

ALERTS AND UPDATES

N.J. Casino Control Commission Issues Rules for Pilot Program for Licensing Small Casinos

June 21, 2011

At its June 15, 2011, meeting, the New Jersey Casino Control Commission (the "Commission") approved rules governing the issuance of the two casino licenses available under the recently enacted "boutique casino bill," S-1866. The Commission's rules impose tight deadlines on parties that may be interested in constructing a small casino, and thus interested parties should consider acting quickly.

The pilot program was enacted by the New Jersey Legislature in an effort to ease the perceived high cost of construction of a new casino hotel in Atlantic City, because the Casino Control Act currently requires that a new casino have a minimum of 500 rooms and a maximum of 60,000 square feet of gaming space. The pilot program allows the Commission to license a "small-scale" facility consisting of a minimum of 200 rooms and a maximum of 24,000 square feet of gaming space—although a maximum of 34,000 square feet would be permitted, provided that the applicant constructs 40,000 square feet of amenities. The pilot program also allows the issuance of a "staged" facility license, which must have at least 200 rooms and a maximum of 34,000 square feet, but must, within five years of licensure, be expanded to a minimum of 500 rooms.

Under the pilot program as approved by the Commission, a prospective applicant is required to complete and file with the Commission a Prospective Applicant Information Form by July 8, 2011. This short form requests only the applicant's name and contact information. By August 19, 2011, an applicant is required to complete and file with the Commission the Notice of Intent to Proceed / Pilot Program Application Form. This form requires detailed information about the applicant's proposal, including its corporate structure; owners; project location; information about site ownership; preliminary renderings in sufficient detail to convey the general appearance of the project; certifications regarding compliance with the pilot program; and descriptions of the dining and entertainment amenities at the proposed facility.

Additionally, an applicant is required to provide economic information, beginning with its projected development costs. An applicant is also required to describe its view of the market and growth potential of the facility, projected revenues and economic benefit to the state, a projection of the number of employees to be hired, any known public support or opposition, competitiveness, marketing and other related information. The applicant is also required to provide detail about sources and use of funds, as well as a projected construction timetable.

The Commission has stated that it intends to act upon the applications within 60 days of the August 19 submission deadline. However, if less than two applicants submit applications by August 19, the Commission will establish a new deadline for the remaining license(s), and will continue to do so until both licenses have been awarded. If the Commission receives more applications than licenses allotted, it will rank the applications based on consideration of a number of factors, including immediacy of construction; job impact; effect on tourism; level of committed financing; experience of the applicant; neighborhood impact; and other factors the Commission deems relevant.

An applicant approved by the Commission under this program has to submit an application for a casino license within 120 days after the Commission's approval.

In light of the short deadlines imposed by the Commission on this process, parties with an interest in pursuing a license under this pilot program may want to begin the process promptly.

For Further Information

If you have any questions about the information addressed in this *Alert*, please contact [Gilbert L. Brooks](#), who is a partner in Duane Morris' [Gaming](#) industry group, or the attorney in the firm with whom you are regularly in contact.

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