



# Atlantic County

## Executive Office

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DL-166-21

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December 2, 2021

Hon. Philip D. Murphy  
Governor, State of New Jersey  
125 W. State Street  
PO Box 001  
Trenton, New Jersey 08625

**Re: Proposed Bills Amending Casino Property Stabilization Act**

Dear Governor Murphy:

I hope this finds you and your family well.

I write to you today to express my serious concerns about two bills, S4007 and A5587, that would make changes to the Casino Property Stabilization Act, commonly referred to as the casino PILOT bill. Each of these bills would significantly hurt the nearly 270,000 Atlantic County taxpayers and violate the integrity of the June 18, 2018 Consent Order for Settlement that was approved by the judiciary and which your Chief Counsel approved on your behalf in open court.

The changes proposed would decrease the annual PILOT payments from \$150 million to \$110 million, resulting in a \$5.4 million loss for the non-casino taxpayers of Atlantic County in each of the next three years.

Mayor Marty Small, Sr. and his advisor, Retired Judge Steven Perskie, contend that these bills are good for Atlantic City but no one has confirmed they are equally beneficial for Atlantic County taxpayers nor have there been any financial statistics or budget calculations provided at this time on which to base these evaluations.

S4007 changes the investment alternate taxes (IAT) formula so the first priority is Atlantic City debt service and anything left is divided among the Casino Reinvestment Development Authority, a new Clean and Safe fund, a new Infrastructure fund and the balance to a general municipal purposes fund for Atlantic City. There is no language designating any benefit to Atlantic County or the rest of its taxpayers.

Atlantic County is more than Atlantic City. Why should the taxpayers and businesses in each of the other 22 towns take a hit to their wallets for the sole benefit of Atlantic City and the multi-billion dollar casino industry? We all want Atlantic City to be successful but not at the expense of all others.

It is confounding that the casinos can claim they are suffering while all reports indicate they are setting revenue records. As recently as last week, the New Jersey Division of Gaming Enforcement reported gross operating profit of more than \$310 million in the third quarter of this year, more than twice the \$151 million the city's nine casinos reported in the third quarter of 2020 and nearly 30% better than the third quarter of 2019, prior to any COVID-19 shutdowns.

According to our legal consultants, S4007 and S5587 will violate the Consent Order by significantly reducing the amount of money guaranteed Atlantic County from the casinos' aggregate PILOT payments. The proposed changes would also violate the clause in the bill that creates the Atlantic City Review Commission to review the PILOT program in 2025 and not before. Should these self-serving bills pass the Legislature and make it to your desk during this lame duck session, I urge you, in good conscience, to veto them for the reasons I have outlined.

Returning to court to enforce the Consent Order and/or revive the challenge to the constitutionality of the original PILOT bill would be costly and time consuming. I would prefer not to have to take that course of action again, but am prepared to do whatever is necessary to protect the best interests of ALL Atlantic County taxpayers.

When you approved the Consent Order of Settlement in 2018, it should have meant something. A settlement was reached in good faith, and at a cost of more than \$300,000, to make the Atlantic County taxpayers whole. What has changed except for the fact the casinos want more? Are we to believe the casinos did not anticipate the growth in online gaming and sports betting? Why should county taxpayers pay the cost for their lack of foresight in a bill they basically wrote including its terms and payment calculations? If things went south, we would all take a hit, but now that the casinos are collecting record revenues, they want to change the formulas to permit them to keep more of the profits.

The proposed changes to the PILOT prioritize the interests of the state, casinos and Atlantic City to the detriment of Atlantic County taxpayers. How can these residents be so easily ignored? Our objective is to make sure the taxpayers in all 23 Atlantic County municipalities are not harmed by an amended PILOT. Give them the guarantee that they will be kept whole by receiving what was previously negotiated.

These bills, as currently written, clearly benefit the casinos at the expense of our taxpayers. We're not asking for more, like the casinos and Atlantic City; we're only asking for what was already promised us in a court settlement.

A promise made should be a promise kept.

Respectfully,



Dennis Levinson  
County Executive

cc: George Helmy, Chief of Staff, Office of the Governor  
Parimal Garg, Esq., Chief Counsel, Office of the Governor  
State Legislators representing Atlantic County  
Atlantic County Board of Commissioners  
Edward B. Deutsch, Esq., Managing Partner, McElroy Deutsch  
Ronald J. Riccio, Esq., McElroy Deutsch  
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