

On A.C. casino tax plan, Christie, Legislature play waiting game

Written by Administrator
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ATLANTIC CITY - A measure aimed at stabilizing this city's taxes has stalled in the Statehouse, just three weeks before a deadline for the casinos to challenge their assessed value in a shrinking gaming market, leaving embattled Atlantic City Mayor Don Guardian caught between two of the state's most powerful politicians.

Gov. Christie and Senate President Stephen Sweeney (D., Gloucester) are at odds over the fate of an Atlantic City tax relief plan, formally known as the Casino Property Taxation Stabilization Act, that Sweeney sponsored. Christie is waiting on what the emergency management team he installed in January recommends for the city, leaving Sweeney twisting in the wind, according to proponents of the Sweeney plan and casino operators.

The casinos are anxiously awaiting a resolution they need quickly. They face an April 1 deadline to file appeals of their property-tax assessments for this year - which, curiously, the pending legislation was supposed to curtail.

Successful casino tax appeals over the last several years have cost Atlantic City nearly \$400 million in refunds, draining city coffers and forcing layoffs and scaled-back services.

Guardian, a Republican, has endorsed the Sweeney plan, which includes a controversial payment in lieu of taxes (PILOT) program to relieve the casinos from paying property taxes. They would instead pay a lump sum annually for the next 15 years.

"Our residents and business owners alike need these bills to be passed," Guardian said last week. "I'm confident that everyone involved with the process will see how important they are to Atlantic City's long-term property-tax stabilization and will pass them."

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Sweeney presented his plan Dec. 2 at a Statehouse news conference. At his side then were Democratic State Sen. Jim Whelan of Atlantic County (the plan's co-sponsor in the Senate) and Assemblyman Vince Mazzeo (D., Atlantic), who sponsored an identical five-bill package in the Assembly.

Sweeney and others who support the PILOT plan claim it will stabilize the city's shrinking tax base given the loss of four casinos last year and give the city some certainty in planning its annual budget by letting it know how much it will get from the casinos.

"What's the holdup?" Sweeney asked sarcastically last week. "We have the votes to pass it. The Atlantic County executive and the freeholders are for it. They're all on board. It's the administration.

"They know what the bills are," he said. "I'm ready to tee them up now [for a vote.] But I'm not putting them on Gov. Christie's desk until I know he will sign them."

The Republican governor acknowledged the Sweeney plan at his last summit here, as well as other ideas put forth by State Sen. Tom Kean Jr. (R., Union) and the Atlantic County Board of Chosen Freeholders to help the resort. But he said none went far enough.

"Unfortunately, though, all these efforts have not yet created a plan for long-term success in Atlantic City in my view," Christie said Jan. 22. "I say this because all of them assume an investment of extensive state resources without a comprehensive and committed plan leading to long-term fiscal stability for Atlantic City."

Christie said he wanted something bolder and would take his cue from Kevin Lavin and Kevyn Orr - the emergency management team he installed to come up with recommendations.

"I truly believe the time is upon us to look at this in a way where we restructure finances, and we work together with all of the interested groups to bring a resolution to the issue that includes not only the municipal government here in Atlantic City but the school system, as well," Christie said. "If we're going to achieve that, I believe we need expert and objective leadership in place

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to take us through that reevaluation process."

Sweeney, a labor leader trying to solidify his South Jersey base for a potential 2017 gubernatorial run, said he was blindsided by the governor's reaction. "The governor said my plan wasn't noble enough," he said last week.

Christie spokesman Kevin Roberts said Friday, "[The governor] specifically stated that he was taking implementation of the emergency management team first and, while not ruling out other proposals, is awaiting initial recommendations from them."

Caught in the middle is Guardian, who said he needed both men to be on the same page. He said he also needed the support of Lavin and Orr, who are expected to release their findings March 24 - one week from Atlantic City's April 1 tax appeal deadline.

Sweeney's measure and companion legislation in the Assembly first stalled in mid-December, when a deal between billionaire Carl Icahn, who is fighting in bankruptcy court to secure ownership of the Taj Mahal, and Unite Here Local 54 fell through at the last minute. The bills were abruptly pulled on Dec. 18.

Whelan said the fate of the Taj Mahal became a problem. The 15-year PILOT program relies on a payment formula contingent on all eight remaining casinos' paying into a pot. That pot is \$150 million to the city for the first two years, and \$120 million for the next 13 years.

The Casino Association of New Jersey, which represents the eight casinos, lined up early behind the PILOT plan. But no Republicans other than Guardian backed it. Atlantic County Executive Dennis Levinson, a Republican, spoke out against it, as did Assemblyman Chris A. Brown (R., Atlantic), who introduced his own Atlantic City recovery plan.

It wasn't until mid-February that Levinson said he sat down with Guardian, who assured him Atlantic County's share of annual tax revenue would increase from 10.6 percent in 2014 to 13.5 percent annually - the 15-year average of the PILOT plan. Brown, who got Levinson and Guardian together, agreed to set aside his plan after they reached an agreement.

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Having local Republicans aboard was crucial to pitch the PILOT plan as a bipartisan effort. "Republicans are no longer a roadblock here," Levinson said.

The casino association urged the Legislature and Christie to act on the PILOT proposal in a statement last week: "Without this decisive action, the vicious spiral [from casino tax appeals] in which the city finds itself will no doubt continue, risking thousands of jobs and millions in revenue."

Tom Ballance, chief operating officer and president of the Borgata, the city's top-grossing casino and largest taxpayer, said time was of the essence.

The Borgata last year won an \$88 million tax appeal settlement against the city and is considering appealing its 2015 property taxes if the PILOT plan doesn't win final approval.

"We have to decide in the next few weeks," Ballance said. "Other over-assessed casinos will do the same so no one has an unfair advantage. That's how it's been."

But Sweeney said he wouldn't repost his relief plan bills without knowing the governor was fully aboard. The Democratic-led Legislature has never been able to override a Christie veto.

"I can't put them on his desk only for me to beg him to sign them, have him veto them, or [him] leverage me for something else," Sweeney said. "This is not that difficult."

"Atlantic City is in trouble. It needs help."

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