

Casino closings to wipe \$2B from Atlantic City property-tax values

Written by Administrator

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The Inquirer

The closure of three Atlantic City casinos by mid-September will wipe \$2 billion from property-tax values next year, exacerbating the financial plight of the already cash-strapped city, Mayor Don Guardian warned Tuesday.

By 2017, Guardian said on a conference call to discuss Atlantic City's way forward as a center of tourism, property values are expected to have fallen as low as \$7.5 billion, from \$20 billion five years ago.

In the short term, Guardian said, the New Jersey Department of Community Affairs has made money "available for some bridge loans to make sure that the city continues functioning with this year's budget because of any concern that we might have that a casino's closing, going bankrupt, might hold off payments."

Over the next four years, the city must trim \$40 million from its budget, Guardian said. The city recently passed a 2014 budget of \$261.4 million.

Part of the savings will come from eliminating departments, though Guardian said he could not name them yet. As many as 300 jobs must be eliminated from the city's workforce, some of which have already disappeared because of attrition, he said. As of July 2013, Atlantic City had 1,267 full-time employees, a bond filing said.

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The Department of Community Affairs also has agreed to back a \$140 million municipal bond offering that will be used to pay tax refunds and settlements. For example, the city owes the owner of Borgata Hotel Casino & Spa \$88 million for tax settlements covering the years 2011 through 2013.

The state backing will save Atlantic City from having to sell bonds with a junk-bond rating. That "will considerably reduce the interest and, over the 25 years, will result in tens of millions of dollars of savings," Guardian said.

He and other Atlantic City officials scheduled the teleconference to talk about what they said was significant progress "in the destination's ongoing transition to a burgeoning, multi-faceted tourism mecca that is not focused solely on gaming."

The remarks by Guardian and others echoed statements officials have been making for decades.

In 1981, for example, Martin Danziger, acting Casino Control Commission chairman, urged the casino industry, the business community, and state and local government to cooperate to turn Atlantic City "into a major, first-class, multifaceted resort and entertainment city."

Tuesday's marketing pitches by Atlantic City officials sounded like "more of the same" to Peter R. Tyson, a consultant who has 40 years' experience in Atlantic City.

"There are going to be oases of success," such as the Borgata and Harrah's, but fixing Atlantic City is a "tough one," said Tyson, a vice president with the hospitality consultant PKF Consulting USA.

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An unnamed "interested party" was shown the Showboat casino Tuesday, the AP reported. Officials said they could reveal little on the interested party. The casino is to shut Sunday.

Revel said in a court filing that certain of the casino's food and beverage outlets would close for good Sunday at the end of normal business hours. The casino floor will be open until 6 a.m. Tuesday.

Mayor Don Guardian announced a

plan for a new job-placement office for Atlantic City residents.

It is expected to open in October.

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