

**CHAPTER 54****TAXES****Authority**

N.J.S.A. 5:12-63c, 70e, 144a and f, and 144.1c.

**Source and Effective Date**

R.2005 d.34, effective December 16, 2004.  
See: 36 N.J.R. 4436(a), 37 N.J.R. 294(b).

**Chapter Expiration Date**

Chapter 54, Taxes, expires on December 16, 2009.

**Chapter Historical Note**

Chapter 54, Taxes, was adopted as R.1978 d.174, effective May 25, 1978. See: 10 N.J.R. 210(c), 10 N.J.R. 305(f).

Pursuant to Executive Order No. 66(1978), Chapter 54, Taxes, was readopted as R.1983 d.131, effective April 15, 1983. See: 15 N.J.R. 328(b), 15 N.J.R. 699(b).

Subchapter 2, Section 144 Investment Obligation Alternative Tax, was adopted as R.1984 d.33, effective February 21, 1984. See: 15 N.J.R. 1838(a), 16 N.J.R. 381(b), 16 N.J.R. 3064(b).

Subchapter 3, Section 144.1 Investment Tax Credits, was adopted as Emergency New Rules by R.1985 d.675, effective December 17, 1985, expired February 15, 1986. See: 18 N.J.R. 108(a).

Subchapter 3, Section 144.1 Investment Tax Credits, was adopted as new rules by R.1986 d.78, effective April 7, 1986. See: 18 N.J.R. 108(a), 18 N.J.R. 708(a).

Pursuant to Executive Order No. 66(1978), Chapter 54, Taxes, was readopted as R.1988 d.179, effective March 24, 1988. See: 20 N.J.R. 383(a), 20 N.J.R. 930(c).

Pursuant to Executive Order No. 66(1978), Chapter 54, Taxes, was readopted by R.1993 d.146, effective March 5, 1993. See: 25 N.J.R. 280(a), 25 N.J.R. 1524(a).

Subchapter 2, Section 144 Investment Obligation Alternative Tax, was repealed and Subchapter 3, Section 144.1 Investment Tax Credits, was recodified as Subchapter 2 by R.1993 d.146, effective April 5, 1993 (operative May 5, 1993). See: 25 N.J.R. 280(a), 25 N.J.R. 1524(a).

Pursuant to Executive Order No. 66(1978), Chapter 54, Taxes, was readopted as R.1995 d.28, effective December 15, 1994. See: 26 N.J.R. 4181(a), 27 N.J.R. 387(a).

Pursuant to Executive Order No. 66(1978), Chapter 54, Taxes, was readopted as R.2000 d.19, effective December 15, 1999. See: 31 N.J.R. 3060(a), 32 N.J.R. 312(a).

Subchapter 3, Other Taxes, was adopted as R.2004 d.233, effective June 21, 2004. See: 36 N.J.R. 1312(a), 36 N.J.R. 3157(d).

Chapter 54, Taxes, was readopted as R.2005 d.34, effective December 16, 2004. See: Source and Effective Date.

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**SUBCHAPTER 1. GROSS REVENUE TAX****19:54-1.1 Description of tax**

Subsection 144(a) of the Act imposes an annual tax on gross revenues, as defined in section 24 of the Act, in the amount of eight percent of such gross revenues.

Amended by R.1993 d.146, effective April 5, 1993.  
See: 25 N.J.R. 280(a), 25 N.J.R. 1524(a).

Deleted outdated text no longer included in Casino Control Act regarding adjustment of gross revenue tax rate.

**19:54-1.2 Definitions**

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise.

“2008 agreement” means the agreement dated August 13, 2008, between the New Jersey Sports and Exposition Authority and the Casino Association of New Jersey and other relevant parties for the benefit of the horse racing industry.

“Agreement costs” means the \$90 million (\$30 million annually for three years) payable by the participating casino operators pursuant to the terms of the 2008 agreement together with interest to the extent that payments exceed the tax value of eligible promotional gaming credits during the recoupment period. Interest shall be calculated based on the “prime rate” on the first business day of each calendar month, as identified in the H.15 Statistical Release issued by the Federal Reserve Board, plus two percent.

“Casino licensee” or “licensed casino” includes the holder of a casino license or interim casino authorization.

“Casino management agreement” means a written agreement between one or more casino licensees and another casino licensee whereby the latter agrees to provide complete management of a casino in accordance with section 82 of the Act.

“Casino management licensee” means a casino licensee which provides complete management of a casino pursuant to a casino management agreement, as herein defined.

“Casino operator” means:

1. Where there is no casino management agreement with regard to the casino hotel facility, the casino operator shall be the casino licensee which is responsible for submitting and maintaining the internal controls required by section 99 of the Act; or

2. Where there is a casino management agreement with regard to the casino hotel facility, the casino operator shall be the casino management licensee, if said licensee has supplied capital at risk in the gaming operations of the casino. If the casino management licensee has supplied none of the capital at risk in the gaming operations of the casino, the casino operator shall be the licensee designated in paragraph 1 of this definition, as though no casino management agreement existed.

“Casino Revenue Fund” means a separate special account established in the Department of the Treasury for deposit of all revenues from the tax imposed by subsection 144a of the Act, the investment alternative taxes imposed by subsections 144e and 144.1a of the Act, any interest earned pursuant to paragraph 2 of subsection 144.1a or section 145.1 of the Act and any penalties payable to the Casino Revenue Fund pursuant to section 145 of the Act.

“Deduction threshold” means the value of promotional gaming credits that must be wagered in the casinos of all casino operators during a calendar year before any casino operator is entitled to take a deduction from gross revenue for promotional gaming credits during that year. The deduction threshold shall be \$34,426,230 for the year 2008 and \$90 million for each calendar year thereafter.

“Eligible promotional gaming credit” means any promotional gaming credit that is wagered in the casino of a casino operator during a calendar year in excess of the deduction threshold and therefore available as a deduction from gross revenue in accordance with the provisions of N.J.A.C. 19:54-1.11.

“Lease” or “lease agreement” means a written agreement for the lease of the approved hotel in accordance with section 82 of the Act, including any such lease which is capitalized under generally accepted accounting principles.

“Participating casino operator” means a casino operator that is a signatory participant/obligor to the 2008 agreement.

“Participating casino operator sharing percentage” means payments made pursuant to the 2008 agreement by a particular participating casino operator compared pro rata to the payments made pursuant to the 2008 agreement by all participating casino operators, expressed as a percentage. For example, if a particular participating casino operator has

made payments of \$6 million pursuant to the 2008 agreement, and all participating casino operators have collectively made payments of \$60 million pursuant to the 2008 agreement, the participating casino operator sharing percentage of that particular participating casino operator would be 10 percent.

“Promotional gaming credit” means a slot machine credit or other item approved by the Commission that is issued by a casino operator to a patron for the purpose of enabling the placement of a wager at a slot machine in its casino. The slot machine credit or other item shall be non-cashable unless an alternative form of slot machine credit has been approved by the Commission. No such credit shall be reported as a promotional gaming credit by a casino operator unless the casino operator can establish that the credit was:

1. Issued by the casino operator; and
2. Received from a patron as a wager at a slot machine in its casino on or after August 14, 2008.

“Proportionate share” means the value of the promotional gaming credits wagered in the casino of a particular casino operator during a tax year or portion thereof compared pro rata to the value of the promotional gaming credits wagered in the casinos of all casino operators during the same tax year or portion thereof, expressed as a percentage. For example, if \$15 million in promotional gaming credits are wagered in the casino of a particular casino operator during a tax year, and \$100 million in promotional gaming credits are wagered in the casinos of all casino operators during the same tax year, the proportionate share of that particular casino operator would be 15 percent.

“Recoupment period” means the period commencing on August 14, 2008, and ending on the date that the tax value of eligible promotional gaming credits deducted by participating casino operators equals the agreement costs.

“Tax value of eligible promotional gaming credits” means each dollar of deductions for eligible promotional gaming credits shall be valued at an amount equal to the tax rate on gross revenue set forth in N.J.S.A. 5:12-144a to be applied against each dollar of the agreement costs. For example, if the eligible promotional gaming credits in a tax year equal \$100 million, and the tax on gross revenue equals eight percent, the tax value of the eligible promotional gaming credits would be \$8 million for that tax year.

Amended by R.1993 d.146, effective April 5, 1993.  
See: 25 N.J.R. 280(a), 25 N.J.R. 1524(a).

Revised definitions of “Casino licensee” or “licensed casino”; “Casino Revenue Fund”; and “Lease” or “lease agreement”.

Added “Gaming day” definition, deleting definition of “Day”.

Amended by R.1994 d.31, effective January 18, 1994.

See: 25 N.J.R. 4866(a), 26 N.J.R. 486(a).

Amended by R.2009 d.31, effective January 20, 2009.

See: 40 N.J.R. 5570(a), 41 N.J.R. 640(a).

Added definitions “2008 agreement”, “Agreement costs”, “Deduction threshold”, “Eligible promotional gaming credit”, “Participating casino operator”, “Participating casino operator sharing percentage”, “Promotional gaming credit”, “Proportionate share”, “Recoupment period” and “Tax value of eligible promotional gaming credits”.