

CM Callahan: “Tell Wind Creek I’m very disappointed” (7)

The Bethlehem Gadfly Serious Issues, Wind Creek Casino June 6, 2019

(7th in a series of posts on Wind Creek Bethlehem)

“The role of a developer is to make money. Harsh but true. They don’t care about anything except the goal of making money.”

Kate McVey

Well, those items on the “wish list” from the Casino Transfer Tax on the [City 2019 budget](#) p. 278 — some very dear to the heart of Gadfly followers — ain’t gonna happen. As foretold by follower Dana Grubb a few posts back, the windfall for the City was nowhere near what the City was hoping for and tentatively planning for. Nowhere near. Nooooooowhere near.

CM Callahan previewed the official bad news at Council on Tuesday. Listen to his tight-lipped tone:

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“Tell Wind Creek I’m very disappointed in their start in the City of Bethlehem. It’s their legal right to use loopholes to lower the tax . . . [but] you can tell the representatives from Wind Creek that that’s not a neighborly thing to do. . . . [They said] they wanted to come in here as good community partners . . . I’m very disappointed in what I’m hearing.”

The good thing is the proceeds from the CTT were not built into the City budget. They are “extra.” They are a “windfall.” So in that sense at least, no harm has been done. Just that no extra good is being done either.

Mayor Donchez looks on the good side. The very major development that is the next step in Wind Creek’s plan. That’s what mayors have to do.

Jon Harris and Nicole Radzievich, “A bad beat for Bethlehem: Tax on Sands casino sale far less than dreamed of.” Morning Call, June 5, 2019.

Seeing a price tag of \$1.3 billion when the Sands Casino Resort Bethlehem sale was announced in March 2018, Bethlehem’s eyes lit up like a Christmas tree with what it thought could be a realty transfer tax jackpot of up to \$13 million — as much as \$6.5 million to the city and \$6.5 million to Bethlehem Area School District. But it turns out, it appears to have been dealt a bad hand.

They indicate the city and school district are each in line for about \$246,580, while the state is slated to collect about \$493,160 in transfer tax, according to a review of public documents by The Morning Call. Mayor Robert Donchez said he has not received official word as to what the amount will be but is aware it could fall far short of the \$6.5 million his administration once discussed.

While the casino transfer tax wasn’t budgeted, the city planned to spend the money on a list of deferred projects, such as street maintenance and City Hall improvements, that have been on its wish list for a decade.

The difference between the city’s initial projections and the expected transfer tax boils down to how the deal was structured, which allowed for only the value of the underlying land to be computed in the transfer tax calculation. To enable Las Vegas Sands Corp. to sell 100% of Sands Bethlehem’s operations to Wind Creek, the minority owners, Bethworks

Now LLC, had their stake in the facility transferred into a ground lease. Wind Creek, which owns the structures and improvements on the site, entered into a lease with the ground landlords, said Arthur Mothershed, Wind Creek's vice president of business development.

Bethlehem City Councilman Bryan Callahan conveyed his disappointment in the tax total at Tuesday's City Council meeting. From what he was hearing, Callahan said at the meeting, the city could expect in the ballpark of \$150,000 in transfer tax, which he took as a disappointing start to Wind Creek's tenure in Bethlehem. "To use loopholes in the law, to say you're leasing property versus owning it, that's one thing," he said, looking at the mayor. "But they want to come in here as good community partners. I was hearing great things. I hope the No. 2 Machine Shop goes through, but I'm very disappointed in what I'm hearing, and I hope you could relay that to the officials at Wind Creek."

"It's more important to develop that [property] as a destination site, which will bring more jobs and [property] taxes to the city. We can't lose sight of that." It's that type of investment, Donchez said, that will have a longer lasting impact on Bethlehem than the one-time revenue that comes from a transfer tax.