

## CHAPTER 115

AN ACT establishing alternative methods of casino licensure and supplementing P.L.1977, c.110 (C.5:12-1 et seq.).

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

C.5:12-80.1 Pilot program for issuance of additional types of casino licenses.

1. a. Notwithstanding the provisions of P.L.1977, c.110 (C.5:12-1 et seq.) to the contrary, the Casino Control Commission shall establish a pilot program under which it shall issue two additional types of casino licenses: a small-scale casino facility license and a staged casino facility license. The commission shall not issue a total of more than two licenses under the pilot program and at least one of the licenses issued shall be a staged casino facility license. Each small-scale casino facility and each staged casino facility licensed under this section shall be new construction, located within the Boardwalk casino zone, and shall originate on the beach block touching the Boardwalk, but may extend across the street.

b. An applicant may apply to the commission for a casino license to operate a small-scale casino facility consisting of not more than 24,000 square feet of casino space and not less than 200 qualified sleeping units, with additional casino space as may be approved by the commission in connection with the development of special amenities pursuant to section 2 of P.L.2010, c.115 (C.5:12-80.2).

c. An applicant may apply to the commission for a casino license to operate a staged casino facility which shall initially consist of not more than 34,000 square feet of casino space and not less than 200 qualified sleeping units, on the condition that within two years of the date of licensure the licensee shall begin an expansion of the facility to include not less than a total of 500 qualified sleeping units which shall be completed within five years of initial licensure. A staged casino facility licensee shall be deemed to have begun the expansion required by this subsection if the licensee has obtained all necessary permits, including a permit issued pursuant to the "Coastal Area Facility Review Act," P.L.1973, c.185 (C.13:19-1 et seq.), that are necessary for the commencement of site work and the construction of footings and foundations, and has begun site work, including grading, footing and foundation work. A licensee shall be deemed to have completed the expansion of the facility upon receipt of a temporary or permanent certificate of occupancy for the qualified sleeping units. Upon the completion of 75% of the expansion of the facility, as certified by the project architect or engineer, such level of completion shall be deemed an addition of those sleeping units for purposes of calculating such licensee's maximum allowable casino space under section 83 of P.L.1977, c.110 (C.5:12-83), provided that, upon the completion of the expansion, for every 100 qualified sleeping units above the initial 200, the initial maximum of 34,000 square feet of casino space may be enlarged by 10,000 square feet, for a maximum of 54,000 square feet of casino space, except that any enlargement of the initial casino space undertaken during the period of staged casino licensure in connection with the development of special amenities as provided under section 2 of P.L.2010, c.115 (C.5:12-80.2) shall be counted toward the calculation of the maximum 54,000 square feet of casino space. Upon the completion of all of the additional qualified sleeping units the commission shall convert the licensee's license from a staged casino facility license to a standard casino license issued under P.L.1977, c.110 (C.5:12-1 et seq.).

d. An applicant for a small-scale casino facility license or a staged casino facility license shall submit a notice of the intent to proceed to the commission on such forms as the commission may provide which shall include a statement of intention to apply for either a small-scale casino facility license or a staged casino facility license, a description of the

general elements of the project, a description of the financing and source of funds for the project, and a commitment to a minimum investment threshold that includes acquisition costs and hard and soft development costs. In addition, the applicant shall provide a bond, letter of credit or cash deposit in the amount of \$1,000,000 for the benefit of the State, which shall be forfeited upon the failure to commence or complete a project within the applicable time frames or refunded upon timely completion of the project, and upon the issuance of a permit pursuant to the "Coastal Area Facility Review Act," P.L.1973, c.185 (C.13:19-1 et seq.) and the commencement of site work, including grading, footing and foundation work, a cash deposit of \$1,000,000 to the State Treasurer, which shall be a non-refundable fee to be accessed by the City of Atlantic City and used to fund infrastructure improvements within the City of Atlantic City, provided that such improvements are related to the applicant's project.

e. The commission shall require the holder of a small-scale casino facility license or a staged casino facility license to deposit annually an amount equal to 5% of gross revenues into a special non-lapsing fund to be administered by the State Treasurer. Funds deposited by the holder of a staged casino facility license shall be made available to the licensee for the purpose of expanding the facility as provided by this section. Funds deposited by the holder of a small-scale casino facility license shall be made available to the licensee for the purpose of expanding the number of qualified sleeping units at the facility. Funds that are not used for these purposes, within five years of initial licensure, shall be expended for the purpose of funding infrastructure improvements in the City of Atlantic City or made available for low interest loans for capital expenditures for existing casinos, including small-scale casino facilities and staged casino facilities, provided that neither the city, nor the existing casinos collectively, shall be eligible to receive more than 50% of the amount in the fund and provided that all funds received by the city or existing casinos shall be used for capital improvements in the Boardwalk casino zone as described in subsection a. of this section. In addition, if a staged casino facility licensee fails to expand the total number of sleeping units at the facility to at least 500 rooms within five years of initial licensure: the licensee's casino space shall be reduced by 10,000 square feet until the number of sleeping units reaches 500; and the amount the licensee is required to deposit annually into the special non-lapsing fund pursuant to this section shall be increased to 10% until the end of a period of five years or until the number of sleeping units reaches 500, whichever occurs first.

f. No more than two facilities shall be licensed pursuant to this section at the same time and at least one of the facilities shall be a staged casino facility. If at any time the commission is in receipt of more than two applications for licensure, the commission shall rank the applications according to criteria developed by the commission, including, without limitation, job preservation, job creation, immediacy of project development and neighborhood benefit, but shall give preference to applicants seeking licensure to operate a staged casino facility as provided herein.

g. The holder of a casino license issued pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.) shall be eligible for licensure under this section to operate a small-scale casino on the behalf of a small-scale casino licensee.

h. The provisions of P.L.1977, c.110 (C.5:12-1 et seq.) shall apply to licensure under this section except to the extent that those provisions may be inconsistent with this section.

i. The commission shall require the holder of a license to establish a small-scale casino facility or a staged casino facility to establish and maintain an approved hotel that is in all respects a superior, first class facility of exceptional quality which will help restore Atlantic City as a resort, tourist and convention destination.

j. The commission shall also require the holder of a license to establish a small-scale casino facility or a staged casino facility to establish and maintain as part of its premises at least one first class restaurant and at least one entertainment venue. The type and quality of a restaurant or entertainment venue established by a licensee pursuant to this subsection shall be subject to the approval of the commission.

C.5:12-80.2 Increase of casino space by small-scale, staged casino facility; special amenities.

2. a. Notwithstanding the provisions of P.L.1977, c.110 (C.5:12-1 et seq.) to the contrary, a small-scale casino facility and a staged casino facility licensed pursuant to section 1 of P.L.2010, c.115 (C.5:12-80.1), may be permitted to increase its initial casino space by 10,000 square feet if the facility develops 40,000 square feet of special amenities at the casino facility, except that at no time during the period of small-scale casino licensure or staged casino licensure, as the case may be, shall the total casino space exceed 54,000 square feet, as herein provided.

b. As used in this section, "special amenities" may include, but may not be limited to, special and unique meeting and convention space, museum, exhibit space, sports and entertainment venues, spas, treatment facilities, retail space, and themed retail, dining and entertainment venues. Special amenities shall not include casino space, facilities directly related to the function of casino space, standard restaurant or retail space, or standard meeting and convention space.

c. Any small-scale casino facility or staged casino facility that is granted additional square footage of casino space in connection with the development of special amenities pursuant to this section shall be limited to a maximum of 54,000 square feet of total casino space during the period of small-scale casino licensure or staged casino licensure, as the case may be. With respect to the casino square footage of a staged casino facility that develops special amenities during the period of staged casino licensure, the maximum 54,000 square feet of total casino space established herein shall apply during the period of staged casino licensure, and shall be calculated toward the maximum 60,000 square feet of casino space limit established under section 83 of P.L.1977, c.110 (C.5:12-83) upon conversion of the staged casino facility license to a standard casino license as provided under subsection c. of section 1 of P.L.2010, c.115 (C.5:12-80.1).

d. The provisions of this section shall not be interpreted to diminish or alter the requirements imposed under section 1 of P.L.2010, c.115 (C.5:12-80.1) for the construction of the specified number of qualified sleeping units by a small-scale casino facility licensee or a staged casino facility licensee.

e. The commission shall develop guidelines for small-scale casino licensees and staged casino licensees to follow concerning the types of special amenities that are qualified for the purposes of calculating the additional casino space provided for in this section.

3. This act shall take effect immediately.

Approved January 5, 2011.