

Atlantic City Monthly Gaming Win, Non-Gaming Revenue & Statistical Transportation Data

	2015	Change from Prior Year	2014
August Gaming Win	\$258.6M	<5%	\$272.3M
August Internet Gaming Win	\$12.2M	<15.8%	\$10.5M
2nd Quarter Non-Gaming Revenue (Casino Licenses)	1,657,001	>3.5%	1,600,454
AC Expressway			
Total Toll Transactions	5,577,321M	<4%	5,597,932M
AC Airport			
Scheduled Service Passengers	98,420	<7.5%	106,432
Charter Passengers	12,212	<13.3%	14,082
Total Air Passengers	110,632	<9%	120,514
Casino Buses to AC	6,738	<11.6%	7,622
Casino Bus Passengers	142,096	<18.4%	174,047
NJ Transit Rail Service to AC			
Rail Passengers	133,115	>.8%	132,100

Legislative Update

Assembly Bill #3981 – “Casino Property Taxation Stabilization Act” (PILOT bill) – A-3981 consists of a number of components in an effort to assist Atlantic City’s budgetary shortfall due (in part) to casino closings. The bill would also reduce the City’s financial dependence on the casino industry, while also avoiding tax appeals that have reduced the ratable base in Atlantic City. The centerpiece of A-3981 is a payment-in-lieu-of-taxes plan, or PILOT program, that is designed to stabilize Atlantic City’s revenue stream amid falling property values. Under the plan, casinos would pay \$150 million annually for two years and then \$120 million a year for the next 13 years to help the city’s finances.

Issues concerning the bill include the length of the PILOT, whether \$30M being diverted from the CRDA should extend beyond the first two years of the agreement and the inclusion of an agreement regarding the revenue the County will receive from the City.

A-3981 has passed both the Senate (34-5) and the Assembly (52-20 with 2 abstaining) and awaits the Governor’s signature.

Senate Bill # 3169 – Permits Counties to impose one-percent hotel tax. In an effort to assist counties to raise additional funds, S-3169 was introduced in late September by instituting an additional 1% tax that would go directly to county governments. According to the Press of Atlantic City “the state Division of Tourism reported that spending during calendar year 2014 on lodging in Atlantic County was about \$3.9

billion – and while all of that might not be from room fees alone, 1 percent of that is \$39 million.” Since Atlantic County’s property tax base has fallen about 37 percent, from \$58.3 billion in 2008 to \$36.5 billion in 2015, mainly due to casinos tax assessment appeals, tax relief is an important issue.

Real Estate Update

Revel Atlantic City – Polo North Country Club, Inc. owner Glenn Straub purchased the Revel Casino Hotel on April 7 for \$82M, after being vacant since it closed in June 2014. In early October Polo North was fined for failing to have competent engineers oversee the property’s alarms and other emergency equipment. According to the Press of Atlantic City, an initial fine of \$5,000 will be followed by daily fines of \$1,000 until Polo North complies with a fire code requiring Revel’s fire-command center to be adequately staffed. This was the third time Polo North has been fined or threatened with a fine. The first occurrence happened two days after the purchase of the property when ACR Energy Partners cut electricity due to a fee dispute. City officials considered the building a fire trap, but power was restored on April 29. Earlier in that month the State Department of Environmental Protection threatened to fine the company if it powered-up diesel-fueled generators it was intending to use to provide electricity to Revel. The generators were removed and the property is currently receiving limited electricity from ACR under an order issued by the state Department of Community Affairs.

Showboat Atlantic City – In mid-September the Stockton Board of Trustees approved a resolution to sell the Showboat Casino Hotel. Bart Blatstein, a Philadelphia developer, will be purchasing the property for \$22M. The closing is expected to take place sometime in November 2015.

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. TJM has indicated that it will reopen the Atlantic Club as a non-gambling property. A Spring 2017 opening is anticipated.

Harrah’s Waterfront Conference Center – Caesars Entertainment opened a new \$126M conference center designed to help Atlantic City gain a bigger share of the business travel market and less reliant on gambling. The center already has 140,000 room nights booked through 2019, with more than 90,000 set for the next 12 months.

Resorts Casino Hotel – Opened a new \$5M conference center, including 15,000 square feet spread over 12 rooms, making its way into the East Coast corporate meetings market. Resorts officials state that about 12,000 room nights and generated about \$2M in revenue due to the new facility.

City & County Update

Atlantic City – The Local Finance Board, overseeing the City’s finances, unanimously approved the city’s \$262M budget which relies on transitional aid, multi-million dollar grants and a \$33.6M line item entitled “Casino Redirected Anticipated Payment” to keep taxes level. A deferment of \$38.9M in employee health benefit and pension contribution also was a key factor in the balanced budget. The budget did not take the passage of Assembly bill 3981 (i.e., the PILOT bill package) into account.

Atlantic County – A plan to diversify the Atlantic County economy was unveiled in late September. Angelos Angelou, founder of Angelou Economics and charged with formulating a strategic plan for the county, stated that the success of the plan relies on support from the private sector to fund a local non-profit Economic Development Office (EDO) at a cost of \$1.4M, which is vital to develop business and better jobs.