

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION No. 185

with committee amendments

# STATE OF NEW JERSEY

DATED: DECEMBER 21, 2015

The Senate Budget and Appropriations Committee reports favorably Senate Concurrent Resolution No. 185 (SCS), with committee amendments.

Under current law, casino gambling is permitted only in Atlantic City in Atlantic County. This concurrent resolution proposes an amendment to the State Constitution to allow the Legislature to pass laws to permit the establishment and operation, under regulation and control by the State, of casinos in two other counties of this State. No more than two casinos would be permitted and only one casino in each of the two counties would be permitted. Also, each casino is to be located in a municipality that is at least 72 miles from Atlantic City.

The eligibility for each initial license to establish a new casino would be limited to persons whose majority equity owners: a) are holders of a New Jersey casino license that were operating a casino which was conducting gambling as of the date of passage by the Legislature of this concurrent resolution; or b) were principal owners of a holder of a New Jersey casino license that was operating a casino which was conducting gambling as of the date of passage, if that principal owner or subsidiary also holds a valid license to own and operate a casino in another jurisdiction with licensing standards similar to those in New Jersey. A principal owner would mean any person who, directly or indirectly, owns 50 percent or more of a holder of a New Jersey casino license that was operating a casino which was conducting gambling as of the date of passage. If an eligible person does not apply for a license within the time period prescribed by law, or applies but fails to meet certain progress requirements within the prescribed time frame, any qualified applicant may apply for that license.

The law would determine the location and type of such casinos and of the gambling games which may be conducted. The law would also determine the tax rate to be levied upon the gross gaming revenues derived from the gambling operations.

In the first State fiscal year in which State revenues are derived from the new casinos, those State revenues would be credited to a

special account to be used for the same purposes as State revenues from Atlantic City casinos are currently applied.

In the second State fiscal year in which State revenues from the new casinos are derived and thereafter, the State revenues derived from the new casinos and from the Atlantic City casinos would be credited to a special New Jersey Investment Fund. Two percent of the amount so credited in each State fiscal year first would be dedicated as State aid, with each half of the two percent allocated to the locality in which each of the two gambling establishments are located and operating. Locality would mean the host municipality, county, or both.

Then, the proposed amendment would dedicate for each State fiscal year the remaining revenues in the investment fund for the purposes of the recovery, stabilization, or improvement of the city of Atlantic City, for the same purposes as the State revenues from Atlantic City casinos are currently applied, for State aid to each county and municipality in the State for programs and property tax relief for senior citizens and disabled residents, and for such other purposes as the Legislature shall by law provide. The proposed amendment specifies the percentages dedicated for those purposes for the first 15 State fiscal years.

Commencing in the 17<sup>th</sup> State fiscal year and for the next subsequent nine State fiscal years, the percentages dedicated for those purposes would change over the course of 10 State fiscal years, and then would remain at those levels for each State fiscal year thereafter.

Notwithstanding the dedications, the total amount dedicated in each state fiscal year for the purposes of the recovery, stabilization, or improvement of the city of Atlantic City would not exceed one third of the total credited to the investment fund in each State fiscal year.

Of the percentage of revenues dedicated from the investment fund for State aid to each county and municipality in the State for programs and property tax relief for senior citizens and disabled residents and for such other purposes as the Legislature shall by law provide, not less than two percentage points in each State fiscal year would be dedicated for programs designed to aid the thoroughbred and standardbred horsemen in this State.

#### COMMITTEE AMENDMENTS:

The committee amended the proposed amendment to provide that if an eligible person does not apply for a license within the time period prescribed by law, or applies but fails to meet certain progress requirements within the prescribed time frame, any qualified applicant may apply for that gambling house or casino license.

#### FISCAL IMPACT:

This concurrent resolution is not certified as requiring a fiscal note.