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Governor Christie: Atlantic City's Cash Crisis Is Here To Stay If Speaker Prieto Refuses To Act

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Governor Christie: Atlantic City's Cash Crisis Is Here To Stay If Sp...



<https://www.youtube.com/watch?v=nts4FNS1MKM>

Transcript:

Governor Christie: Even with the assistance and the advice of the Emergency Manager that we put in place in 2015, Atlantic City took only modest steps to rein in their costs. They face a \$100 million budget shortfall this year, \$100 million budget deficit this year, that is not including the debt, it is just their current deficit. And hundreds of millions more in the coming years, if there is no action is taken. The City has also lost all of its credibility with investors and creditors to negotiate a solution, and the only plan that has been proposed by the Mayor and the Council thus far is to buy time, to essentially change from a 14 day pay period to a 28 day period. You do not save any money that way. It just puts off the day of reckoning which has been a fairly simple direct theme by all the leaders in Atlantic City and now the Speaker of the Assembly as well who is adopting their position. The cash crisis is not only at their door step now, it is here to stay if they refuse to act, and if the state is not given the tools needed to act on its behalf. And it is not just me. Listen to what Moody's said on Atlantic City last week, "If neither bill passes, Atlantic City will run out of cash in the next few weeks, leading to a potential default, distressed exchange, or bankruptcy filing. The state could take stopgap measures to help Atlantic City, such as a providing a loan or allowing the deferment of pension contributions, but this would not solve the underlying causes of the crisis." That is from Moody's. And Moody's said, "If only the PILOT bill passes, the city will continue to face distress since the single bill is insufficient to restore Atlantic City's fiscal health. While the PILOT bill produces additional revenues and avoids incurring additional casino tax liabilities, it is not enough to avoid crippling deficits of \$30 to \$40 million a year, over the next five years." So let's stop there for a second. The Speaker's position on this is that only the PILOT Bill should be passed and that the tools should be taken away from the takeover bill. If just the PILOT Bill is passed, it will carry them through 2016. But immediately when we get to 2017, we will be running \$30 to \$40 million annual budget deficits. Completely unsustainable and they will just be broke in 2017 rather than in 2016. And it is not just my opinion, it is Moody's opinion as well. Their view of the

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steps that need to be taken is that just passing the PILOT Bill is insufficient and that the cash flow situation is desperate.

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