

A publication of the Lloyd D. Levenson Institute of Gaming, Hospitality & Tourism at Stockton University
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Atlantic City Gaming Win & Non-Gaming Revenue

Source: NJ Division of Gaming Enforcement

Month of April	April 2016	Change from Prior Year	April 2015
Gaming Win	\$215,029	8.1%	\$198,960
Internet Gaming Win	\$16,981	33.8%	\$12,694

First Quarter Ended March 31, 2016 & 2015 (\$ In Thousands)	Q1 - 2016	Change from Prior Year	Q1 - 2016
Total Revenue	\$ 845,159	2.8%	\$ 822,268

For the Year Ended (\$ in Thousands)	Dec. 31, 2015	Change from Prior Year	Dec. 31, 2014
Casino Licensees:			
Casino	\$ 2,496,906	3.1%	\$ 2,422,700
Rooms	\$ 406,218	0.8%	\$ 402,880
Food & Beverage	\$ 440,826	0.8%	\$ 437,371
Entertainment & Other	\$ 151,265	-1.2%	\$ 153,161
Casino Licensees Total Revenue	\$ 3,495,215	2.3%	\$ 3,416,112
Third Party Business Sales	\$ 199,440	-2.7%	\$ 205,074
Combined Sales	\$ 3,694,655	2.0%	\$ 3,621,186

Atlantic City Statistical Transportation Data

Source: South Jersey Transportation Authority

Travel Mode	2015	Change from Prior Year	2014
AC Expressway			
Total Toll Paying Traffic Pleasantville Toll Plaza	18,552,596	-2.8%	19,088,597
AC Airport			
Scheduled Service Passengers	1,089,277	0.7%	1,082,206
Charter Passengers	111,016	-14.2%	129,461
Total Air Passengers	1,200,293	-0.9%	1,211,667
Casino Buses to AC	67,784	-23.0%	88,009
Casino Bus Passengers	1,267,510	-24.9%	1,688,221
NJ Transit Rail Service to AC			
Rail Passengers	1,185,164	-2.5%	1,215,008

LIGHT Advisory Board

Farewell, Andy Dolce - Andy Dolce concluded his role as LIGHT Advisory Board Chairman in May 2016, due to his recent appointment to the Stockton Board of Trustees. President Harvey Kesselman thanked Mr. Dolce for his service as LIGHT Chairman (since 2014) at the May 17th Advisory Board meeting and looks forward to working with him on the Board of Trustees.

Welcome New LIGHT Chairman and Advisory Board Members - President Kesselman welcomed Tom Ballance, CEO of the Borgata Hotel Casino & Spa, as LIGHT's new Advisory Board Chairman. President Kesselman expressed his gratitude for Tom's willingness to serve as Chairman and stated, "We are fortunate to have Tom serve as LIGHT Advisory Board Chairman given his expertise. His appointment is also special since he is a Stockton alumnus." Matthew Levinson, Chairman of the N.J. Casino Control Commission, and Ronald Johnson, President & CEO of Shore Medical Center, were also welcomed as new members. Rummy Pandit, LIGHT's Executive Director, indicated that he is looking forward to the fresh perspectives new members will contribute to the group.

Legislative Update

1 - Senate Concurrent Resolution #1 - Proposes constitutional amendment to authorize Legislature to permit by law establishment and operation of casinos in certain counties - (North Jersey Casino Expansion) – Following public hearings and committee review/passage in the Assembly and Senate, the Legislature approved a proposed constitutional amendment allowing North Jersey casinos, which will be placed on the ballot this coming November (2016). Proponents of the resolution believe that by allowing casinos outside of Atlantic City, New Jersey can retain its current market, which has declined in recent years due to competition from out-of-state casinos and would also help Atlantic City by directing a portion of revenues generated (by new N.J. casinos) to assist in the "recovery, stabilization or improvement of Atlantic City." Opponents of the effort claim that by expanding casinos to North Jersey, Atlantic City will lose a portion of its market and that it is a short-term solution since new N.J. casinos will face competition from New York casino properties planned to open in the near future. Polls have been conducted by various entities projecting both voter approval of and objection to the concept, in addition to a variety of perspectives from legislators. While the outcome has yet to be decided by voters, it will be interesting to observe how/whether the Atlantic City fiscal crisis may influence the vote on the November ballot.

Other bills introduced for the 2016-2017 legislative session and possibly related to SCR-1:

- **A-1101 (Brown/Mazzeo)** – Limits the number of casino licenses issued to a person.
- **A-2806 (Caputo)** - Imposes 66 percent tax on gross gaming revenue from wagering (wagers) at casinos outside Atlantic City; provides distributions to State General Fund and Casino Reinvestment Development Authority (CRDA.)
- **A-2809 (Caputo)** - Imposes 66 percent tax on gross gaming revenue from wagering at Meadowlands Complex casino; provides distributions to State General Fund, CRDA, and Hackensack Meadowlands Tax Sharing Stabilization Fund.

2 - Senate bill #1715 (Sweeney)/Assembly Bill #3209 (Mazzeo/Greenwald) - Concerns taxation of casino gaming property; redirects investment alternative tax proceeds; abolishes Atlantic City Alliance Budget.

Last session, A-3981 "**Casino Property Taxation Stabilization Act**" (**PILOT bill**) passed both the Senate and the Assembly, however the governor vetoed the bill where he accepted only part of the PILOT that allows the state to direct more aid to Atlantic City schools, but rejected the component that provides for pension and health benefits for casino workers as part of their employment.

This session, **S-1715 (Sweeney) - Concerns taxation of casino gaming property; redirects investment alternative tax proceeds; abolishes Atlantic City Alliance**, was introduced. The bill is identical to the bills introduced during the last legislative session, but did not include the pension and health benefit component for casino workers. Some other revisions included:

- 1) Technical changes to correct calculation errors in the last bill that are associated with annual tax payments made by casinos;
 - 2) Language to address casinos located outside of Atlantic City, should the November 2016 ballot question (allowing casinos in North Jersey) be approved, including the ability for casino properties (which signed an agreement to participate in the PILOT) to withdraw from the agreement upon commencement of the operation of a casino gaming facility outside of Atlantic City.
 - 3) The establishment of the "Atlantic City Review Commission" in 2024 to determine the economic vitality and viability of Atlantic City casinos and government, the effect of the PILOT program on the economic viability of casinos, Atlantic City's ability to fund its own government/provide services and the feasibility of continuing the PILOT program for an additional period of time.
- S-1715 passed the Senate and the Assembly and was signed into law on May 27, 2016.

Real Estate Update

Bader Field - According to the Associate Press, Bader Field closed in September 2006 after 96 years of aviation use and gave the world the term "airport" when a local reporter used the word in a 1919 article. Now, Atlantic City is putting it back on the market. When Bader Field was first put up for sale, the city expected it to sell for at least \$1 billion. Pennsylvania-based casino company Penn National offered \$800 million in 2008, but the city held out, envisioning selling it for \$1.5 billion. According to the Associated Press Mayor Don Guardian indicated Atlantic City will set a minimum bid of \$150 million — 90 percent less than the city thought it could get in 2008. His one caveat is that any money brought in by the sale be applied directly to Atlantic City's \$437 million debt — a liability that is a prime reason the state is trying to take over the resort's finances and assets.

Stockton University - Atlantic City Campus – Stockton University purchased 3430 Atlantic Avenue, an office building near the future site of its planned Atlantic City campus. Construction of the campus is expected to begin soon, and include an academic building and a residence facility designed to accommodate over 500 students. The university anticipates the Atlantic City campus to open in 2018 with about 1,000 students, with room for future growth.

Atlantic Club Casino Hotel – TJM properties, a Florida development firm, purchased the Atlantic Club in May 2014 for \$13.5M and an adjacent property for \$715K. While, TJM indicated that it would reopen the Atlantic Club as a non-gambling property, with a multimillion-dollar water park developed by Endeavor AC, it was put back on the market after Endeavor AC failed to make an additional deposit against the purchase price of the property. At this point in time, the fate of Atlantic Club is undetermined.

Revel Atlantic City – According to Casino.org, Revel Atlantic City has encountered one financial obstacle after another since the \$2.4 billion facility opened in 2012, and currently the property is closed. Owner Glenn Straub, whose Polo North Country Club development company acquired the Revel for \$82 million last April, announced that he's bringing a three-story ropes obstacle course to the property. The installation will cost millions of dollars, according to Straub and will be built where the former valet drop-off was located.

Showboat – Purchased by Showboat Renaissance, LLC from Stockton University in January, no specific plans have been revealed regarding the property's future use.

Borgata Hotel Casino & Spa – The Street, Inc. reported that Las Vegas gaming company MGM Resorts International (MGM) agreed to buy out its 50% partner in Atlantic City's Borgata Hotel Casino & Spa just days after the state of New Jersey approved a bailout package that will help the cash-strapped city's gaming industry. MGM would pay activist target Boyd Gaming (BYD) \$900 million for the half of Borgata it doesn't already own and also assume the hotel and casino's remaining \$600 million in liabilities. MGM, in turn, will sell Borgata's real estate to the MGM Growth Properties (MGP) real estate investment trust it created earlier this year for \$1.175 billion in a sale-and-leaseback agreement.

City & County Update

Atlantic City – The Associated Press reported that New Jersey Gov. Chris Christie took aim at public employee unions and Atlantic City's municipal government, insisting his is the only way to fix its current financial condition. The governor directed his education commissioner to sue the city to prevent it from making a payroll payment because he said it owes its school district \$34 million through July. The lawsuit increases the pressure on Atlantic City Mayor Don Guardian, a Republican, and Democratic Assembly Speaker Vincent Prieto to support a financial takeover of the city by the state. Christie and Democratic Senate Speaker Steve Sweeney support the measure, but Prieto has refused to post it for a vote because he said it could allow the state to end collective-bargaining agreements.

Over the last few months, the Philadelphia Inquirer and other sources reported that Atlantic City was teetering on the brink of insolvency. However, the city paid a \$1.8 million interest payment on municipal bonds on May 1.

The Press of Atlantic City reported that "Atlantic City has five months to draft a five-year plan that includes a 2017 balanced budget or else face a state takeover. The city's challenge is closing approximately \$100 million deficit, although it will receive at least \$56.3 million in state subsidies in 2017. That leaves a nearly \$44 million hole that year."

Casino Employment – A Casino Control Commission (CCC) survey of labor shortages in existing Atlantic City casino properties indicated that close to 2,400 employment openings currently exist, compared to 1,400 last year. About 600 represent full-time positions and 900 are permanent. According to The Press of Atlantic City, Matt Levinson, CCC chairman "suspects that the openings are a symptom of the stabilization of the Atlantic City casino market."

East Coast Gaming Congress – This year the East Coast Gaming Congress celebrated its 20th anniversary. The annual conference was held at Harrah's Waterfront Conference Center on May 25-26th. Some of the topics included discussion on north jersey casino expansion, fantasy sports, igaming, attracting millennials and cyber security. Attendees included representatives from the casino industry, government, education, private industry and the non-profit sector.

In the Region

Delaware – According to the Delaware State News, Delaware casinos (like Atlantic City) have been under increased pressure from competition in neighboring states. An MGM casino near Washington will open soon, only adding to the current challenge of maintaining its market share. Delaware's three casinos have been in operation about 20 years. In the first year, state tax on casino revenues were approximately 23 percent. Over the years, lawmakers used slot machines to grow revenues — seven times with various increases. By 2009, the state's share was 43.5 percent. Senator Brian Bushweller is seeking to adjust the state/casino split in the interest of saving jobs (via Senate bill #183) to 20 percent in 2017 and 15 percent in 2018.

Maryland – According to WBAL-TV Baltimore the Maryland Lottery and Gaming Control Agency reported that April's revenue beat the previous high of about \$99 million in July of 2015. Of April's revenue, about \$36 million goes to the state's Education Trust Fund. About \$5 million goes to support the state's horse racing industry, and about \$3.5 million goes to local impact grants. This April's casino revenue increased from last April by about \$14.9 million, or about 17 percent. Maryland has five casinos, and another one is being built near the nation's capital in Prince George's County. Maryland's first casino opened in September 2010.

Pennsylvania – The Morning Call reported that the state's 12 casinos raked in \$72.2 million from games such as blackjack, roulette and craps in April, representing a nearly 12 percent increase over the same month last year, according to numbers released by the Pennsylvania Gaming Control Board. It's the 22nd consecutive monthly increase at the tables for casinos statewide. As has been the case every month for more than three years, Sands Casino Resort Bethlehem led the way with \$17.7 million, followed by \$14.5 million brought in at Parx in Bensalem and \$9.7 million at SugarHouse in Philadelphia. Mount Airy Casino, Paradise Township, Monroe County, hauled in \$3.5 million.