination of  
45 the credit allowed under paragraph (5) of this subsection shall not  
46 exceed: 25 percent for calendar year 2022; 50 percent for calendar  
47 year 2023; and 75 percent for calendar year 2024. Any amount that  
48 would be owed by a casino gaming property in excess of the limits

1 applied for calendar years 2022 through 2024 under this paragraph  
2 shall be added, by proportional share, and pursuant to the  
3 methodology developed by the division, to the payment in lieu of  
4 property taxes to be paid by every other casino gaming property.

5 (7) Notwithstanding the provisions of paragraph (6) of this  
6 subsection to the contrary, for an individual casino gaming property  
7 with less than 1,000 rooms, the increased net liability of such  
8 individual casino gaming property resulting from the elimination of  
9 the credit allowed under paragraph (5) of this subsection shall not  
10 exceed 50 percent between calendar years 2022 and 2026 with that  
11 50 percent increase phased-in at 25 percent for calendar year 2022,  
12 50 percent for calendar year 2023, and 75 percent for calendar year  
13 2024. Any amount that would be owed to such individual casino  
14 gaming property in excess of the limits applied for calendar years  
15 2022 through 2026 under this paragraph shall be credited against  
16 the obligation of the operator of the property under paragraph (2) of  
17 subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1).

18 (8) If the formula set forth in paragraph (4) of this subsection  
19 results in any individual casino gaming property not receiving the  
20 lower payment that is due that casino gaming property shall still be  
21 liable for its proportional share of the payment in lieu of property  
22 taxes determined pursuant to paragraph (6) of this subsection;  
23 provided, however, if the liability of the casino gaming property  
24 determined pursuant to the formula set forth in paragraph (4) of this  
25 subsection does not result in 50 percent of the savings due for 2022,  
26 75 percent of the savings due for 2023, or 100 percent of the  
27 savings due for 2024, 2025, and 2026, that property shall be  
28 allowed a credit against the obligation of the operator of that  
29 property under paragraph (2) of subsection a. of section 3 of  
30 P.L.1984, c.218 (C.5:12-144.1) in an amount that will result in the  
31 savings of the individual casino gaming property equaling 50  
32 percent for 2022, 75 percent for 2023, and 100 percent for 2024,  
33 2025, and 2026. The total credits allowed against the obligation of  
34 the operator of a casino gaming property under paragraph (2) of  
35 subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) for all  
36 casino gaming properties in this category shall be distributed on a  
37 pro rata basis based upon the calculated payment in lieu of property  
38 taxes payment obligation.

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

1 year, or such percentage in any year that limits the increase to 90  
2 percent.

3 (10) The calculations in paragraphs (6) through (9) of this  
4 subsection shall be performed before the application of the two  
5 percent annual increase required under subparagraph (f) of  
6 paragraph (3) of this subsection. Thus, the final payment in lieu tax  
7 obligation and any credit against the obligation of the operator of a  
8 casino gaming property under paragraph (2) of subsection a. of  
9 section 3 of P.L.1984, .c218 (C.5:12-144.1) shall incorporate the  
10 two percent annual increase pursuant to the methodology developed  
11 by the division.

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

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

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

1 unpaid property taxes.  
2 (cf: P.L.2018, c.33, s.14)

3  
4 4. Section 4 of P.L.2016, c.5 (C.52:27BBBB-21) is amended to  
5 read as follows:

6 4. a. In addition to the amounts required to be remitted under  
7 section 3 of P.L.2016, c.5 (C.52:27BBBB-20), the owner of each  
8 casino gaming property shall make a separate payment to the State  
9 **【for calendar years 2015, 2016, 2017, 2018, 2019, 2020, 2021,**  
10 **2022, and 2023, where the aggregate amount of these payments**  
11 **paid by the casino gaming properties shall】<sup>1</sup>, where the aggregate  
12 amount of these payments paid by the casino gaming properties  
13 shall be<sup>1</sup> equal to the following: (1) \$30,000,000 for calendar year  
14 2015; (2) \$30,000,000 for calendar year 2016; (3) \$15,000,000 for  
15 calendar year 2017; (4) \$10,000,000 for calendar year 2018; <sup>1</sup>and<sup>1</sup>  
16 (5) \$5,000,000 <sup>1</sup>**【for calendar year 2019;** (6) \$5,000,000 for  
17 calendar year 2020; (7) \$5,000,000 for calendar year 2021; and (8)  
18 \$5,000,000<sup>1</sup> **【for calendar year 2022; and (9) \$5,000,000】** per year  
19 for calendar 【year 2023】 years <sup>1</sup>【2022】 2019<sup>1</sup> through 2026.**

20 b. The Local Finance Board, in consultation with the division,  
21 shall determine the amount owed for each casino gaming property  
22 based on the proportion of gross gaming revenue of the casino in  
23 casino gaming property in the prior year. The owner of each casino  
24 gaming property where a casino is operated during the year in  
25 which the payments required by this section are due shall remit its  
26 payment to the State no later than June 1 of each year. The Local  
27 Finance Board shall provide the owner of each casino gaming  
28 property required to make a payment under this section with written  
29 notice of the amount of the payment for each casino gaming  
30 property, and instructions for how each payment shall be made.  
31 Each owner of a casino gaming property required to make a  
32 payment under this section shall remit its payment within five  
33 business days of receipt of the written notice from the Local  
34 Finance Board.

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

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

43  
44 5. Section 5 of P.L.2016, c.5 (C.52:27BBBB-22) is amended to  
45 read as follows:

46 5. a. Annually, beginning in calendar year 2017 and ending on  
47 December 31, 2026, a portion of the payment in lieu of property tax  
48 moneys collected pursuant to section 3 of P.L.2016, c.5



1 (C.52:27BBBB-20) shall be remitted to the county and the school  
2 district for their own purposes. [These moneys shall be remitted to  
3 the county and to the school district in the same manner as property  
4 taxes are paid to counties and school districts pursuant to R.S.54:4-  
5 74, R.S.54:4-75, and R.S.54:4-76, except that the Local Finance  
6 Board may, in its discretion, apportion a specific percentage of the  
7 payment in lieu of property tax moneys to be remitted to the  
8 county.]

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

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

42 c. Notwithstanding the provisions of any other law to the  
43 contrary, beginning in calendar year 2022, the portion of the  
44 payment in lieu of property taxes collected pursuant to section 3 of  
45 P.L.2016, c.5 (C.52:27BBBB-20) that is allocated to the Atlantic  
46 City School District shall be the same as 2021, with the allocation  
47 in each year thereafter increasing by two percent from the preceding  
48 year; provided, however, in the case of an upward adjustment

1 pursuant to subparagraph (h) of paragraph (3) of subsection c. of  
2 section 3 of P.L.2016, c.5 (C.52:27BBBB-20), the portion of the  
3 payment in lieu of property taxes allocated to the Atlantic City  
4 School District shall be increased by \$3,500,000 in the year of the  
5 upward adjustment and shall thereafter increase by two percent  
6 from the preceding year; and provided further that in the case of a  
7 downward adjustment pursuant to subparagraph (h) of paragraph (3)  
8 of subsection c. of section 3 of P.L.2016, c.5 (C.52:27BBBB-20),  
9 the portion of the payment in lieu of property taxes allocated to the  
10 Atlantic City School District shall be decreased by \$3,500,000 in  
11 the year of a downward adjustment and shall thereafter increase by  
12 two percent from the preceding year.

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

14

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

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

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

1 by Atlantic City prior to and after the effective date of P.L.2016, c.5  
2 (C.52:27BBBB-18 et al.). In the event that the moneys received by  
3 the State Treasurer from the payment of the investment alternative  
4 tax, in the amounts identified in this section, exceed the debt service  
5 on bonds issued by Atlantic City prior to and after the effective date  
6 of P.L.2016, c.5 (C.52:27BBBB-18 et al.) in any year, then the  
7 amount in excess of the debt service shall be allocated as follows:

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

17 (2) for calendar year 2023, 20 percent of such residual moneys  
18 shall be allocated to the Casino Reinvestment Development  
19 Authority, 12 percent of such residual moneys shall be allocated to  
20 the Clean and Safe Fund, 12 percent of such residual moneys shall  
21 be allocated to the Infrastructure Fund, and 56 percent of such  
22 residual moneys shall be allocated for use by Atlantic City for  
23 general municipal purposes;

24 (3) for calendar year 2024, 15 percent of such residual moneys  
25 shall be allocated to the Casino Reinvestment Development  
26 Authority, 11.5 percent of such residual moneys shall be allocated  
27 to the Clean and Safe Fund, 11.5 percent of such residual moneys  
28 shall be allocated to the Infrastructure Fund, and 62 percent of such  
29 residual moneys shall be allocated for use by Atlantic City for  
30 general municipal purposes;

31 (4) for calendar year 2025, 15 percent of such residual moneys  
32 shall be allocated to the Casino Reinvestment Development  
33 Authority, 11.5 percent of such residual moneys shall be allocated  
34 to the Clean and Safe Fund, 11.5 percent of such residual moneys  
35 shall be allocated to the Infrastructure Fund, and 62 percent of such  
36 residual moneys shall be allocated for use by Atlantic City for  
37 general municipal purposes; and

38 (5) for calendar year 2026, 10 percent of such residual moneys  
39 shall be allocated to the Casino Reinvestment Development  
40 Authority, 11.5 percent of such residual moneys shall be allocated  
41 to the Clean and Safe Fund, 11.5 percent of such residual moneys  
42 shall be allocated to the Infrastructure Fund, and 67 percent of such  
43 residual moneys shall be allocated for use by Atlantic City for  
44 general municipal purposes.

45 c. If, in any year, the aggregate amount allocated to Atlantic City  
46 for municipal purposes pursuant to subsection b. of this section results  
47 in an amount that is less than 2.5 percent higher than the amount for  
48 municipal purposes in the prior year, the distributions to the Casino

1 Reinvestment Development Authority, the Clean and Safe Fund, and  
 2 Infrastructure Fund shall be reduced in equal amounts and allocated to  
 3 Atlantic City for municipal purposes to meet a 2.5 percent growth  
 4 target.

5 d. If, in any year, the amount allocated to the Casino  
 6 Reinvestment Development Authority, the Clean and Safe Fund, and  
 7 the Infrastructure Fund pursuant to subsection b. of this section  
 8 exceeds the amount set forth in the table below, each casino gaming  
 9 property shall receive reimbursement from the moneys received by the  
 10 State Treasurer derived from the payment of the investment alternative  
 11 tax in the amount specified in paragraph (2) of subsection a. of section  
 12 3 of P.L.1984, c.218 (C.5:12-144.1) up to its full obligation under that  
 13 paragraph on a pro rata basis. Following reimbursement, if there are  
 14 still excess funds, the amount in excess attributable to each casino will  
 15 be distributed to the Casino Reinvestment Development Authority and  
 16 deposited into an account for use in accordance with Article 11 and  
 17 Article 12 of the “Casino Control Act,” P.L.1977, c.110 (C.5:12-  
 18 1 et seq.) governing casino reinvestment and authority operations.

19

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

20

21 e. The provisions of this section shall expire on December 31,  
 22 2026.  
 23 (cf: P.L.2016, c.5, s.9)  
 24

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

35 b. Moneys in the fund shall be expended by Atlantic City, or  
 36 another governmental entity working on behalf of Atlantic City, to  
 37 pay for capital public safety expenses, streetscape improvements,  
 38 plantings, roadway median improvements, shade trees,

1 beautification, wayfinding, lighting, cleaning equipment, waste  
2 receptacles, sidewalk repair, and related maintenance. The  
3 governing body of Atlantic City may fund a project authorized  
4 under this subsection with moneys deposited in the Clean and Safe  
5 Fund subject to approval of the Director of the Division of Local  
6 Government Services in the Department of Community Affairs.

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

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

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

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

43  
44 9. This act shall take effect immediately.

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

## CHAPTER 315

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

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

C.52:27BBBB-19.1 Findings, declarations relative to casino gaming properties.

1. The Legislature finds and declares:

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

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

c. The Legislature notes, with interest and approval, the stabilizing effect that the “Casino Property Tax Stabilization Act,” P.L.2016, c.5 (C.52:27BBBB-18 et seq.) has had on the finances of the Atlantic City and the casino gaming industry during the first five years of the law. The Legislature also notes that two additional casino gaming properties have opened in Atlantic City since the enactment of the “Casino Property Tax Stabilization Act,” P.L.2016, c.5 (C.52:27BBBB-18 et seq.), and that Atlantic City’s overall financial condition is more stable since the casino gaming properties began making PILOT payments. This financial stability benefits the casinos, their employees, property taxpayers in Atlantic City, and all New Jersey residents.

d. The Legislature finds that this financial stability achieved between the casino gaming properties and Atlantic City may be adversely impacted by certain provisions in the current version of the “Casino Property Tax Stabilization Act,” P.L.2016, c.5 (C.52:27BBBB-18 et seq.). As part of the agreement that led to the enactment of that law, it was determined that each casino gaming property would not pay more in the annual PILOT payments than it paid in property taxes in 2015. This provision was made in order to incentivize the casino gaming properties to enter into the PILOT agreement, which was critical to achieving financial stability for both the casino gaming properties and ensuring Atlantic City’s ability to anticipate the amount of PILOT funds they would receive from the casino gaming properties. Separately, the investment alternative tax (IAT) levied on the casinos, which had historically funded the Casino Reinvestment Development Authority, was to be paid instead to Atlantic City for the

purposes of paying down the city's debt. The "Casino Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et seq.), provided that if, in any year, a casino gaming property's PILOT payment exceeded its 2015 property tax bill, it would receive a "credit" against its IAT obligation. This crediting mechanism only extends through calendar year 2021, so beginning in calendar year 2022, current law will require each casino operator in Atlantic City to pay their full PILOT and IAT obligations.

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

Similarly, the Legislature is also concerned with the impact on the casino gaming properties in Atlantic City of the total amount of the PILOT payments, as calculated under the current version of the "Casino Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et seq.), owed by those casino gaming properties, as well as the current manner of determining each individual casino gaming property's PILOT payment responsibility, due to all of the issues experienced in Atlantic City resulting from the public health emergency. The Legislature is concerned that the impact of all of the public health emergency limitations on Atlantic City's casino gaming properties will affect the finances of those casinos for the foreseeable future, and thereby impact their ability to pay the required PILOT payments to the city and impact their ability to contribute to the quality of life of the State's senior and disabled residents who rely on casino revenue deposited into the Casino Revenue Fund to fund programs that reduce property taxes as well as utility assistance programs benefiting those residents.

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

g. As the Legislature is empowered by the provisions of Article VIII, Section I, paragraph 2 of the New Jersey Constitution to grant property tax exemptions by general law, and the

Legislature exercised this authority in 2016 through enacting the “Casino Property Tax Stabilization Act,” P.L.2016, c.5 (C.52:27BBBB-18 et seq.) to create the 10-year PILOT program that began in 2017, the Legislature also has the authority, by law, to revise that PILOT program to thereby address the impact of the expiration of the IAT credit mechanism and its effects on the casino gaming industry in the State, as well as the amount, and calculation, of the PILOT payments required to be paid to Atlantic City by the casino gaming properties in Atlantic City.

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

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

C.5:12-84 Casino license - applicant requirements.

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

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

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

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

(3) The ability to pay, as and when due, all local, state and federal taxes, including the tax on gross revenues imposed by subsection a. of section 144 of P.L.1977, c.110 (C.5:12-144), the investment alternative tax obligations imposed by subsection b. of section 144 of P.L.1977, c.110 (C.5:12-144) and section 3 of P.L.1984, c.218 (C.5:12-144.1), the payment in lieu of



property taxes imposed by P.L.2016, c.5 (C.52:27BBBB-18 et al.), and any fees imposed by the act or the regulations promulgated pursuant thereto;

(4) The ability to make necessary capital expenditures in a timely manner which are adequate to ensure a superior, first-class facility of exceptional quality pursuant to subsection i. of section 83 of P.L.1977, c.110 (C.5:12-83). A casino licensee or applicant shall be presumed to have met this standard if it demonstrates that its capital expenditures, over the immediately preceding five calendar years, average at least five percent of net revenue, except that any casino licensee or applicant which has been in operation for less than five years shall be required to otherwise establish compliance with this standard to the division; and

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

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

c. Each applicant shall produce such information, documentation and assurances as may be required to establish by clear and convincing evidence the applicant's good character, honesty and integrity. Such information shall include, without limitation, information pertaining to family, habits, character, reputation, criminal and arrest record, business activities, financial affairs, and business, professional and personal associates, covering at least the 10-year period immediately preceding the filing of the application. Each applicant shall notify the commission and division of any civil judgments obtained against any such applicant pertaining to antitrust or security regulation laws of the federal government, of this State or of any other state, jurisdiction, province or country. In addition, each applicant shall produce letters of reference from law enforcement agencies having jurisdiction in the applicant's place of residence and principal place of business, which letters of reference shall indicate that such law enforcement agencies do not have any pertinent information concerning the applicant, or if such law enforcement agency does have information pertaining to the applicant, shall specify what the information is. If the applicant has conducted gaming operations in a jurisdiction which permits such activity, the applicant shall produce letters of reference from the gaming or casino enforcement or control agency which shall specify the experiences of such agency with the applicant, his associates, and his gaming operation; provided, however, that if no such letters are received within 60 days of request therefor, the applicant may submit a statement under oath that he is or was during the period such activities were conducted in good standing with such gaming or casino enforcement or control agency.

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

e. Each applicant shall produce such information, documentation and assurances to establish the suitability of the casino and related facilities subject to subsection i. of section 83 of P.L.1977, c.110 (C.5:12-83) and that its proposed location will not adversely affect casino operations. Each applicant shall submit to the division an impact statement which shall include, without limitation, architectural and site plans which establish that the proposed facilities comply in all respects with the requirements of this act and the requirements of the master plan

and zoning and planning ordinances of Atlantic City, without any use variance from the provisions thereof; a market impact study which analyzes the adequacy of the patron market and the effect of the proposal on such market and on the existing casino facilities licensed under this act; and an analysis of the effect of the proposal on the overall economic and competitive conditions of Atlantic City and the State of New Jersey.

f. For the purposes of this section, each applicant shall be responsible for the submission to the division of the name, address, fingerprints and written consent for a criminal history record background check to be performed for each person who must individually qualify in conjunction with the casino license application. The division is hereby authorized to exchange fingerprint data with and receive criminal history record information from the State Bureau of Identification in the Division of State Police and the Federal Bureau of Investigation consistent with applicable State and federal laws, rules and regulations. The applicant shall bear the cost for the criminal history record background check, including all costs of administering and processing the check. The Division of State Police shall promptly notify the division in the event a current or prospective licensee, who was the subject of a criminal history record background check pursuant to this section, is arrested for a crime or offense in this State after the date the background check was performed.

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

C.52:27BBBB-20 Definitions relative to stabilization of finances of a municipality in which casino gaming is authorized.

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

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

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

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

"Clean and Safe Fund" means the Clean and Safe Fund established pursuant to section 7 of P.L.2021, c.315 (C.52:27BBBB-27);

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

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

"Infrastructure Fund" means the Infrastructure Fund established pursuant to section 8 of P.L.2021, c.315 (C.52:27BBBB-28);

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

"Treasury" means the Department of the Treasury.

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

c. (1) In exchange for the property tax exemption granted in subsection b. of this section, each owner of each casino gaming property shall sign a 10-year financial agreement with Atlantic City for each casino gaming property based upon the provisions of P.L.2016, c.5 (C.52:27BBBB-18 et al.) for calendar years 2017 through 2021, which financial agreement shall be amended and continued to reflect and incorporate the amendatory and supplemental provisions of P.L.2021, c.315 (C.52:27BBBB-19.1 et al.) for calendar years 2022 through 2026, promising to make quarterly payments to the city of its allocated portion of the annual amount of the payment in lieu of taxes as determined by this section. The continuation of the agreement for calendar years 2022 through 2026 is also provided in exchange for the prescribed uses of excess amounts of a casino gaming property's investment alternative tax, as described in subsection b. of section 9 of P.L.2016, c.5 (C.52:27BBBB-25). The owner of each casino gaming property shall be responsible for the payments allocated to that property and shall be subject to the lien provisions of R.S.54:5-6 and the interest for delinquency provisions of R.S.54:4-67 if those payments are not made.

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

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

(b) For calendar years 2018, 2019, 2020, and 2021, the amount of the payment in lieu of property taxes owed to Atlantic City shall increase by two percent per year in every year in which there is no upward adjustment to the base amount of the payment in lieu of taxes from the previous calendar year as determined by subparagraph (d) of this paragraph.

(c) For calendar years 2018, 2019, 2020, and 2021, the total amount of the payment in lieu of property taxes owed to Atlantic City shall be the base amount as determined by subparagraph (d) of this paragraph and the total amount of the annual increases to date as determined by subparagraph (b) of this paragraph.

(d) For calendar years 2018, 2019, 2020, and 2021, the base amount of the payment in lieu of taxes shall be determined as follows:

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

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

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

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

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

If the amount of the GGR in the preceding calendar year is \$1.8 billion or less and the aggregate gross revenue from all of the casino gaming properties located in Atlantic City from all revenue streams, excluding GGR have not increased compared to the prior calendar year by more than the amount by which GGR is less than \$1.8 billion as determined by the division, the base amount shall be \$90 million.

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

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

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

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

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

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

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

(4) The amount of the payment in lieu of property taxes owed pursuant to this subsection shall be calculated annually each calendar year for each casino gaming property using a

formula implemented by the Local Finance Board, in consultation with the division, using the following criteria:

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

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

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

Each of these three criteria shall bear equal weight in the formula implemented by the Local Finance Board, in consultation with the division, pursuant to this paragraph.

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

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

(7) Notwithstanding the provisions of paragraph (6) of this subsection to the contrary, for an individual casino gaming property with less than 1,000 rooms, the increased net liability of such individual casino gaming property resulting from the elimination of the credit allowed under paragraph (5) of this subsection shall not exceed 50 percent between calendar years 2022 and 2026 with that 50 percent increase phased in at 25 percent for calendar year 2022, 50 percent for calendar year 2023, and 75 percent for calendar year 2024. Any amount that would be owed to such individual casino gaming property in excess of the limits applied for calendar years 2022 through 2026 under this paragraph shall be credited against the obligation of the

operator of the property under paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1).

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

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

(10) The calculations in paragraphs (6) through (9) of this subsection shall be performed before the application of the two percent annual increase required under subparagraph (f) of paragraph (3) of this subsection. Thus, the final payment in lieu tax obligation and any credit against the obligation of the operator of a casino gaming property under paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) shall incorporate the two percent annual increase pursuant to the methodology developed by the division.

d. If a new casino gaming property becomes subject to the provisions of this subsection, then the new casino gaming property shall enter a financial agreement with Atlantic City to set its payment in lieu of taxes. A new casino gaming property shall pay its regular and conventional tax obligation as billed for the remainder of the calendar year in which it first qualifies as a casino gaming property. If an existing casino gaming property ceases to qualify as a casino gaming property, then the total amount of the payment in lieu of property taxes owed to Atlantic City pursuant to subparagraphs (e) through (h) of paragraph (3) of subsection c. of this section shall be decreased in the calendar year following the year in which the existing casino gaming property ceases to qualify as a casino gaming property by the payment in lieu of property taxes allocated to such casino gaming property pursuant to paragraph (4) of subsection c. of this section in the year in which such casino gaming property ceases to qualify as a casino gaming property. Any decrease to the total amount of the payment in lieu of taxes owed to Atlantic City precipitated by a casino gaming property no longer qualifying as a casino gaming property shall not take effect until the calendar year following the calendar year in which such casino gaming property ceases to qualify as a casino gaming property.

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

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

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

C.52:27BBBB-21 Additional payments required.

4. a. In addition to the amounts required to be remitted under section 3 of P.L.2016, c.5 (C.52:27BBBB-20), the owner of each casino gaming property shall make a separate payment to the State, where the aggregate amount of these payments paid by the casino gaming properties shall be equal to the following: (1) \$30,000,000 for calendar year 2015; (2) \$30,000,000 for calendar year 2016; (3) \$15,000,000 for calendar year 2017; (4) \$10,000,000 for calendar year 2018; and (5) \$5,000,000 per year for calendar years 2019 through 2026.

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

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

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

C.52:27BBBB-22 Remitted portion of payment to county and school district.

5. a. Annually, beginning in calendar year 2017 and ending on December 31, 2026, a portion of the payment in lieu of property tax moneys collected pursuant to section 3 of P.L.2016, c.5 (C.52:27BBBB-20) shall be remitted to the county and the school district for their own purposes.

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

beginning in calendar year 2022, the portion of the payment in lieu of property taxes collected pursuant to section 3 of P.L.2016, c.5 (C.52:27BBBB-20) that is allocated to Atlantic County shall be the same as 2021, with the allocation in each year thereafter increasing by two percent from the preceding year; provided, however, in the case of an upward adjustment pursuant to subparagraph (h) of paragraph (3) of subsection c. of section 3 of P.L.2016, c.5

(C.52:27BBBB-20) in calendar year 2023 or 2024, the portion of the payment in lieu of property taxes allocated to Atlantic County shall be increased by \$1,350,000 in the year of the upward adjustment and shall thereafter increase by two percent from the preceding year, and in the case of an upward adjustment that occurs in calendar year 2025 or 2026, the portion of the payment in lieu of property taxes allocated to Atlantic County shall be increased by \$1,200,000 in the year of the upward adjustment and shall thereafter increase by two percent from the preceding year; and provided further that in the case of a downward adjustment pursuant to subparagraph (h) of paragraph (3) of subsection c. of section 3 of P.L.2016, c.5 (C.52:27BBBB-20) in calendar year 2023 or 2024, the portion of the payment in lieu of property taxes allocated to Atlantic County shall be decreased by \$1,350,000 in the year of a downward adjustment and shall thereafter increase by two percent from the preceding year and in the case of a downward adjustment that occurs in calendar year 2025 or 2026 the portion of the payment in lieu of property taxes allocated to Atlantic County shall be decreased by \$1,200,000 in the year of the downward adjustment and shall thereafter increase by two percent from the preceding year.

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

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

C.52:27BBBB-25 Allocation of certain moneys to Atlantic City.

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

b. Notwithstanding the provisions of section 3 of P.L.1984, c.218 (C.5:12-144.1) or any other law to the contrary, including subsection k. of section 5 of P.L.2011, c.18 (C.5:12-219), for each calendar year from 2022 through 2026, of the moneys received by the State Treasurer



derived from the payment of the investment alternative tax in the amount specified in paragraph (2) of subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) and the investment alternative in the amount as specified in section 17 of P.L.2013, c.27 (C.5:12-95.19), except for any amount thereof pledged for the payment of bonds issued by the Casino Reinvestment Development Authority or otherwise contractually obligated by the authority prior to the effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.), or any bonds issued to refund such bonds, shall be allocated first to Atlantic City for the purposes of paying debt service during each such calendar year on bonds issued by Atlantic City prior to and after the effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.). In the event that the moneys received by the State Treasurer from the payment of the investment alternative tax, in the amounts identified in this section, exceed the debt service on bonds issued by Atlantic City prior to and after the effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.) in any year, then the amount in excess of the debt service shall be allocated as follows:

(1) for calendar year 2022, such residual moneys shall be allocated 20 percent to the Casino Reinvestment Development Authority, 15 percent to the Clean and Safe Fund established pursuant to section 7 of P.L.2021, c.315 (C.52:27BBBB-27), 15 percent to the Infrastructure Fund established pursuant to section 8 of P.L.2021, c.315 (C.52:27BBBB-28), and 50 percent of such residual moneys shall be allocated for use by Atlantic City for general municipal purposes;

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

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

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

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

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

d. If, in any year, the amount allocated to the Casino Reinvestment Development Authority, the Clean and Safe Fund, and the Infrastructure Fund pursuant to subsection b. of this section exceeds the amount set forth in the table below, each casino gaming property shall receive

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

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

e. The provisions of this section shall expire on December 31, 2026.

C.52:27BBBB-27 Clean and Safe Fund, established.

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

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

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

C.52:27BBBB-28 Infrastructure Fund, established.

8. a. There is established the Infrastructure Fund to be held by the State Treasurer, which shall be the repository for all moneys required to be deposited therein under subsection b. of section 9 of P.L.2016, c.5 (C.52:27BBBB-25) and any moneys appropriated annually to the fund. The State Treasurer may invest and reinvest any moneys in the fund, or any portion thereof, in legal obligations of the United States or of the State or of any political subdivision

thereof. Any income from, interest on, or increment to moneys so invested or reinvested shall be included in the fund.

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

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

9. This act shall take effect immediately.

Approved December 21, 2021.

**SENATE, No. 4007**

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**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

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INTRODUCED JUNE 28, 2021

**Sponsored by:**

**Senator STEPHEN M. SWEENEY**

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

**SYNOPSIS**

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

**CURRENT VERSION OF TEXT**

As introduced.



S4007 SWEENEY

2

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

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

8  
9 1. (New section) The Legislature finds and declares:

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

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

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

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

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

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

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

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

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

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

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

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

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

10

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

47 "Treasury" means the Department of the Treasury.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

42

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

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

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

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

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

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

33

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**S4007 SWEENEY**

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

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

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

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

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

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

10

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

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

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

37

38 9. This act shall take effect immediately.

39

40

41

#### STATEMENT

42

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

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

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

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

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



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

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

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

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### SENATE, No. 4007

# STATE OF NEW JERSEY

DATED: NOVEMBER 15, 2021

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 4007.

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

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

Section 3 of the bill concerns the calculation of the annual payments in lieu of property taxes (PILOT) that are required under the "Casino Property Tax Stabilization Act," P.L.2016, c.5 to be made by casino gaming properties to Atlantic City annually from 2017 through 2026. The bill would require the casino gaming properties to pay Atlantic City \$110 million in PILOT payments for calendar year 2022. For calendar years 2023, 2024, 2025, and 2026, the base amount of the PILOT payment would be determined based on gross gaming revenue totals. For each of these calendar years, the total amount of the PILOT payments would increase by two percent per year provided that there is no upward adjustment in the base amount of the PILOT. This section redefines "gross gaming revenue," for calendar years 2021 through 2026, to exclude revenue derived from Internet casino gaming and Internet sports wagering. This section also places a limit on the

net liability of individual casino gaming properties resulting from the elimination of the investment alternative tax credit after 2021.

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

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

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

Sections 7 and 8 create the Clean and Safe Fund and the Infrastructure Fund, respectively, into which the excess investment alternative tax funds are to be appropriated pursuant to section 6 of the bill. These funds are to be held by the State Treasurer. The purpose of these funds is to set aside money for Atlantic City to use for specific purposes which benefit the public and the city while at the same time increasing the appeal of Atlantic City casino gaming, relative to

competitor markets. Clean and Safe Fund moneys would be used by Atlantic City, or another governmental entity working on behalf of Atlantic City, to pay for capital public safety expenses, streetscape improvements, planting, roadway median improvements, shade trees, beautification, wayfinding, lighting, cleaning equipment, waste receptacles, sidewalk repair, and related maintenance within Atlantic City. Moneys in the Infrastructure Fund would be used to pay for any local infrastructure improvements within Atlantic City.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **SENATE, No. 4007**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: DECEMBER 6, 2021

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 4007, with committee amendments.

This bill concerns the State's casino gaming industry and revises existing law relating to the requirements for casino licensees and the casino gaming industry's financial responsibilities to Atlantic City, Atlantic County, and the Atlantic City School District, which are all affected by, and dependent on, the success of the casino gaming industry.

Section 2 of the bill amends the "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.) with respect to the financial requirements that are required to be met by an applicant for a casino license. Current law requires that an applicant demonstrate the ability to make necessary capital and maintenance expenditures in a timely manner to ensure the maintenance of a superior, first class facility of exceptional quality, and demonstrate having met that standard if its capital expenditures, over a five-year period, average five percent of net revenue annually. The bill would require that an applicant demonstrate the ability to make only necessary capital expenditures that are adequate to ensure a superior, first class facility of exceptional quality.

Section 3 of the bill concerns the calculation of the annual payments in lieu of property taxes (PILOT) that casino gaming properties are required to pay to Atlantic City from 2017 through 2016, as provided under the "Casino Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et al.). The bill would require the casino gaming properties to pay Atlantic City \$110 million in PILOT payments for calendar year 2022. For calendar years 2023, 2024, 2025, and 2026, the base amount of the PILOT payment would be determined based on gross gaming revenue totals. For each of these calendar years, the total amount of the PILOT payments would increase by two percent per year provided that there is no upward adjustment in the base amount of the PILOT. This section redefines "gross gaming revenue," for calendar years 2021 through 2026, to exclude revenue derived from Internet casino gaming and Internet sports wagering. This section also places a limit on the net liability of individual casino gaming

properties resulting from the elimination of the investment alternative tax credit after 2021.

Section 4 of the bill revises the amount of the additional payments that each casino gaming property is required to be remitted to the State. Under the “Casino Property Tax Stabilization Act,” these additional payments were to be made by each casino gaming property in decreasing amounts between 2015 and 2023, with the final aggregate payment equaling \$5 million in 2023. The bill extends these additional payments through 2026 and requires the payments to be made to the State not later than June 1 annually.

Section 5 of the bill concerns the portion of the funds collected by Atlantic City from the PILOT payments that are to be allocated annually to Atlantic County and the Atlantic City School District. Under the bill, the portion allocated to those entities in 2022 would be the same as 2021; thereafter, the allocations would be subject to an annual two percent increase for each year from 2023 through 2026, as well as upward or downward adjustments based on whether there is an upward or downward adjustment in the base amount of the PILOT, as specified in the bill.

Section 6 of the bill concerns the investment alternative tax and the investment alternative paid to the State Treasurer annually by the casino gaming properties. Under current law, the moneys received by the State Treasurer from the investment alternative tax and the investment alternative, except for any amount thereof pledged for the payment of bonds issued by the Casino Reinvestment Development Authority or otherwise contractually obligated by the authority, or any bonds issued to refund such bonds, is allocated to Atlantic City for the purposes of paying debt service on bonds issued by Atlantic City. This bill provides that if the moneys received by the State Treasurer from the payment of the investment alternative tax exceed the debt service on bonds issued by Atlantic City during any calendar year from 2022 through 2026, then the amount in excess of the debt service is to be reallocated to: the Casino Reinvestment Development Authority; the Clean and Safe Fund, established pursuant to section 7 of the bill; the Infrastructure Fund, established pursuant to section 8 of the bill; and Atlantic City for general municipal purposes.

Sections 7 and 8 of the bill create the Clean and Safe Fund and the Infrastructure Fund, respectively, into which the excess investment alternative tax funds would be appropriated. These funds would be held by the State Treasurer. Moneys deposited into the Clean and Safe Fund would be used by Atlantic City, or another governmental entity working on behalf of Atlantic City, to pay for capital public safety expenses, streetscape improvements, planting, roadway median improvements, shade trees, beautification, wayfinding, lighting, cleaning equipment, waste receptacles, sidewalk repair, and related maintenance within Atlantic City.

Moneys in the Infrastructure Fund would be used to pay for any local infrastructure improvements within Atlantic City.

COMMITTEE AMENDMENTS:

The committee amendments provide that the aggregate amount of additional payments paid by casino gaming properties to the State, as required under the “Casino Property Tax Stabilization Act,” would equal \$5 million per year for calendar years 2019 through 2026. As introduced, the bill would have required each casino gaming property to make an additional annual payment of \$5 million during this period.

FISCAL IMPACT:

The Office of Legislative Services concludes that the bill will result a loss of local payment in-lieu of tax (PILOT) revenues in calendar years 2022 through 2026 likely falling in a range from \$30 million to \$65 million each year. Removing gross revenues generated by Internet casino gaming and Internet sports wagering will result in lower annual totals of gross gaming revenue (GGR) and reduce the PILOT due to the City of Atlantic City, Atlantic County, and the Atlantic City School District.

A portion of the municipal revenue loss will be offset by: 1) other casino-non tax payments of \$5 million per year in calendar years 2024 through 2026; and 2) the reallocation of a portion of investment alternative tax (IAT) revenues not required to pay the Casino Reinvestment Development Authority (CRDA) and municipal debt service.

The State may also receive additional revenues because the bill requires a portion of the excess IAT revenues to be distributed to the CRDA. IAT revenue collections change annually and the OLS cannot project the amount of unreserved IAT funds that may be available to the State and the City of Atlantic City.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 4007

### STATE OF NEW JERSEY 219th LEGISLATURE

DATED: DECEMBER 21, 2021

#### SUMMARY

- Synopsis:** Concerns matters related to operations and obligations of casino gaming properties and finances of Atlantic City.
- Type of Impact:** Net loss of local revenues.  
Increase in State revenues.
- Agencies Affected:** Department of Community Affairs, Department of Law and Public Safety, Casino Reinvestment Development Authority, City of Atlantic City, Atlantic City School District, and Atlantic County.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>CY 2022</u></b>	<b><u>CY 2023</u></b>	<b><u>CY 2024-2026</u></b>
<b>Local Revenue</b>	\$55 million	\$30 million to \$65 million	\$25 million to \$60 million
<b>Loss from PILOT</b>			
<b>State Revenue gain from IAT</b>	\$0 to \$4 million	\$0 to \$4.2 million	\$0 to \$18.6 million over 3 years
<b>CRDA revenue gain from IAT</b>	\$0 to \$2.7 million	\$0 to \$3.5 million	\$0 to \$10.5 million over 3 years
<b>Local Revenue gain from IAT</b>	\$0 to \$6.8 million	\$0 to \$9.8 million	\$0 to \$51.6 million over 3 years

- The Office of Legislative Services (OLS) concludes that the bill will result a loss of local payment in-lieu of tax (PILOT) revenues in calendar years 2022 through 2026 likely falling in a range from \$30 million to \$65 million each year. Removing gross revenues generated by Internet casino gaming and Internet sports wagering will result in lower annual totals of gross gaming revenue (GGR) and reduce the PILOT due to the City of Atlantic City, Atlantic County, and the Atlantic City School District.
- A portion of the municipal revenue loss will be offset by: 1) other casino-non tax payments of \$5 million per year in calendar years 2024 through 2026; and 2) the reallocation of a portion of investment alternative tax (IAT) revenues not required to pay the Casino Reinvestment Development Authority (CRDA) and municipal debt service.



- The State may also receive additional revenues because the bill requires a portion of the excess IAT revenues to be distributed to the CRDA. IAT revenue collections change annually and the OLS cannot project the amount of unreserved IAT funds that may be available to the State and the City of Atlantic City.

## BILL DESCRIPTION

The bill amends and supplements the “Casino Property Tax Stabilization Act” (CPTSA), P.L.2016, c.5, which governs the casino gaming industry’s financial obligations to the City of Atlantic City (“city”), Atlantic County (“county”), and the Atlantic City School District (“school district”). The CPTSA exempts casino gaming properties from the regular system of assessment used to determine the value of property for ad valorem taxation. Instead, casino gaming properties are required to fulfill their local government financial obligations by making annual PILOTs, the amount of which is based on casino gaming revenues. The PILOT is apportioned among casino gaming property owners by a statutory formula that accounts for GGR, the number of hotel rooms, and square feet of floor space at each casino gaming property.

Under the current PILOT formula, GGR includes the total amount of revenue raised from three types of casino gaming: traditional casino gaming that takes place inside the casinos, Internet casino gaming, and sports wagering. The amount of the annual PILOT is determined based on the whether total annual GGR falls within a certain range. Current law also requires the PILOT to increase by two percent annually if there is no upward adjustment to the base amount of the PILOT. An upward adjustment in the PILOT occurs if the GGR range changes from one year to the next.

The bill makes several changes to the calculation and distribution of the PILOT made by casino gaming properties. First, the bill excludes revenues generated by Internet gaming and Internet sports wagering from the calculation of GGR for calendar years 2021 through 2025. Second, the bill establishes new PILOT amounts that reflect the new method of calculating GGR. The table below displays the current and proposed GGR ranges and the corresponding base PILOT amounts.

Current GGR Ranges & PILOT Amounts		New GGR Ranges & PILOT Amounts	
GGR Range (in billions)	Amount of PILOT (in millions)	GGR Range (in billions)	Amount of PILOT (in millions)
Less than \$1.8B	\$90M	Less than \$2.3B	\$100M
\$1.8B to \$2.2B	\$110M		
\$2.2B to \$2.6B	\$120M	\$2.3B to \$2.9B	\$110M
\$2.6B to \$3.0B	\$130M		
\$3.0B to \$3.4B	\$150M	Greater than \$2.9B	\$120M
\$3.4B to \$3.8B	\$165M		

Third, the bill sets the PILOT at \$110 million for calendar year 2022. Fourth, the bill provides for increases in the PILOT if there is no upward or downward adjustment in the total amount of GGR. Fifth, the bill places a limit on the net liability of individual casino gaming properties due to the elimination of the investment alternative tax credit after 2021. Sixth, the bill allows for changes to the PILOT as properties become subject to the CPTSA or no longer qualify as a casino gaming property. Seventh, the bill requires a specific portion of the PILOT to be paid to the county and the school district in calendar years 2022 through 2026 and provides for adjustments to the amounts paid to those entities based on changes in the amount of GGR.

Current law requires the owners of casino gaming properties to make a separate payment to the State, in decreasing amounts, from 2015 through 2023, with the final payment in 2023 being \$5 million. The bill extends these payments through 2026 at the rate of \$5 million per year.

Finally, the bill changes the allocation of IAT revenues between the CRDA and the city, and the purposes for which those funds may be used, in calendar years 2022 through 2026. Current law allocates IAT receipts to the CRDA and to the city for the purpose of paying debt service on municipal bonds. The bill requires that any IAT revenues remaining after the allocation of proceeds to CRDA and municipal debt service payments are to be paid to the CRDA, the city, and the new “Clean and Safe Fund” and “Infrastructure Fund” established by the bill, in proportions specified by the bill and subject to specified maximum amounts. Moneys deposited in the Clean and Safe Fund are to support capital public safety expenses and assorted municipal projects, such as beautification, lighting, and sidewalk repair. Infrastructure Fund proceeds may finance any work that may be undertaken as a local improvement as defined and enumerated in State law. IAT revenues pledged for the payment of bonds issued by the CRDA, or any bonds issued to refund those bonds, or otherwise contractually obligated by the authority prior to the effective date the CPTSA are excluded from the reallocation.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

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

The OLS estimates that enactment of the bill will result in an indeterminate loss of municipal revenues likely in the tens of millions of dollars annually, and a smaller possible increase in revenues to the State and CRDA. The elimination of revenues generated by Internet casino gaming and Internet sports wagering will reduce the amount of gross gaming revenues used to determine the annual PILOT payment made by the owners of casino gaming property to the city, county, and school district. Although the bill requires the owners of casino gaming property to make supplemental payments for three additional years than required under current law, these payments will not be sufficient to make up the difference between the amount of the PILOT payment calculated under current law and the amount of the PILOT payment calculated in accordance with the bill. The redirection of IAT revenues to support certain capital and infrastructure projects and the city’s municipal budget may result in increased CRDA, State, and municipal revenues, but given the city’s and the CRDA’s ongoing debt obligations, it remains unclear whether there will be any excess IAT revenues available for reallocation.

### **Revisions to the PILOT Formula**

The OLS estimates that enactment of the bill would result in a local revenue loss of \$55 million in calendar year 2022 from casino PILOT payments. According to monthly financial reports available through the Division of Gaming Enforcement in the Department of Law and Public Safety, total gross gaming revenue through October 2021 is \$3.496 billion. At the current rate, the OLS estimates that total gross gaming revenue for calendar year 2021 would be \$4.196 billion. The maximum amount of gross gaming revenue and PILOT amount contemplated under current law are \$3.8 billion and \$165 million, respectively. For purposes of this estimate, the OLS anticipates that if GGR is \$4.196 billion, casino gaming property owners would be required to pay

the maximum PILOT amount of \$165 million under the current law. The bill sets the calendar year 2022 PILOT amount at \$110 million, resulting in a local revenue loss of \$55 million.

The OLS projects that the removal of revenue generated by Internet casino gaming and Internet sports wagering from GGR would reduce calendar year 2021 GGR by approximately \$1.606 billion, from \$4.196 billion to \$2.590 billion. Under the new schedule of PILOT amounts, the calendar year 2022 PILOT would be \$110 million. Applying the new GGR ranges in calendar year 2022 would not change the calendar year 2022 PILOT. However, jettisoning Internet casino gaming revenue and Internet sports wagering revenue will result in lower GGR levels and PILOT amounts. This, in turn, will cause local revenue losses in calendar years 2023 through 2026. The OLS does not forecast GGR, but notes that the decrease in the PILOT amount would likely fall in a range between \$30 million to \$65 million per year, depending on actual GGR collections as measured by the two methodologies. Although the bill requires the owners of casino gaming property to make payments to the city of \$5 million per year in calendar years 2024 through 2026, it is unlikely that these payments will wholly offset the municipal revenue loss resulting from application of the new PILOT formula.

Revisions to PILOT Allocations for Affected Local Governments

Current law requires the PILOT to be made directly to the city on a quarterly basis. A portion of the PILOT is remitted to the county and school district for their own purposes. The CPTSA does not establish a formula for determining the amount provided to the county and the school district, but it does allow the Local Finance Board to apportion a specific percentage of the PILOT to the county.

The PILOT system has been in effect since calendar year 2017. Using local budget information, the OLS has calculated that on average, the city has received 54 percent of the annual PILOT allocation, the county has received 13 percent of the annual PILOT allocation, and the school district has received 34 percent of the PILOT allocation. However, the bill requires the county and the school district to receive the same PILOT allocations in calendar year 2022 as they received in calendar year 2021. This requirement means that the city will bear the largest revenue loss under the new PILOT formula. The table below shows the estimated calendar year 2022 PILOT to the city, county, and school district under current law, as provided by the bill, and the difference between the two amounts.

**Estimated PILOT Allocations Pursuant to Current Law & S4007**

Local Unit	Estimated CY 2022 PILOT Under Current Law	Estimated CY 2022 PILOT Under S4007	Difference
Atlantic City	\$88,486,935.86	\$46,651,000.00	(\$41,835,935.86)
Atlantic County	\$20,806,476.38	\$17,550,000.00	(\$3,256,476.38)
Atlantic City School District	\$55,706,587.76	\$45,799,000.00	(\$9,907,587.76)
Totals	\$165,000,000.00	\$110,000,000.00	(\$55,000,000.00)

The municipality, school district, or county may choose to adjust their tax rates, in effect reallocating the tax levy among all other property taxpayers, in order to make up any revenue difference resulting from the changes in payments made by casino property owners. (Although current law limits annual increases in the total property tax levy to 2 percent per year, local governments are permitted to increase rates in order to levy the permissible amount when there is a decline in the value of ratables.) Other actions, such as the awarding of additional State aid,

reductions in appropriations by all affected governmental entities, the utilization of surplus and other reserves, or the redirection of existing State revenues to the municipal government may also ameliorate the effects of any revenue loss.

The bill requires the PILOT allocation to the county and school district to increase by two percent annually. The bill requires the county's PILOT allocation to increase by \$1.350 million if there is an upward adjustment in calendar year 2023 or 2024 and by \$1.2 million if there is an upward adjustment in calendar year 2025 or 2026. The school district's PILOT allocation would increase by \$3.5 million if there is an upward adjustment in any calendar year from 2023 through 2026. The bill provides for the county and school district PILOT amounts to be reduced by the same amounts if there is a downward adjustment.

#### Allocation of Casino Investment Alternative Tax Revenues

Current law requires casinos to pay either 2.5 percent of gross gaming revenues to the State or 1.25 percent of gross gaming revenues to the CRDA for investment in the Atlantic City Tourism District. This tax is also known as the IAT. Casinos are also required to pay IAT on Internet gaming gross revenues, but the tax rate is either five percent to the State or 2.5 percent to the CRDA for investment and community development purposes. Annual IAT revenue collections are driven by gaming activity and fluctuate from year to year.

Current law allocates IAT receipts first to the payment of bonds issued by the CRDA or otherwise contractually obligated by the CRDA, and second to the city for the purpose of paying municipal debt service. Current law does not indicate what would happen to revenues exceeding those needs, so for the purposes of this estimate the OLS assumes that those excess revenues would be refunded to the casinos. The bill provides that excess revenues be allocated to the CRDA, State, and city in specified proportions, up to maximum amounts for each recipient for each calendar year, with any excess revenue refunded to the casinos. The maximum amount allocated varies from \$13.5 million in 2022 to \$31.1 million in 2026, below recent years' revenue collections.

According to the "Summary of Gaming and Atlantic City Taxes and Fees" prepared by the Division of Gaming Enforcement, IAT revenues peaked at \$65.2 million in calendar year 2006, declined to \$33.9 million in calendar year 2015, and then increased to \$43.2 million in calendar year 2020. Information on the total amount of IAT revenue required to pay CRDA and municipal debt service during calendar years 2022 through 2026 is not available to the OLS at this time. City budget data indicates that the amount of IAT revenues allocated for municipal debt service since calendar year 2016 have not been sufficient to support all appropriations for municipal debt service.

To the extent that there are IAT revenues in excess of amounts needed for debt service, the CRDA, State, and city may experience an increase in revenues. The CRDA will receive additional resources to support eligible community and economic development projects in Atlantic City and around the State. The city will experience an increase in dedicated and general municipal revenues. The OLS cannot determine the extent to which the receipt of additional IAT funds will offset any reductions in PILOT payments resulting from the new formula established by the bill.

The OLS notes that the bill requires the city to receive State approval to utilize Clean and Safe Fund and Infrastructure Fund proceeds for their authorized purposes. If Atlantic City is no longer deemed a municipality in need of stabilization and recovery pursuant to the "Municipal Stabilization and Recovery Act," P.L.2016, c.4, then any moneys remaining in the funds would be distributed to the city, subject to a memorandum of understanding with the State Treasurer that they support purposes authorized by the bill.

*Section: Revenue, Finance and Appropriations*

*Analyst: Scott A. Brodsky  
Principal Fiscal Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# ASSEMBLY, No. 5587

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MAY 5, 2021

**Sponsored by:**  
**Assemblyman LOUIS D. GREENWALD**  
**District 6 (Burlington and Camden)**

### **SYNOPSIS**

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

### **CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 12/2/2021)**

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

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

8  
9 1. (New section) The Legislature finds and declares:

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

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

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

**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 overall financial condition is more stable since the casino gaming  
2 properties began making PILOT payments. This financial stability  
3 benefits the casinos, their employees, property taxpayers in Atlantic  
4 City, and all New Jersey residents.

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

29 e. The Legislature is concerned that, due to the State’s public  
30 health emergency declared in response to the COVID-19 pandemic,  
31 which negatively impacted tourism in Atlantic City by restricting  
32 the public’s right to travel; closing casino gaming properties for  
33 months on end and then allowing them to open only partially for  
34 another extended period of time; and closing other businesses that  
35 would have been visited by tourists to the city for months as well;  
36 requiring each casino gaming property to make an annual PILOT  
37 payment and also satisfy its full IAT obligations for calendar years  
38 2022 through 2026 may create financial difficulties for those  
39 gaming properties.

40 Similarly, the Legislature is also concerned with the impact on  
41 the casino gaming properties in Atlantic City of the total amount of  
42 the PILOT payments currently owed by those casino gaming  
43 properties, as well as the current manner of determining each  
44 individual casino gaming property’s PILOT payment responsibility,  
45 due to all of the issues experienced in Atlantic City resulting from  
46 the public health emergency. The Legislature is concerned that the  
47 impact of all of the public health emergency limitations on Atlantic  
48 City’s casino gaming properties will affect the finances of those



1 casinos for the foreseeable future, and thereby impact their ability  
2 to pay the required PILOT payments to the city and impact their  
3 ability to contribute to the quality of life of the State's senior and  
4 disabled residents who rely on casino revenue deposited into the  
5 Casino Revenue Fund to fund programs that reduce property taxes  
6 as well as utility assistance programs benefiting those residents.

7 f. Therefore, the Legislature declares that it is a compelling  
8 public purpose for the State to establish appropriate alternative  
9 obligations for the final five years of the initially agreed to 10-year  
10 PILOT agreement in order to: (1) adjust policies to reflect the  
11 operations of existing casino gaming properties and to compensate  
12 for the impacts that the public health emergency, declared in  
13 response to the COVID-19 pandemic, has had and will continue to  
14 have on in-person and internet gaming, (2) lessen the financial  
15 impact of the end of the IAT crediting mechanism at the end of  
16 2021 on the casino gaming properties, and (3) to ensure that  
17 Atlantic City continues to receive sufficient PILOT payments to  
18 fund its municipal budget. The Legislature further declares that  
19 such an alternative is in the best interest of the casino gaming  
20 industry which serves as a vital part of the economy of the State, in  
21 the best interests of Atlantic City, and in the best interests of the  
22 State's senior and disabled residents who rely on casino revenue  
23 deposited into the Casino Revenue Fund to fund programs that  
24 reduce property taxes as well as rentals, telephone, gas, electric, and  
25 utility charges for those populations. The Legislature further  
26 declares that it is in the best interests of the casino gaming industry  
27 to revise the calculation of the PILOT payment each casino is  
28 required to pay under the "Casino Property Tax Stabilization Act,"  
29 P.L.2016, c.5 (C.52:27BBBB-18 et seq.) in order to lessen the  
30 impact of these payments on the casino's finances during and after  
31 the public health emergency declared in response to the COVID-19  
32 pandemic.

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

45 h. The Legislature has also determined to address in this act  
46 other matters related to the continued successful operation of New  
47 Jersey's casino gaming properties by ensuring: (1) that the casino  
48 gaming properties dedicate sufficient sources of revenue to provide

1 for necessary capital improvements, and (2) that the City of Atlantic  
2 City also has adequate funds available to it for capital  
3 improvements and other needed quality of life expenditures.

4  
5 2. Section 84 of P.L.1977, c.110 (C.5:12-84) is amended to read  
6 as follows:

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

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

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

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

42 (3) The ability to pay, as and when due, all local, state and  
43 federal taxes, including the tax on gross revenues imposed by  
44 subsection a. of section 144 of P.L.1977, c.110 (C.5:12-144), the  
45 investment alternative tax obligations imposed by subsection b. of  
46 section 144 of P.L.1977, c.110 (C.5:12-144) and section 3 of  
47 P.L.1984, c.218 (C.5:12-144.1), the payment in lieu of property  
48 taxes imposed by P.L.2016, c.5 (C.52:27BBBB-18 et al.), and any

1 fees imposed by the act or the regulations promulgated pursuant  
2 thereto;

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

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

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

25 c. Each applicant shall produce such information,  
26 documentation and assurances as may be required to establish by  
27 clear and convincing evidence the applicant's good character,  
28 honesty and integrity. Such information shall include, without  
29 limitation, information pertaining to family, habits, character,  
30 reputation, criminal and arrest record, business activities, financial  
31 affairs, and business, professional and personal associates, covering  
32 at least the 10-year period immediately preceding the filing of the  
33 application. Each applicant shall notify the commission and division  
34 of any civil judgments obtained against any such applicant  
35 pertaining to antitrust or security regulation laws of the federal  
36 government, of this State or of any other state, jurisdiction,  
37 province or country. In addition, each applicant shall produce letters  
38 of reference from law enforcement agencies having jurisdiction in  
39 the applicant's place of residence and principal place of business,  
40 which letters of reference shall indicate that such law enforcement  
41 agencies do not have any pertinent information concerning the  
42 applicant, or if such law enforcement agency does have information  
43 pertaining to the applicant, shall specify what the information is. If  
44 the applicant has conducted gaming operations in a jurisdiction  
45 which permits such activity, the applicant shall produce letters of  
46 reference from the gaming or casino enforcement or control agency  
47 which shall specify the experiences of such agency with the

1 applicant, his associates, and his gaming operation; provided,  
2 however, that if no such letters are received within 60 days of  
3 request therefor, the applicant may submit a statement under oath  
4 that he is or was during the period such activities were conducted in  
5 good standing with such gaming or casino enforcement or control  
6 agency.

7 d. Each applicant shall produce such information,  
8 documentation and assurances as may be required to establish by  
9 clear and convincing evidence that the applicant has sufficient  
10 business ability and casino experience as to establish the likelihood  
11 of creation and maintenance of a successful, efficient casino  
12 operation. The applicant shall produce the names of all proposed  
13 casino key employees as they become known and a description of  
14 their respective or proposed responsibilities.

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

31 f. For the purposes of this section, each applicant shall be  
32 responsible for the submission to the division of the name, address,  
33 fingerprints and written consent for a criminal history record  
34 background check to be performed for each person who must  
35 individually qualify in conjunction with the casino license  
36 application. The division is hereby authorized to exchange  
37 fingerprint data with and receive criminal history record  
38 information from the State Bureau of Identification in the Division  
39 of State Police and the Federal Bureau of Investigation consistent  
40 with applicable State and federal laws, rules and regulations. The  
41 applicant shall bear the cost for the criminal history record  
42 background check, including all costs of administering and  
43 processing the check. The Division of State Police shall promptly  
44 notify the division in the event a current or prospective licensee,  
45 who was the subject of a criminal history record background check  
46 pursuant to this section, is arrested for a crime or offense in this  
47 State after the date the background check was performed.

48 (cf: P.L.2011, c.19, s.48)

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

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

4       "Atlantic City" means the City of Atlantic City, in Atlantic  
5 County;

6       "Base amount" means, for calendar years 2018 through 2021, the  
7 amount of the payment in lieu of taxes as determined by  
8 subparagraph (d) of paragraph (3) of subsection c. of this section;  
9 and for calendar years 2022 through 2026, the amount of the  
10 payment in lieu of taxes as determined by subparagraphs (e)  
11 through (h) of paragraph (3) of subsection c. of this section;

12       "Casino gaming property" means one or more parcels of real  
13 property located in Atlantic City, and any adjacent property utilized  
14 in connection with such property, upon which there is located a  
15 facility licensed to be used for casino gaming in 2014 or thereafter,  
16 whether or not in actual operation, which has more than 500 guest  
17 hotel rooms, and is not subject to recorded covenants prohibiting  
18 casino gaming;

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

22       "Division" means the Division of Gaming Enforcement in the  
23 Department of Law and Public Safety;

24       "Gross gaming revenue" (GGR) means the total amount of  
25 revenue raised through casino gaming, including revenue from  
26 sports pool operations, from all of the casino gaming properties  
27 located in Atlantic City as determined by the division for calendar  
28 years 2014 through 2020. Gross gaming revenue shall not include  
29 revenue derived from Internet casino gaming and Internet sports  
30 wagering during calendar years 2021 through 2025 as determined  
31 by the division;

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

35       "Local Finance Board" means the Local Finance Board in the  
36 Division of Local Government Services in the Department of  
37 Community Affairs; and

38       "Treasury" means the Department of the Treasury.

39       b. Beginning with calendar year 2017, and for the next  
40 succeeding nine calendar years, casino gaming properties located in  
41 Atlantic City shall be exempt from local property taxation on real  
42 property and improvements, including accessory hotels, conference  
43 centers, parking garages, and other appurtenant facilities, except  
44 that any new improvement developed on a casino gaming property  
45 that is made outside of the perimeter footprint of any improvement  
46 existing as of the effective date of this act and any real property, not  
47 formerly qualified as casino gaming property, acquired after such  
48 date by an owner of casino gaming property shall not be exempt

1 from local property taxation in any calendar year and shall be  
2 subject to local property taxation annually at Atlantic City's general  
3 property tax rate. The provisions of this section shall not apply to  
4 any casino property that operates under a small scale casino facility  
5 license or a staged casino facility license pursuant to section 1 of  
6 P.L.2010, c.115 (C.5:12-80.1).

7 c. (1) In exchange for the property tax exemption granted in  
8 subsection b. of this section, each owner of each casino gaming  
9 property shall sign a 10-year financial agreement with Atlantic City  
10 for each casino gaming property based upon the provisions of  
11 P.L.2016, c.5 (C.52:27BBBB-18 et al.) for calendar years 2017  
12 through 2021, and continued as modified by the amendatory and  
13 supplemental provisions of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_) (pending  
14 before the Legislature as this bill) for calendar years 2022 through  
15 2026, promising to make quarterly payments to the city of its  
16 allocated portion of the annual amount of the payment in lieu of  
17 taxes as determined by this section. The continuation of the  
18 agreement for calendar years 2022 through 2026 is also provided in  
19 exchange for the prescribed uses of excess amounts of a casino  
20 gaming property's investment alternative tax, as described in  
21 subsection b. of section 9 of P.L.2016, c.5 (C.52:27BBBB-25). The  
22 owner of each casino gaming property shall be responsible for the  
23 payments allocated to that property and shall be subject to the lien  
24 provisions of R.S.54:5-6 and the interest for delinquency provisions  
25 of R.S.54:4-67 if those payments are not made.

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

31 (3) (a) The total amount of the payment in lieu of property taxes  
32 owed to Atlantic City for calendar year 2017 shall be \$120 million.  
33 To the extent that any owner of a casino gaming property has paid  
34 property taxes for calendar year 2017 prior to the date P.L.2016, c.5  
35 (C.52:27BBBB-18 et al.) becomes operative, the amount of  
36 property taxes so paid shall be credited toward that owner's  
37 allocated share of the \$120 million total payment in lieu of property  
38 taxes.

39 (b) For calendar **[year]** years 2018 **[and for each calendar year**  
40 **thereafter]**, 2019, 2020, and 2021, the amount of the payment in  
41 lieu of property taxes owed to Atlantic City shall increase by two  
42 percent per year in every year in which there is no upward  
43 adjustment to the base amount of the payment in lieu of taxes from  
44 the previous calendar year as determined by subparagraph (d) of  
45 this paragraph.

46 (c) For calendar **[year]** years 2018 **[and for each calendar year**  
47 **thereafter]**, 2019, 2020, and 2021, the total amount of the payment

1 in lieu of property taxes owed to Atlantic City shall be the base  
2 amount as determined by subparagraph (d) of this paragraph and the  
3 total amount of the annual increases to date as determined by  
4 subparagraph (b) of this paragraph.

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

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

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

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

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

24 If the amount of the GGR in the preceding calendar year is  
25 between \$1.8 billion and \$2.2 billion and the aggregate gross  
26 revenues from all of the casino gaming properties located in  
27 Atlantic City from all revenue streams, excluding GGR, have not  
28 increased compared to the prior calendar year by more than the  
29 amount by which GGR is less than \$2.2 billion, as determined by  
30 the division, the base amount shall be \$110 million, or in the case of  
31 an upward adjustment, \$20 million more than the PILOT in the  
32 previous year, whichever is greater;

33 If the amount of the GGR in the preceding calendar year is \$1.8  
34 billion or less and the aggregate gross revenue from all of the casino  
35 gaming properties located in Atlantic City from all revenue streams,  
36 excluding GGR have not increased compared to the prior calendar  
37 year by more than the amount by which GGR is less than \$1.8  
38 billion as determined by the division, the base amount shall be \$90  
39 million.

40 (e) The total amount of the payment in lieu of property taxes  
41 owed to Atlantic City for calendar year 2022 shall be \$125 million.

42 (f) For calendar years 2023, 2024, 2025, and 2026, in any  
43 calendar year in which there is not an upward or a downward  
44 adjustment to the base amount of the payment in lieu of property  
45 taxes owed to Atlantic City pursuant to subparagraph (h) of this  
46 paragraph, the total amount of the payment in lieu of property taxes  
47 owed to Atlantic City for the calendar year shall increase by two  
48 percent from the preceding year.

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

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

9       If the amount of the GGR in the preceding calendar year is less  
10 than \$2.3 billion, the base amount shall be \$115 million, or in the  
11 case of a downward adjustment, \$10 million less than the PILOT in  
12 the previous year, whichever amount is greater;

13       If the amount of the GGR in the preceding calendar year is  
14 between \$2.3 billion and \$2.9 billion, the base amount shall be \$125  
15 million, or in the case of an upward adjustment, \$10 million more  
16 than the PILOT in the previous year and in the case of a downward  
17 adjustment, \$10 million less than the PILOT in the previous year,  
18 whichever amount is greater; and

19       If the amount of the GGR in the preceding calendar year is  
20 greater than \$2.9 billion, the base amount shall be \$135 million, or  
21 in the case of an upward adjustment, \$10 million more than the  
22 PILOT in the previous year, whichever amount is greater.

23       (4) **【The】** (a) For calendar years prior to 2022, the amount of  
24 the payment in lieu of property taxes owed pursuant to this  
25 subsection shall be calculated annually each calendar year for each  
26 casino gaming property using a formula implemented by the Local  
27 Finance Board, in consultation with the division, using the  
28 following criteria:

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

31       The number of hotel guest rooms in each casino gaming  
32 property; and

33       The gross gaming revenue of the casino in each casino gaming  
34 property from the prior calendar year.

35       Each of these three criteria shall bear equal weight in the formula  
36 implemented by the Local Finance Board, in consultation with the  
37 division, pursuant to this paragraph, provided that during calendar  
38 years 2017, 2018, 2019, 2020, and 2021, if the formula results in  
39 any individual casino gaming property being allocated an amount  
40 that is in excess of the total real property taxes due and payable by  
41 the casino gaming property in calendar year 2015, then that casino  
42 gaming property shall receive a credit against the obligation of the  
43 operator of that property under paragraph (2) of subsection a. of  
44 section 3 of P.L.1984, c.218 (C.5:12-144.1) in the amount of such  
45 excess. If, after that credit against the obligation of the operator of  
46 that property under paragraph (2) of subsection a. of section 3 of  
47 P.L.1984, c.218 (C.5:12-144.1), that casino gaming property would  
48 still be liable for a payment in lieu of property taxes in excess of the



1 total real property taxes due and payable by the casino gaming  
2 property in calendar year 2015, the casino gaming property shall not  
3 be required to make any additional payment in lieu of property tax  
4 payment. Instead, any additional amount that would have been  
5 owed by that casino gaming property shall be added, by  
6 proportional share, to the payment in lieu of property taxes to be  
7 paid by every other casino gaming property in order to provide  
8 Atlantic City the total amount of the payment in lieu of property  
9 taxes due and owing for that calendar year, provided that no  
10 individual casino gaming property shall be allocated an amount that  
11 is less than the total real property taxes due and payable by the  
12 casino gaming property in calendar year 2015.

13 (b) Beginning in calendar year 2022, the amount of the payment  
14 in lieu of property taxes owed pursuant to this subsection shall be  
15 calculated annually each calendar year for each casino gaming  
16 property using a formula implemented by the Local Finance Board,  
17 in consultation with the division, based on each casino gaming  
18 property's pro rata share of the total real property taxes due and  
19 payable by all casino gaming properties in calendar year 2015.

20 d. When a new casino gaming property is added or when an  
21 existing casino gaming property no longer qualifies as a casino  
22 gaming property as defined in subsection a. of this section, Atlantic  
23 City's financial agreement with each owner of each casino gaming  
24 property shall be amended to reflect the change and the allocation  
25 of the payment in lieu of property taxes between the casino gaming  
26 properties pursuant to paragraph (4) of subsection c. of this section.  
27 If a new casino gaming property becomes subject to the provisions  
28 of this subsection, then the total amount of the payment in lieu of  
29 property taxes owed to Atlantic City pursuant to subparagraphs (e)  
30 through (h) of paragraph (3) of subsection c. of this section shall be  
31 increased in the calendar year next following the year in which the  
32 new casino gaming property becomes subject to the provisions of  
33 this section by the amount of property taxes that would have been  
34 assessed to such casino gaming property had such casino gaming  
35 property not become subject to the provisions of this section. A  
36 new casino gaming property shall pay its regular and conventional  
37 tax obligation as billed for the remainder of the calendar year in  
38 which it first qualifies as a casino gaming property. If an existing  
39 casino gaming property ceases to qualify as a casino gaming  
40 property, then the total amount of the payment in lieu of property  
41 taxes owed to Atlantic City pursuant to subparagraphs (e) through  
42 (h) of paragraph (3) of subsection c. of this section shall be  
43 decreased in the calendar year following the year in which the  
44 existing casino gaming property ceases to qualify as a casino  
45 gaming property by the payment in lieu of property taxes allocated  
46 to such casino gaming property pursuant to paragraph (4) of  
47 subsection c. of this section in the year in which such casino  
48 gaming property ceases to qualify as a casino gaming property.

1 Any decrease to the total amount of the payment in lieu of taxes  
2 owed to Atlantic City precipitated by a casino gaming property no  
3 longer qualifying as a casino gaming property shall not take effect  
4 until the calendar year following the calendar year in which such  
5 casino gaming property ceases to qualify as a casino gaming  
6 property.

7 The total payment in lieu of property taxes owed pursuant to this  
8 subsection shall be adjusted in each subsequent calendar year to  
9 reflect the addition of new casino gaming properties or when any  
10 existing casino gaming properties no longer qualify as casino  
11 gaming properties.

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

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

18

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

21 4. a. In addition to the amounts required to be remitted under  
22 section 3 of P.L.2016, c.5 (C.52:27BBBB-20), the owner of each  
23 casino gaming property shall make a separate payment to the State  
24 **【for calendar years 2015, 2016, 2017, 2018, 2019, 2020, 2021,**  
25 **2022, and 2023, where the aggregate amount of these payments**  
26 **paid by the casino gaming properties shall】** equal to the following:  
27 (1) \$30,000,000 for calendar year 2015; (2) \$30,000,000 for  
28 calendar year 2016; (3) \$15,000,000 for calendar year 2017; (4)  
29 \$10,000,000 for calendar year 2018; (5) \$5,000,000 for calendar  
30 year 2019; (6) \$5,000,000 for calendar year 2020; (7) \$5,000,000  
31 for calendar year 2021; and (8) \$5,000,000 **【for calendar year 2022;**  
32 **and (9) \$5,000,000】** per year for calendar **【year 2023】** years 2022  
33 through 2026.

34 b. The Local Finance Board, in consultation with the division,  
35 shall determine the amount owed for each casino gaming property  
36 based on the proportion of gross gaming revenue of the casino in  
37 casino gaming property in the prior year. The owner of each casino  
38 gaming property where a casino is operated during the year in  
39 which the payments required by this section are due shall remit its  
40 payment to the State. The Local Finance Board shall provide the  
41 owner of each casino gaming property required to make a payment  
42 under this section with written notice of the amount of the payment  
43 for each casino gaming property, and instructions for how each  
44 payment shall be made. Each owner of a casino gaming property  
45 required to make a payment under this section shall remit its  
46 payment within five business days of receipt of the written notice  
47 from the Local Finance Board.

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

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

9

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

12 5. a. Annually, beginning in calendar year 2017 and ending on  
13 December 31, 2026, a portion of the payment in lieu of property tax  
14 moneys collected pursuant to section 3 of P.L.2016, c.5  
15 (C.52:27BBBB-20) shall be remitted to the county and the school  
16 district for their own purposes. **【**These moneys shall be remitted to  
17 the county and to the school district in the same manner as property  
18 taxes are paid to counties and school districts pursuant to R.S.54:4-  
19 74, R.S.54:4-75, and R.S.54:4-76, except that the Local Finance  
20 Board may, in its discretion, apportion a specific percentage of the  
21 payment in lieu of property tax moneys to be remitted to the  
22 county.**】**

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

28 in calendar years 2022, 2023 and 2024, 13.5 percent, and in  
29 calendar years 2025 and 2026, 12 percent, of the amount collected  
30 by Atlantic City from the payment in lieu of property taxes pursuant  
31 to section 3 of P.L.2016, c.5 (C.52:27BBBB-20) shall be allocated  
32 to Atlantic County.

33 c. Notwithstanding the provisions of any other law to the  
34 contrary, for each of the calendar years 2022, 2023, 2024, 2025, and  
35 2026, the portion of the payment in lieu of property taxes collected  
36 pursuant to section 3 of P.L.2016, c.5 (C.52:27BBBB-20) that is  
37 allocated to the Atlantic City School District shall increase by two  
38 percent from the preceding year.

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

40

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

43 9. a. Notwithstanding the provisions of section 3 of P.L.1984,  
44 c.218 (C.5:12-144.1) or any other law to the contrary, including  
45 subsection k. of section 5 of P.L.2011, c.18 (C.5:12-219), for  
46 calendar years 2018, 2019, 2020, and 2021, the moneys received  
47 after the effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.),  
48 by the State Treasurer derived from the payment of the investment

1 alternative tax in the amount specified in paragraph (2) of  
2 subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) and the  
3 investment alternative in the amount as specified in section 17 of  
4 P.L.2013, c.27 (C.5:12-95.19), except for any amount thereof  
5 pledged for the payment of bonds issued by the Casino  
6 Reinvestment Development Authority or otherwise contractually  
7 obligated by the authority prior to the effective date of P.L.2016,  
8 c.5 (C.52:27BBBB-18 et al.), or any bonds issued to refund such  
9 bonds, shall be allocated to Atlantic City for the purposes of paying  
10 debt service on bonds issued by Atlantic City prior to and after the  
11 effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.).

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

34 (1) for calendar year 2022, such residual moneys shall be  
35 allocated equally to the Casino Reinvestment Development  
36 Authority, the Clean and Safe Fund established pursuant to section  
37 7 of P.L. , c. (C. ) (pending before the Legislature as this  
38 bill), and the Infrastructure Fund established pursuant to section 8  
39 of P.L. , c. (C. ) (pending before the Legislature as this bill);

40 (2) for calendar year 2023, 30 percent of such residual moneys  
41 shall be allocated to the Casino Reinvestment Development  
42 Authority, 30 percent of such residual moneys shall be allocated to  
43 the Clean and Safe Fund, 30 percent of such residual moneys shall  
44 be allocated to the Infrastructure Fund, and 10 percent of such  
45 residual moneys shall be allocated for use by Atlantic City for  
46 general municipal purposes;

47 (3) for calendar year 2024, 25 percent of such residual moneys  
48 shall be allocated to the Casino Reinvestment Development

1 Authority, 22.5 percent of such residual moneys shall be allocated  
2 to the Clean and Safe Fund, 22.5 percent of such residual moneys  
3 shall be allocated to the Infrastructure Fund, and 30 percent of such  
4 residual moneys shall be allocated for use by Atlantic City for  
5 general municipal purposes;

6 (4) for calendar year 2025, 20 percent of such residual moneys  
7 shall be allocated to the Casino Reinvestment Development  
8 Authority, 22.5 percent of such residual moneys shall be allocated  
9 to the Clean and Safe Fund, 22.5 percent of such residual moneys  
10 shall be allocated to the Infrastructure Fund, and 35 percent of such  
11 residual moneys shall be allocated for use by Atlantic City for  
12 general municipal purposes; and

13 (5) for calendar year 2026, 20 percent of such residual moneys  
14 shall be allocated to the Casino Reinvestment Development  
15 Authority, 20 percent of such residual moneys shall be allocated to  
16 the Clean and Safe Fund, 20 percent of such residual moneys shall  
17 be allocated to the Infrastructure Fund, and 40 percent of such  
18 residual moneys shall be allocated for use by Atlantic City for  
19 general municipal purposes.

20 c. The provisions of this section shall expire on December 31,  
21 2026.

22 (cf: P.L.2016, c.5, s.9)

23

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

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

44 c. If Atlantic City is no longer deemed a municipality in need  
45 of stabilization and recovery, as defined in section 3 of P.L.2016,  
46 c.4 (C.52:27BBBB-3), then Atlantic City shall receive any money  
47 in the Clean and Safe Fund and any future dedication to the Clean  
48 and Safe Fund pursuant to subsection b. of section 9 of P.L.2016,

1 c.5 (C.52:27BBBB-25) subject to a memorandum of understanding  
2 executed with the State Treasurer that restricts the use of such  
3 moneys to the purposes authorized under subsection b. of this  
4 section.

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

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

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

31  
32 9. This act shall take effect immediately.

33  
34  
35 STATEMENT

36  
37 This bill concerns the State's casino gaming industry, and revises  
38 and supplements existing law relating to requirements for a casino  
39 license, and the casino gaming industry's financial responsibility to  
40 Atlantic City, Atlantic County, and the Atlantic City School  
41 District, which are all affected by, and dependent on, the success of  
42 the casino gaming industry.

43 Section 2 of the bill amends the "Casino Control Act," P.L. 1977,  
44 c. 110 (C. 5:12-1 et seq.) with respect to financial requirements  
45 required to be met by an applicant for a casino license. Current law  
46 requires that an applicant demonstrate the ability to make necessary  
47 capital and maintenance expenditures in a timely manner to ensure  
48 the maintenance of a superior, first class facility of exceptional

1 quality, and demonstrate having met that standard if its capital  
2 expenditures, over a five- year period, average five percent of net  
3 revenue annually. The bill would require that an applicant  
4 demonstrate the ability to make only necessary capital expenditures  
5 which are adequate to ensure a superior, first class facility of  
6 exceptional quality, as maintenance is generally performed as an  
7 ongoing process of upkeep, while the financial ability to make  
8 ongoing necessary capital expenditures is crucial in order to create  
9 and maintain a superior first class facility of exceptional quality  
10 which will attract and maintain a customer base.

11 Section 3 of the bill concerns the calculation of the annual  
12 payments in lieu of property taxes (PILOT) that are required under  
13 the “Casino Property Tax Stabilization Act,” P.L.2016, c.5 to be  
14 made by casino gaming properties to Atlantic City annually from  
15 2017 through 2026. The bill would require the casino gaming  
16 properties to pay Atlantic City \$125 million in PILOT payments for  
17 calendar year 2022. For calendar years 2023, 2024, 2025, and  
18 2026, the base amount of the PILOT payment would be determined  
19 based on gross gaming revenue totals. For each of these calendar  
20 years, the total amount of the PILOT payments would increase by  
21 two percent per year provide that there is no upward adjustment in  
22 the base amount of the PILOT.

23 Section 4 of the bill revises the amount of the additional  
24 payments required to be remitted to the State by each casino gaming  
25 property. Pursuant to the “Casino Property Tax Stabilization Act,”  
26 these additional payments were to be made by each casino gaming  
27 property in decreasing amounts between 2015 and 2023, with the  
28 final payment in 2023 being \$5,000,000. The bill extends these  
29 additional payments to the State through 2026, and requires a  
30 \$5,000,000 annual payment from each casino gaming property for  
31 each of the calendar years 2022, 2023, 2024, 2025, and 2026.

32 Section 5 of the bill codifies the portion of the funds collected by  
33 Atlantic City from the PILOT payments that are to be allocated  
34 annually to Atlantic County and the Atlantic City School District.  
35 The bill would require that 13.5 percent be allocated to Atlantic  
36 County for calendar years 2022, 2023, and 2024, and that 12  
37 percent be allocated in calendar years 2025 and 2026. The portion  
38 to be allocated to the Atlantic City School District in 2022, 2023,  
39 2024, 2025 and 2026 is required to increase by 2 percent each year  
40 over the preceding year.

41 Section 6 of the bill concerns the investment alternative tax and  
42 the investment alternative paid to the State Treasurer annually by  
43 the casino gaming properties. Under current law, the moneys  
44 received by the State Treasurer from the investment alternative tax  
45 and the investment alternative, except for any amount thereof  
46 pledged for the payment of bonds issued by the Casino  
47 Reinvestment Development Authority or otherwise contractually  
48 obligated by the authority, or any bonds issued to refund such

1 bonds, is allocated to Atlantic City for the purposes of paying debt  
2 service on bonds issued by Atlantic City prior to, and after the  
3 effective date of the “Casino Property Tax Stabilization Act”. This  
4 bill would provide that, for calendar years 2022 through 2026, in  
5 the event that moneys received by the State Treasurer from the  
6 payment of the investment alternative tax, in the amounts identified  
7 in law exceed the debt service on bonds issued by Atlantic City  
8 prior to and after the effective date of the “Casino Property Tax  
9 Stabilization Act,” in any year, then the amount in excess of the  
10 debt service is to be reallocated to the Casino Reinvestment  
11 Development Authority, the Clean and Safe Fund, established  
12 pursuant to section 7 of the bill, and the Infrastructure Fund,  
13 established pursuant to section 8 of the bill, and to Atlantic City, in  
14 different proportions, as described in the bill.

15 Sections 7 and 8 create the Clean and Safe Fund and the  
16 Infrastructure Fund, respectively, into which the excess investment  
17 alternative tax funds are to be appropriated pursuant to section 5 of  
18 the bill. These funds are to be held by the State Treasurer. The  
19 purpose of these funds is to set aside money for Atlantic City to use  
20 for specific purposes which benefit the public and the city while at  
21 the same time increasing the appeal of Atlantic City casino gaming,  
22 relative to competitor markets. Clean and Safe Fund moneys would  
23 be used by Atlantic City, or another governmental entity working  
24 on behalf of Atlantic City, to pay for capital public safety expenses,  
25 streetscape improvements, planting, roadway median  
26 improvements, shade trees, beautification, wayfinding, lighting,  
27 cleaning equipment, waste receptacles, sidewalk repair, and related  
28 maintenance within Atlantic City. Moneys in the Infrastructure  
29 Fund would be used to pay for any local infrastructure  
30 improvements within Atlantic City.



# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 5587**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: DECEMBER 13, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5587, with committee amendments.

As amended, this bill, concerns the State's casino gaming industry and revises existing law relating to the requirements for casino licensees and the casino gaming industry's financial responsibilities to Atlantic City, Atlantic County, and the Atlantic City School District, which are all affected by, and dependent on, the success of the casino gaming industry.

Section 2 of the bill amends the "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.) with respect to the financial requirements that are required to be met by an applicant for a casino license. Current law requires that an applicant demonstrate the ability to make necessary capital and maintenance expenditures in a timely manner to ensure the maintenance of a superior, first class facility of exceptional quality, and demonstrate having met that standard if its capital expenditures, over a five-year period, average five percent of net revenue annually. The bill would require that an applicant demonstrate the ability to make only necessary capital expenditures that are adequate to ensure a superior, first class facility of exceptional quality.

Section 3 of the bill concerns the calculation of the annual payments in lieu of property taxes (PILOT) that casino gaming properties are required to pay to Atlantic City from 2017 through 2016, as provided under the "Casino Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et al.). The bill would require the casino gaming properties to pay Atlantic City \$110 million in PILOT payments for calendar year 2022. For calendar years 2023, 2024, 2025, and 2026, the base amount of the PILOT payment would be determined based on gross gaming revenue totals. For each of these calendar years, the total amount of the PILOT payments would increase by two percent per year provided that there is no upward adjustment in the base amount of the PILOT. This section redefines "gross gaming revenue," for calendar years 2021 through 2026, to exclude revenue derived from Internet casino gaming and Internet sports wagering. This section also places a limit on the net liability of individual casino gaming

properties resulting from the elimination of the investment alternative tax credit after 2021.

Section 4 of the bill revises the amount of the additional payments that each casino gaming property is required to be remitted to the State. Under the “Casino Property Tax Stabilization Act,” these additional payments were to be made by each casino gaming property in decreasing amounts between 2015 and 2023, with the final aggregate payment equaling \$5 million in 2023. The bill extends these additional payments through 2026 and requires the payments to be made to the State not later than June 1 annually.

Section 5 of the bill concerns the portion of the funds collected by Atlantic City from the PILOT payments that are to be allocated annually to Atlantic County and the Atlantic City School District. Under the bill, the portion allocated to those entities in 2022 would be the same as 2021; thereafter, the allocations would be subject to an annual two percent increase for each year from 2023 through 2026, as well as upward or downward adjustments based on whether there is an upward or downward adjustment in the base amount of the PILOT, as specified in the bill.

Section 6 of the bill concerns the investment alternative tax and the investment alternative paid to the State Treasurer annually by the casino gaming properties. Under current law, the moneys received by the State Treasurer from the investment alternative tax and the investment alternative, except for any amount thereof pledged for the payment of bonds issued by the Casino Reinvestment Development Authority (CRDA) or otherwise contractually obligated by the authority, or any bonds issued to refund such bonds, is allocated to Atlantic City for the purposes of paying debt service on bonds issued by Atlantic City. This bill provides that if the moneys received by the State Treasurer from the payment of the investment alternative tax exceed the debt service on bonds issued by Atlantic City during any calendar year from 2022 through 2026, then the amount in excess of the debt service is to be reallocated to: the CRDA; the Clean and Safe Fund, established pursuant to section 7 of the bill; the Infrastructure Fund, established pursuant to section 8 of the bill; and Atlantic City for general municipal purposes.

Sections 7 and 8 of the bill create the Clean and Safe Fund and the Infrastructure Fund, respectively, into which the excess investment alternative tax funds would be appropriated. These funds would be held by the State Treasurer. Moneys deposited into the Clean and Safe Fund would be used by Atlantic City, or another governmental entity working on behalf of Atlantic City, to pay for capital public safety expenses, streetscape improvements, planting, roadway median improvements, shade trees, beautification, wayfinding, lighting, cleaning equipment, waste receptacles, sidewalk repair, and related maintenance within Atlantic City.

Moneys in the Infrastructure Fund would be used to pay for any local infrastructure improvements within Atlantic City.

COMMITTEE AMENDMENTS:

The committee amendments:

- Remove revenue generated by Internet casino gaming and Internet sports wagering from the calculation of gross gaming revenue for calendar years 2021 through 2026 rather than calendar years 2021 through 2025;
- Require the financial agreement between each casino gaming property and the Atlantic City to be modified to reflect and incorporate the provisions of the bill for calendar years 2022 through 2026;
- Set the amount of the calendar year 2022 PILOT at \$110 million rather than \$125 million;
- Establish new PILOT amounts that reflect the new method of calculating gross gaming revenue;
- Place a limit on the net liability of individual casino gaming properties resulting from the elimination of the investment alternative tax credit after 2021;
- Require the PILOT to be adjusted in each year when an existing casino gaming property no longer qualifies as a casino gaming property;
- Provide that the aggregate amount of additional payments paid by casino gaming properties to the State, as required under the “Casino Property Tax Stabilization Act,” would equal \$5 million per year for calendar years 2019 through 2026, instead of requiring each casino gaming property to make an additional annual payment of \$5 million during this period;
- Require that the PILOT allocations to Atlantic County and the Atlantic City School District for calendar year 2022 would be same as they received in calendar year 2021, with a required two percent increase for each calendar year from 2023 through 2026, with required upward or downward adjustments based on whether there is an upward or downward adjustment in the base amount of the PILOT. As introduced, the bill required Atlantic County to receive 13.5 percent of the PILOT in calendar years 2022 through 2024 and 12 percent of the PILOT payment in calendar years 2025 and 2026. The introduced bill does not require the Atlantic City School District to receive a PILOT allocation of a specific amount, but does require the amount provided to the school district to increase by two percent annually from calendar year 2022 through calendar year 2026;

- Permit the use of investment alternative tax revenues to pay debt service on any refunding bonds issued by Atlantic City prior to and after the effective date of the “Casino Property Tax Stabilization Act” ;
- Allocate investment alternative tax revenues in excess of the amount required for CRDA or municipal debt service to be reallocated to the CRDA, the Clean and Safe Fund, the Infrastructure Fund, and to Atlantic City for general municipal purposes, in different proportions, as described in the bill;
- Require the excess investment alternative tax revenues allocated to the CRDA, Clean and Safe Fund, and Infrastructure Fund to be reduced in order to ensure that the amount allocated to Atlantic City increases by 2.5 percent annually;
- Require that investment alternative tax revenues in excess in the amounts specified in the bill are to be reimbursed to each casino gaming property, and if there are still amounts remaining, distributed to the CRDA; and
- Make technical changes to the findings and declarations section.

FISCAL IMPACT:

The Office of Legislative Services concludes that the bill will result a loss of local payment in-lieu of tax (PILOT) revenues in calendar years 2022 through 2026 likely falling in a range from \$30 million to \$65 million each year. Removing gross revenues generated by Internet casino gaming and Internet sports wagering will result in lower annual totals of gross gaming revenue (GGR) and reduce the PILOT due to the City of Atlantic City, Atlantic County, and the Atlantic City School District.

A portion of the municipal revenue loss will be offset by: 1) other casino-non tax payments of \$5 million per year in calendar years 2024 through 2026; and 2) the reallocation of a portion of investment alternative tax (IAT) revenues not required to pay the Casino Reinvestment Development Authority (CRDA) and municipal debt service.

The State may also receive additional revenues because the bill requires a portion of the excess IAT revenues to be distributed to the CRDA. IAT revenue collections change annually and the OLS cannot project the amount of unreserved IAT funds that may be available to the State and the City of Atlantic City.

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 5587**  
**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

DATED: DECEMBER 15, 2021

**SUMMARY**

- Synopsis:** Concerns matters related to operations and obligations of casino gaming properties and finances of Atlantic City.
- Type of Impact:** Net loss of local revenues.  
 Net increase in State revenues.
- Agencies Affected:** Department of Community Affairs, Department of Law and Public Safety, Casino Reinvestment Development Authority, City of Atlantic City, Atlantic City School District, and Atlantic County.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>CY2022</u></b>	<b><u>CY 2023</u></b>	<b><u>CY 2024-2026</u></b>
<b>Local Revenue</b>	\$40 million	\$30 million to	\$25 million to
<b>Loss from PILOT</b>		\$50 million	\$45 million
<b>State Revenue</b>	\$18.1 million		Indeterminate
<b>Gain from IAT</b>			
<b>CRDA Revenue</b>	\$9 million		Indeterminate
<b>Gain from IAT</b>			
<b>Local Revenue</b>	None		Indeterminate
<b>Gain from IAT</b>			

- The Office of Legislative Services (OLS) concludes that the bill will result in a loss of local payment in lieu of tax (PILOT) revenues in calendar years 2022 through 2026 likely falling in a range of \$30 million to \$50 million each year. Removing gross revenues generated by Internet casino gaming and Internet sports wagering will result in lower annual totals of gross gaming revenue (GGR) and reduce the PILOT due to the City of Atlantic City, Atlantic County, and the Atlantic City School District.
- A portion of the municipal revenue loss will be offset by: 1) other casino non-tax payments of \$5 million per year in calendar years 2024 through 2026; and 2) the reallocation of a portion of investment alternative tax (IAT) revenues not required to pay Casino Reinvestment Development Authority (CRDA) and municipal debt service.



- The State may also receive additional revenues because the bill requires a portion of the excess IAT revenues to be distributed to the CRDA. IAT revenue collections change annually and the OLS cannot project the amount of unreserved IAT funds that may be available to the State and the City of Atlantic City beyond calendar year 2022.

**BILL DESCRIPTION**

The bill amends and supplements the “Casino Property Tax Stabilization Act” (CPTSA) P.L.2016, c.5, which governs the casino gaming industry’s financial obligations to the City of Atlantic City (“city”), Atlantic County (“county”), and the Atlantic City School District (“school district”). The CPTSA exempts casino gaming properties from the regular system of assessment used to determine the value of property for ad valorem taxation. Instead, casino gaming properties are required to fulfill their local government financial obligations by making annual PILOTs, the amount of which is based on casino gaming revenues. The PILOT is apportioned among casino gaming property owners by a statutory formula that accounts for GGR, the number of hotel rooms, and square feet of floor space at each casino gaming property.

The bill also makes several changes to provisions of the CPTSA regulating the calculation and distribution of the PILOT made by casino gaming properties. First, the bill excludes revenues generated by Internet gaming and Internet sports wagering from the calculation of GGR for calendar years 2021 through 2025. Second, the bill establishes new PILOT amounts that reflect the new method of calculating GGR. The table below displays the current and proposed GGR ranges and corresponding PILOT amounts:

Current GGR Ranges & PILOT Amounts		New GGR Ranges & PILOT Amounts	
GGR Range (in billions)	Amount of PILOT (in millions)	GGR Range (in billions)	Amount of PILOT (in millions)
Less than \$1.8B	\$90M	Less than \$2.3B	\$115M
\$1.8B to \$2.2B	\$110M		
\$2.2B to \$2.6B	\$120M	\$2.3B to \$2.9B	\$125M
\$2.6B to \$3.0B	\$130M		
\$3.0B to \$3.4B	\$150M	Greater than \$2.9B	\$135M
\$3.4B to \$3.8B	\$165M		

Third, the bill sets the PILOT at \$125 million for calendar year 2022. Fourth, the bill provides for increases in the PILOT if there is no upward or downward adjustment in the total amount of GGR and allows for changes to the PILOT as properties become subject to CPTSA or no longer qualify as casino gaming property. Fifth, the bill requires a specific portion of the PILOT to be paid to Atlantic County in calendar years 2022 through 2026 and requires the amount distributed to the Atlantic City School District in calendar years 2022 through 2026 to increase by two percent over the preceding year.

Current law requires the owners of casino gaming property make a separate payment to the State from 2015 through 2023, with the final payment in 2023 being \$5 million. The bill extends these payments to the State through 2026 at the rate of \$5 million per year.

Finally, the bill changes the allocation of investment alternative tax (IAT) revenues between the Casino Development Authority (CRDA) and the City of Atlantic City, and the purposes for which those revenues may be used, in calendar years 2022 through 2026. Current law allocates IAT receipts collected by the CRDA to Atlantic City the purpose of paying debt service on municipal bonds. The bill requires that any IAT revenues remaining after the allocation of

proceeds for CRDA and municipal debt service payments are to be allocated to the CRDA, the city to support general municipal purposes, and the new “Clean and Safe Fund” and “Infrastructure Fund” established by the bill. Moneys deposited in the Clean and Safe Fund are to support capital public safety expenses and assorted municipal projects, such as beautification, lighting, and sidewalk repair. Infrastructure Fund proceeds may finance any work that may be undertaken as a local improvement pursuant as defined and enumerated in State law. IAT revenues pledged for the payment of bonds issued by the CRDA, or any bonds issued to refund those bonds, or otherwise contractually obligated by the authority prior to the effective date the CPTSA are excluded from the reallocation.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

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

The OLS estimates that enactment of the bill will result in an indeterminate loss of municipal revenues likely in the tens of millions of dollars annually, and a smaller possible increase in revenues to the State and CRDA. The elimination of revenues generated by Internet casino gaming and Internet sports wagering will reduce the amount of gross gaming revenues used to determine the annual PILOT payment made by the owners of casino gaming property to the city, county, and school district. Although the bill requires the owners of casino gaming property to make supplemental payments for three additional years than required under current law, these payments will not be sufficient to make up the difference between the amount of the PILOT payment calculated under current law and the amount of the PILOT payment calculated in accordance with the bill. The redirection of IAT revenues to support certain capital and infrastructure projects and the city’s municipal budget may result in increased CRDA, State, and municipal revenues, but given the city’s and the CRDA’s ongoing debt obligations, it remains unclear whether there will be any excess IAT revenues available for reallocation.

### **Revisions to the PILOT Formula**

The OLS estimates that enactment of the bill would result in a local revenue loss of \$40 million in calendar year 2022 from casino PILOT payments. According to monthly financial reports available through the Division of Gaming Enforcement in the Department of Law and Public Safety, total gross gaming revenue through October 2021 is \$3.496 billion. At the current rate, the OLS estimates that total gross gaming revenue for calendar year 2021 would be \$4.196 billion. The maximum amount of gross gaming revenue and PILOT amount contemplated under current law are \$3.8 billion and \$165 million, respectively. For purposes of this estimate, the OLS anticipates that if GGR is \$4.196 billion, casino gaming property owners would be required to pay the maximum PILOT amount of \$165 million under the current law. The bill sets the calendar year 2022 PILOT amount at \$125 million, resulting in a local revenue loss of \$40 million.

The OLS projects that the removal of revenue generated by Internet casino gaming and Internet sports wagering from GGR would reduce calendar year 2021 GGR by approximately \$1.606 billion, from \$4.196 billion to \$2.590 billion. Under the new schedule of PILOT amounts, the calendar year 2022 PILOT would be \$125 million. Applying the new GGR ranges would not change the calendar year 2022 PILOT by \$10 million. However, jettisoning Internet casino

gaming revenue and Internet sports wagering revenue will result in lower GGR levels and PILOT amounts. This, in turn, will cause local revenue losses in calendar years 2023 through 2026. The OLS does not forecast GGR, but notes that the change in the PILOT amount would likely fall in a range between \$30 million and \$50 million per year, depending on actual GGR collections as measured by the two methodologies. Although the bill requires the owners of casino gaming property to make payments to the city of \$5 million per year in calendar years 2024 through 2026, it is unlikely that these payments will wholly offset the municipal revenue loss resulting from application of the new PILOT formula.

**Revisions to PILOT Allocations for Affected Local Governments**

Current law requires the PILOT to be made directly to the city on a quarterly basis. A portion of the PILOT is remitted to the county and school district for their own purposes. The CPTSA does not establish a formula for determining the amount provided to the county and the school district, but it does allow the Local Finance Board to apportion a specific percentage of the PILOT to the county.

Using local budget information, the OLS has calculated that, on average, the city has received 54 percent of the annual PILOT allocation, the county has received 13 percent of the annual PILOT allocation, and the school district has received 34 percent of the PILOT allocation. As noted above, the bill requires Atlantic County to receive 13.5 percent of the PILOT in calendar year 2022 and the Atlantic City School District’s PILOT allocation is to increase by two percent from calendar year 2021. These requirements means that the city will bear the largest revenue loss under the new PILOT formula. The table below shows the estimated calendar year 2022 PILOT to the city, county, and school district under current law, as provided by the bill, and the difference between the two amounts.

**Estimated PILOT Allocations Pursuant to Current Law & A5587**

Local Unit	Estimated CY 2022 PILOT Under Current Law	Estimated CY 2022 PILOT Under A5587	Difference
Atlantic City	\$88,486,935.86	\$61,410,020.00	(\$27,076,915.86)
Atlantic County	\$20,806,476.38	\$16,875,000.00	(\$3,931,476.38)
Atlantic City School District	\$55,706,587.76	\$46,714,980	(\$8,991,607.76)
Totals	\$165,000,000.00	\$125,000,000.00	(\$40,000,000.00)

The municipality, school district, or county may choose to adjust their tax rates, in effect reallocating the tax levy among all other property taxpayers, in order to make up any revenue difference resulting from the changes in payments made by casino property owners. (Although current law limits annual increases in the total property tax levy to 2 percent per year, local governments are permitted to increase rates in order to levy the permissible amount when there is a decline in the value of ratables.) Other actions, such as the awarding of additional State aid, reductions in appropriations by all affected governmental entities, the utilization of surplus and other reserves, or the redirection of existing State revenues to the municipal government may also ameliorate the effects of any revenue loss.

**Allocation of Casino Investment Alternative Tax Revenues**

Current law requires casinos to pay either 2.5 percent of gross gaming revenues to the State or 1.25 percent of gross gaming revenues to the CRDA for investment in the Atlantic City Tourism



District. This tax is also known as the IAT. Casinos are also required to pay IAT on Internet gaming gross revenues, but the tax rate is either five percent to the State or 2.5 percent to the CRDA for investment and community development purposes. Annual IAT revenue collections are driven by gaming activity and fluctuate from year to year.

Current law allocates IAT receipts first to the payment of bonds issued by the CRDA or otherwise contractually obligated by the CRDA, and second to the city for the purpose of paying municipal debt service. Current law does not indicate what would happen to revenues exceeding those needs, so for the purposes of this estimate the OLS assumes that those excess revenues would be refunded to the casinos. For calendar year 2022, the bill provides that excess revenues be allocated equally among the CRDA, the Clean and Safe Fund, and the Infrastructure Fund (which are held by the State). For calendar years 2023 through 2026, the bill provides that excess revenues be allocated to the CRDA, State, and city in specified proportions, up to maximum amounts for each recipient for each calendar year.

According to the “October 2021 Gaming Revenue Results” prepared by the Division of Gaming Enforcement, IAT revenues totaled \$57.7 million through October 2021. At the current monthly rate, calendar year 2021 IAT revenues will total \$69.240 million. The CRDA has informally indicated that no IAT revenues are pledged for its debt service payments but it retains approximately \$1 million to support project funding commitments entered into prior to the enactment of the CPTSA. The city’s municipal audit for calendar year 2020 notes that the city will pay \$41.1 million in debt service in calendar year 2022. When the amounts retained by the CRDA and required for city debt service are subtracted from the estimated amount of calendar year 2021 IAT revenues, there would be about \$27.1 million remaining; the CRDA and the two new funds would receive about \$9 million each.

To the extent that there are IAT revenues in excess of amounts needed for debt service, the CRDA, State, and city may experience an increase in revenues. The CRDA will receive additional resources to support eligible community and economic development projects in Atlantic City and around the State. The city will experience an increase in dedicated and general municipal revenues. The OLS notes that the bill requires the city to receive State approval to utilize Clean and Safe Fund and Infrastructure Fund proceeds for their authorized purposes. If Atlantic City is no longer deemed a municipality in need of stabilization and recovery pursuant to the “Municipal Stabilization and Recovery Act,” P.L.2016, c.4, then any moneys remaining in the funds would be distributed to the city, subject to a memorandum of understanding with the State Treasurer that they support purposes authorized by the bill.

*Section: Revenue, Finance and Appropriations*

*Analyst: Scott A. Brodsky  
Principal Fiscal Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 5587

### STATE OF NEW JERSEY 219th LEGISLATURE

DATED: DECEMBER 21, 2021

#### SUMMARY

- Synopsis:** Concerns matters related to operations and obligations of casino gaming properties and finances of Atlantic City.
- Type of Impact:** Net loss of local revenues.  
Increase in State revenues.
- Agencies Affected:** Department of Community Affairs, Department of Law and Public Safety, Casino Reinvestment Development Authority, City of Atlantic City, Atlantic City School District, and Atlantic County.

#### Office of Legislative Services Estimate

Fiscal Impact	<u>CY 2022</u>	<u>CY 2023</u>	<u>CY 2024-2026</u>
<b>Local Revenue</b>	\$55 million	\$30 million to \$65 million	\$25 million to \$60 million
<b>Loss from PILOT</b>			
<b>State Revenue gain from IAT</b>	\$0 to \$4 million	\$0 to \$4.2 million	\$0 to \$18.6 million over 3 years
<b>CRDA revenue gain from IAT</b>	\$0 to \$2.7 million	\$0 to \$3.5 million	\$0 to \$10.5 million over 3 years
<b>Local Revenue gain from IAT</b>	\$0 to \$6.8 million	\$0 to \$9.8 million	\$0 to \$51.6 million over 3 years

- The Office of Legislative Services (OLS) concludes that the bill will result a loss of local payment in-lieu of tax (PILOT) revenues in calendar years 2022 through 2026 likely falling in a range from \$30 million to \$65 million each year. Removing gross revenues generated by Internet casino gaming and Internet sports wagering will result in lower annual totals of gross gaming revenue (GGR) and reduce the PILOT due to the City of Atlantic City, Atlantic County, and the Atlantic City School District.
- A portion of the municipal revenue loss will be offset by: 1) other casino-non tax payments of \$5 million per year in calendar years 2024 through 2026; and 2) the reallocation of a portion of investment alternative tax (IAT) revenues not required to pay the Casino Reinvestment Development Authority (CRDA) and municipal debt service.

- The State may also receive additional revenues because the bill requires a portion of the excess IAT revenues to be distributed to the CRDA. IAT revenue collections change annually and the OLS cannot project the amount of unreserved IAT funds that may be available to the State and the City of Atlantic City.

## **BILL DESCRIPTION**

The bill amends and supplements the “Casino Property Tax Stabilization Act” (CPTSA), P.L.2016, c.5, which governs the casino gaming industry’s financial obligations to the City of Atlantic City (“city”), Atlantic County (“county”), and the Atlantic City School District (“school district”). The CPTSA exempts casino gaming properties from the regular system of assessment used to determine the value of property for ad valorem taxation. Instead, casino gaming properties are required to fulfill their local government financial obligations by making annual PILOTs, the amount of which is based on casino gaming revenues. The PILOT is apportioned among casino gaming property owners by a statutory formula that accounts for GGR, the number of hotel rooms, and square feet of floor space at each casino gaming property.

Under the current PILOT formula, GGR includes the total amount of revenue raised from three types of casino gaming: traditional casino gaming that takes place inside the casinos, Internet casino gaming, and sports wagering. The amount of the annual PILOT is determined based on the whether total annual GGR falls within a certain range. Current law also requires the PILOT to increase by two percent annually if there is no upward adjustment to the base amount of the PILOT. An upward adjustment in the PILOT occurs if the GGR range changes from one year to the next.

The bill makes several changes to the calculation and distribution of the PILOT made by casino gaming properties. First, the bill excludes revenues generated by Internet gaming and Internet sports wagering from the calculation of GGR for calendar years 2021 through 2025. Second, the bill establishes new PILOT amounts that reflect the new method of calculating GGR. The table below displays the current and proposed GGR ranges and the corresponding base PILOT amounts.

Current GGR Ranges & PILOT Amounts		New GGR Ranges & PILOT Amounts	
GGR Range (in billions)	Amount of PILOT (in millions)	GGR Range (in billions)	Amount of PILOT (in millions)
Less than \$1.8B	\$90M	Less than \$2.3B	\$100M
\$1.8B to \$2.2B	\$110M		
\$2.2B to \$2.6B	\$120M	\$2.3B to \$2.9B	\$110M
\$2.6B to \$3.0B	\$130M		
\$3.0B to \$3.4B	\$150M	Greater than \$2.9B	\$120M
\$3.4B to \$3.8B	\$165M		

Third, the bill sets the PILOT at \$110 million for calendar year 2022. Fourth, the bill provides for increases in the PILOT if there is no upward or downward adjustment in the total amount of GGR. Fifth, the bill places a limit on the net liability of individual casino gaming properties due to the elimination of the investment alternative tax credit after 2021. Sixth, the bill allows for changes to the PILOT as properties become subject to the CPTSA or no longer qualify as a casino gaming property. Seventh, the bill requires a specific portion of the PILOT to be paid to the county and the school district in calendar years 2022 through 2026 and provides for adjustments to the amounts paid to those entities based on changes in the amount of GGR.

Current law requires the owners of casino gaming properties to make a separate payment to the State, in decreasing amounts, from 2015 through 2023, with the final payment in 2023 being \$5 million. The bill extends these payments through 2026 at the rate of \$5 million per year.

Finally, the bill changes the allocation of IAT revenues between the CRDA and the city, and the purposes for which those funds may be used, in calendar years 2022 through 2026. Current law allocates IAT receipts to the CRDA and to the city for the purpose of paying debt service on municipal bonds. The bill requires that any IAT revenues remaining after the allocation of proceeds to CRDA and municipal debt service payments are to be paid to the CRDA, the city, and the new “Clean and Safe Fund” and “Infrastructure Fund” established by the bill, in proportions specified by the bill and subject to specified maximum amounts. Moneys deposited in the Clean and Safe Fund are to support capital public safety expenses and assorted municipal projects, such as beautification, lighting, and sidewalk repair. Infrastructure Fund proceeds may finance any work that may be undertaken as a local improvement as defined and enumerated in State law. IAT revenues pledged for the payment of bonds issued by the CRDA, or any bonds issued to refund those bonds, or otherwise contractually obligated by the authority prior to the effective date the CPTSA are excluded from the reallocation.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

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

The OLS estimates that enactment of the bill will result in an indeterminate loss of municipal revenues likely in the tens of millions of dollars annually, and a smaller possible increase in revenues to the State and CRDA. The elimination of revenues generated by Internet casino gaming and Internet sports wagering will reduce the amount of gross gaming revenues used to determine the annual PILOT payment made by the owners of casino gaming property to the city, county, and school district. Although the bill requires the owners of casino gaming property to make supplemental payments for three additional years than required under current law, these payments will not be sufficient to make up the difference between the amount of the PILOT payment calculated under current law and the amount of the PILOT payment calculated in accordance with the bill. The redirection of IAT revenues to support certain capital and infrastructure projects and the city’s municipal budget may result in increased CRDA, State, and municipal revenues, but given the city’s and the CRDA’s ongoing debt obligations, it remains unclear whether there will be any excess IAT revenues available for reallocation.

### **Revisions to the PILOT Formula**

The OLS estimates that enactment of the bill would result in a local revenue loss of \$55 million in calendar year 2022 from casino PILOT payments. According to monthly financial reports available through the Division of Gaming Enforcement in the Department of Law and Public Safety, total gross gaming revenue through October 2021 is \$3.496 billion. At the current rate, the OLS estimates that total gross gaming revenue for calendar year 2021 would be \$4.196 billion. The maximum amount of gross gaming revenue and PILOT amount contemplated under current law are \$3.8 billion and \$165 million, respectively. For purposes of this estimate, the OLS anticipates that if GGR is \$4.196 billion, casino gaming property owners would be required to pay

the maximum PILOT amount of \$165 million under the current law. The bill sets the calendar year 2022 PILOT amount at \$110 million, resulting in a local revenue loss of \$55 million.

The OLS projects that the removal of revenue generated by Internet casino gaming and Internet sports wagering from GGR would reduce calendar year 2021 GGR by approximately \$1.606 billion, from \$4.196 billion to \$2.590 billion. Under the new schedule of PILOT amounts, the calendar year 2022 PILOT would be \$110 million. Applying the new GGR ranges in calendar year 2022 would not change the calendar year 2022 PILOT. However, jettisoning Internet casino gaming revenue and Internet sports wagering revenue will result in lower GGR levels and PILOT amounts. This, in turn, will cause local revenue losses in calendar years 2023 through 2026. The OLS does not forecast GGR, but notes that the decrease in the PILOT amount would likely fall in a range between \$30 million to \$65 million per year, depending on actual GGR collections as measured by the two methodologies. Although the bill requires the owners of casino gaming property to make payments to the city of \$5 million per year in calendar years 2024 through 2026, it is unlikely that these payments will wholly offset the municipal revenue loss resulting from application of the new PILOT formula.

Revisions to PILOT Allocations for Affected Local Governments

Current law requires the PILOT to be made directly to the city on a quarterly basis. A portion of the PILOT is remitted to the county and school district for their own purposes. The CPTSA does not establish a formula for determining the amount provided to the county and the school district, but it does allow the Local Finance Board to apportion a specific percentage of the PILOT to the county.

The PILOT system has been in effect since calendar year 2017. Using local budget information, the OLS has calculated that on average, the city has received 54 percent of the annual PILOT allocation, the county has received 13 percent of the annual PILOT allocation, and the school district has received 34 percent of the PILOT allocation. However, the bill requires the county and the school district to receive the same PILOT allocations in calendar year 2022 as they received in calendar year 2021. This requirement means that the city will bear the largest revenue loss under the new PILOT formula. The table below shows the estimated calendar year 2022 PILOT to the city, county, and school district under current law, as provided by the bill, and the difference between the two amounts.

**Estimated PILOT Allocations Pursuant to Current Law & A5587**

Local Unit	Estimated CY 2022 PILOT Under Current Law	Estimated CY 2022 PILOT Under A5587	Difference
Atlantic City	\$88,486,935.86	\$46,651,000.00	(\$41,835,935.86)
Atlantic County	\$20,806,476.38	\$17,550,000.00	(\$3,256,476.38)
Atlantic City School District	\$55,706,587.76	\$45,799,000.00	(\$9,907,587.76)
Totals	\$165,000,000.00	\$110,000,000.00	(\$55,000,000.00)

The municipality, school district, or county may choose to adjust their tax rates, in effect reallocating the tax levy among all other property taxpayers, in order to make up any revenue difference resulting from the changes in payments made by casino property owners. (Although current law limits annual increases in the total property tax levy to 2 percent per year, local governments are permitted to increase rates in order to levy the permissible amount when there is a decline in the value of ratables.) Other actions, such as the awarding of additional State aid,

reductions in appropriations by all affected governmental entities, the utilization of surplus and other reserves, or the redirection of existing State revenues to the municipal government may also ameliorate the effects of any revenue loss.

The bill requires the PILOT allocation to the county and school district to increase by two percent annually. The bill requires the county's PILOT allocation to increase by \$1.350 million if there is an upward adjustment in calendar year 2023 or 2024 and by \$1.2 million if there is an upward adjustment in calendar year 2025 or 2026. The school district's PILOT allocation would increase by \$3.5 million if there is an upward adjustment in any calendar year from 2023 through 2026. The bill provides for the county and school district PILOT amounts to be reduced by the same amounts if there is a downward adjustment.

#### Allocation of Casino Investment Alternative Tax Revenues

Current law requires casinos to pay either 2.5 percent of gross gaming revenues to the State or 1.25 percent of gross gaming revenues to the CRDA for investment in the Atlantic City Tourism District. This tax is also known as the IAT. Casinos are also required to pay IAT on Internet gaming gross revenues, but the tax rate is either five percent to the State or 2.5 percent to the CRDA for investment and community development purposes. Annual IAT revenue collections are driven by gaming activity and fluctuate from year to year.

Current law allocates IAT receipts first to the payment of bonds issued by the CRDA or otherwise contractually obligated by the CRDA, and second to the city for the purpose of paying municipal debt service. Current law does not indicate what would happen to revenues exceeding those needs, so for the purposes of this estimate the OLS assumes that those excess revenues would be refunded to the casinos. The bill provides that excess revenues be allocated to the CRDA, State, and city in specified proportions, up to maximum amounts for each recipient for each calendar year, with any excess revenue refunded to the casinos. The maximum amount allocated varies from \$13.5 million in 2022 to \$31.1 million in 2026, below recent years' revenue collections.

According to the "Summary of Gaming and Atlantic City Taxes and Fees" prepared by the Division of Gaming Enforcement, IAT revenues peaked at \$65.2 million in calendar year 2006, declined to \$33.9 million in calendar year 2015, and then increased to \$43.2 million in calendar year 2020. Information on the total amount of IAT revenue required to pay CRDA and municipal debt service during calendar years 2022 through 2026 is not available to the OLS at this time. City budget data indicates that the amount of IAT revenues allocated for municipal debt service since calendar year 2016 have not been sufficient to support all appropriations for municipal debt service.

To the extent that there are IAT revenues in excess of amounts needed for debt service, the CRDA, State, and city may experience an increase in revenues. The CRDA will receive additional resources to support eligible community and economic development projects in Atlantic City and around the State. The city will experience an increase in dedicated and general municipal revenues. The OLS cannot determine the extent to which the receipt of additional IAT funds will offset any reductions in PILOT payments resulting from the new formula established by the bill.

The OLS notes that the bill requires the city to receive State approval to utilize Clean and Safe Fund and Infrastructure Fund proceeds for their authorized purposes. If Atlantic City is no longer deemed a municipality in need of stabilization and recovery pursuant to the "Municipal Stabilization and Recovery Act," P.L.2016, c.4, then any moneys remaining in the funds would be distributed to the city, subject to a memorandum of understanding with the State Treasurer that they support purposes authorized by the bill.

*Section: Revenue, Finance and Appropriations*

*Analyst: Scott A. Brodsky  
Principal Fiscal Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# Governor Murphy Takes Action on Legislation

12/21/2021

**TRENTON** - Today, Governor Murphy signed the following bills into law:

**S-108/A-169 wGR (Gill, Turner/Caputo, Wirths)** - Concerns speech rights of student journalists at public schools and public institutions of higher education

**S-2834/A-5312 wGR (Ruiz, Cunningham/Quijano, Lampitt, McKnight)** - Mandates training on culturally responsive teaching for all candidates for teaching certification

**S-2953/A-4785 wGR (Sweeney, Cunningham/Quijano, Verrelli, Mukherji)** - Expands scope of inmate reentry assistance and benefits

**S-3955/A-5905 wGR (Ruiz, Pou/Timberlake, Speight, Spearman)** - Establishes "Rental Assistance Navigation Program" in DCA; makes appropriation

**S-3994/A-5943 (Sweeney/Greenwald, Mazzeo, Armato, Murphy)** - Temporarily modifies taxes and credits of casino licensees; permanently redefines promotional gaming credits to include certain coupons and table game wagers; requires priority funding for senior and disabled transportation services

**S-4007/A-5587 (Sweeney/Greenwald)** - Concerns matters related to operations and obligations of casino gaming properties and finances of Atlantic City

**S-4078/A-5974 (Greenstein, Corrado/Carter, Stanley, Chaparro)** - Modifies lists of projects eligible to receive loans for environmental infrastructure projects from NJ Infrastructure Bank for FY2022

**S-4147/A-6216 (Beach, Turner, Tucker, Verrelli, Caputo)** - Appropriates \$16,380,595 from constitutionally dedicated CBT revenues to NJ Historic Trust for grants for certain historic preservation projects and associated administrative expenses

**S-4274/A-6170 (Sweeney/McKeon)** - Provides supplemental appropriations of \$500,000 to the Apportionment Commission and \$500,000 to the New Jersey Redistricting Commission

**A-2455/S-2204 wGR (Benson, Vainieri Huttel, DeAngelo/Greenstein, Oroho)** - Establishes pilot program in DOE to support robotics programs in school districts

**A-3062/S-1196 wGR (Pintor Marin, Moen, Reynolds-Jackson/Pou, Cruz-Perez)** - Establishes three year Financial Empowerment Pilot Program

**A-4433/S-2715 wGR (Greenwald, Mukherji, Lampitt/Beach, Corrado)** - Creates grant program to encourage school districts to partner with institutions of higher education in training school-based mental health services providers

**A-4435/S-2717 wGR (Verrelli, Greenwald, Speight, Lampitt/Beach, Corrado)** - Requires DCF to give priority to certain school districts with student mental health counseling centers in awarding grants under School Based Youth Services Program

**A-4746/S-3947 wGR (Mosquera, Lopez, Chaparro, Dunn/Vitale, Turner)** - Requires that certain provider subsidy payments for child care services be based on enrollment

**A-4834/S-3474 wGR (Mazzeo, Quijano, Downey/Pou, Turner)** - Prohibits mail falsely implying State government connection



**A-5353/S-3421 wGR (Conaway, Vainieri Huttle, Benson/Madden, Turner)** - Provides for certification of temporary nurse aides

**A-5599/S-3916 wGR (Chiaravalloti, Vainieri Huttle, McKnight/Scutari, Gill)** - Establishes order of protection for judicial officer; upgrades and clarifies harassment against judicial officer; bars firearms possession by persons against whom judicial officer order of protection is entered

**A-5975/S-4079 (Calabrese, Tucker, Mejia/Bateman, Smith)** – Amends list of environmental infrastructure projects approved for long-term funding for FY2022; makes various changes to FY2022 environmental infrastructure funding program

**A-5998/S-4098 (Mukherji, Coughlin/Sweeney)** - Permits deferred retirement from JRS for member appointed as Administrative Director of the Courts by Chief Justice of Supreme Court

**A-6072/S-4169 (Egan, Coughlin, Danielsen/Vitale, Smith)** - Increases number of hospitals eligible for highest amount of charity care subsidy payment; appropriates \$30 million