

Written by Administrator  
Tuesday, 30 December 2014 17:38 -

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By Daniel Kelley

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Dec 30 (Reuters) - A federal judge said on Tuesday she would approve a \$26 million settlement between Atlantic City and the Revel Casino Hotel that will provide much-needed cash for New Jersey's struggling gambling hub and a tax cut for the shuttered gambling complex.

U.S. Bankruptcy Judge Gloria Burns in Camden, New Jersey, also indicated she would approve a request to increase the size of Revel's bankruptcy loan from Wells Fargo to \$61 million to pay for the tax settlement.

"It gets cash in the door by year-end," said John Cunningham, Revel's attorney, during the hearing that was conducted by conference call.

The settlement cut Revel's tax bill by \$7 million, and in return the casino agreed to drop its legal fight to reduce its property taxes.

The defunct casino, which closed in September, owed the city approximately \$33 million in taxes, interest and penalties. Tax collectors failed to garner any bids at an auction of the casino's tax debt earlier in December, setting the stage for negotiations to reduce the casino's tax bill.

Atlantic City turned to the state of New Jersey for a short-term, \$40 million loan last week after the city was forced to first reduce, and then scrap a bond sale this month.

Tax revenue from casinos contribute approximately 70 percent of the city's budget, according to Moody's. The gambling industry's ongoing financial woes continue to drag on the municipal budget.

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Four of the city's 12 casinos closed this year with another, the Trump Taj Mahal, in bankruptcy proceedings. An affiliate of Caesars Entertainment Corp, which owns three Atlantic City casinos, is expected to file for bankruptcy in the coming weeks.

The closures have left nearly 10,000 jobless and gutted the city's tax base.

The city still hopes to issue \$140 million in bonds during the first quarter of 2015 to pay down property tax appeals won by casinos. (Reporting by Daniel Kelley in Philadelphia; Editing by Tom Hals and Alan Crosby)

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