

AP: Mayor Nixes Tax Break to Save Taj Mahal Casino

Written by Administrator

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Atlantic City's mayor said Monday he cannot agree to massive tax reductions sought by the owners of the Trump Taj Mahal Casino Resort, throwing into serious doubt an already long-shot plan by billionaire Carl Icahn to buy and save the casino and its 2,800 jobs.

Mayor Don Guardian told The Associated Press he cannot agree to the massive tax rollbacks, which are a key component of what Trump Entertainment resorts and Icahn are demanding in return for pumping \$100 million into it and keeping it open.

"Given the difficult economic situation in Atlantic City, we are not in a position to accept these requests," Guardian told the AP. "We cannot afford those demands."

The proposal calls for the city reducing the tax assessments of Trump Plaza, which closed on Sept. 16, from \$248 million to \$40 million and for the Taj Mahal from \$1 billion to \$300 million.

Atlantic City is dealing with a massive budget deficit brought on largely by the crumbling of its casino market. Plagued by years of successful appeals by the casinos challenging their tax assessments as too high in light of the plunging gambling market here, the city plans to cut \$40 million from its budget over the next four years, lay off workers, and raise taxes on businesses and homes to make up for the lost revenue.

The finances have been further impacted by the closing of four of the city's 12 casinos so far this year. The Taj Mahal would become the fifth if Trump Entertainment makes good on its threat to shut it down on or before Nov. 13.

Trump Entertainment Resorts, the Taj Mahal's parent company, declined to comment on the mayor's decision.

Icahn is considering spending \$100 million to save the casino.

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An aide said Icahn was not available for comment Monday.

But the offer came with considerable strings attached: Icahn is willing to consider the bailout "if and only if" he gets big givebacks from the casino workers' union, steep tax breaks from Atlantic City and county, and \$25 million in funds from a New Jersey agency.

In a Friday filing to a bankruptcy court, Trump Entertainment Resorts presented a letter from Icahn's attorney saying the billionaire would consider bailing out the casino if the debt he owns in it were converted to equity that would give him ownership.

"Notwithstanding the fact that putting more money into the Taj is a questionable business decision, we share the company's desire to see the Taj Mahal remain open and preserve the jobs of the company's employees," Icahn attorney Allan Brilliant wrote in a Sept. 23 letter to Trump Entertainment Resorts in response to the company's offer to hand ownership to Icahn. Failing to get the concessions "would make it impossible to operate a viable company at this time."

The court filing paints a dismal portrait of the Taj Mahal's finances, and holds out no hope of its survival beyond November without Icahn's money and the related concessions. Trump Entertainment has threatened to close the casino and lay off its 2,041 full-time and 825 part-time employees.

Union president Bob McDevitt said the proposal would cut total compensation to workers — many of whom earn \$12 an hour — by 35 percent. He said Icahn is "seeking to take advantage of the Atlantic City crisis to do away with the health care thousands of south Jersey casino workers and their families have fought for and relied upon for over 30 years."

It also calls for the Casino Reinvestment Development Authority to provide \$25 million in tax credits or other investments. John Palmieri, executive director of the agency, said he has not received the request yet, but added the agency is not allowed by law to give financial assistance to the casinos that is gambling-related.

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