



# Atlantic County

## Executive Office

DL-244-19

Dennis Levinson  
*County Executive*

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Robert J. Long, Deputy Commissioner  
NJ Department of Community Affairs  
PO Box 800  
Trenton, NJ 08625-0800

Dear Deputy Commissioner Long:

The PILOT was passed as one way to stop casinos from appealing their Atlantic City property tax assessments. It would have been far more prudent, however, to simply assess the casinos properly as every other jurisdiction is able to do. But that is now water under the bridge.

It was very apparent that Atlantic City was assessing its casinos based on the need to balance a budget that had become bloated. So for a period of 11 years, 2008 to 2018, the county was forced to refund (tax appeal credits) approximately \$78 million to Atlantic City.

The discussion all along was what would occur when the casino appeals ended? That answer became apparent in 2019. The county reduced its tax levy to Atlantic City by approximately \$1.4 million in the 2019 budget. The appeal credits dropped from an average of \$7.0 million for 11 years to \$300,000. Even though the tax levy dropped by 11%, the tax rate spiked considerably due to the 96% reduction in tax appeal credits.

You were aware of all this, in addition to the fact that the PILOT exempts the casinos from any tax increase leaving that burden on every Atlantic City non-casino taxpayer. Yet you deceptively tried to place the blame on Atlantic County (and the Atlantic City school system) by including the "Atlantic City Property Tax Guide" in every Atlantic City tax bill.

You control the functions of city government because you found the mayor and city council lacking and believed you could better manage city government. You also found fault with the management of the school board's finances and took that under your wing. But somehow, you contend the Atlantic City tax increase is the fault of Atlantic County government that wields no control in this matter and the school system that you control!

Did you purposely omit from your Tax Guide the fact that since the State of New Jersey took over the city's finances, its debt has increased from \$100 million to \$600 million? Did you forget to mention you also have a \$50 million annual debt service? And did you also conveniently fail to note that the state has jurisdiction over Atlantic City schools' \$42.7 million tax?

When I was asked to participate on the newly formed Atlantic City Tax Task Force, in whatever position that might be, I began to review options to assist Atlantic City. One area of concern was uncovered. It appears that in 2018, Atlantic City objected to the State Division of Taxation's ratio for



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Atlantic City and filed an appeal. According to the 2018 abstract of ratables the city's subsequent ratio was changed to 110%, which is 40 points higher than what the State Division had issued!

This serendipitous finding gives me great pause. In looking at the impact of this 40 point increase in ratio, it dropped the amount Atlantic City had to pay in county taxes from \$19 million to \$13 million. In addition, there was a \$7.1 million refund which left Atlantic City to pay only \$6 million of the original \$19 million of county taxes in 2018. The remaining 22 towns paid the difference. Do you really think that's fair? These towns fight for every penny in their municipal budgets, yet you felt they should absorb this increase? We are in the process of verifying this change and trying to understand the rationale for this increase.

If the state, which administers the city and the State Division of Taxation, has the authority to make these type of changes to local assessing processes, it is apparent that it had the authority to make adjustments to phase in Atlantic City's county tax until the rate was stabilized at the 100% level. Based on our modeling the state was able to reduce Atlantic City's tax rate, including the refund, from 43 cents to approximately 21 cents in 2018. Instead the state allowed the rate to go up 25 cents which was prominently included as a diagram in the 2019 resident tax bills.

A second area of concern was Atlantic City's budgets from 2008 through 2019. In brief, Atlantic City tax levies went from \$164 million in 2008 to \$46.3 million in 2019 with a high of \$204.4 million. The revenues went from \$35 million in 2008 to \$161.3 million in 2019 with a high of \$172.5 million.

Did it just happen that there are NO municipal tax increases in 2019, the year after the unexplained 40-point increase in the city's ratio? The city's 2019 budget saw the lowest tax levy in 12 years of \$46.3 million and the third highest revenue at \$161.3 million. The city has increased revenue as the result of the casinos' payments being handled as revenue instead of taxes. However, the city's increased revenues started well before the PILOT began.

You asked for my cooperation, but when I requested information on August 23 about the tax appeal judgments to better understand the city budget, you claimed it was not available until September 20, two weeks after we are scheduled to meet.

I must question if there is a genuine interest in finding a solution to Atlantic City's tax issues or if public perception is your primary focus.

Sincerely,



Dennis Levinson  
County Executive

c: Atlantic City Mayor and Council  
Atlantic County Mayors Association  
Atlantic County Board of Chosen Freeholders