



Monthly Report No. 12-2020
MGM National Harbor Gaming Taxes
Video Lottery Terminal (VLT) and Table Game (TG) Local Taxes
Distributed to Prince George's County from the State of Maryland
FY 2020 (July 1, 2019 – June 30, 2020)

July 2020

Purpose

Section 9-1A-27 and Section 9-1A-31 of the State Government Article govern the imposition and distribution of video lottery terminal (VLT) taxes and table game (TG) taxes in Maryland. This monthly report series is designed to show the actual VLT taxes and Table Game taxes paid by the State of Maryland to Prince George's County in FY 2020 (July 1, 2019 through July 30, 2020).

Summary

Due to the COVID-19 pandemic, all casinos were closed from March 16, 2020 until June 29, 2020. The last monthly report dated April 2020 covered revenue through March. With only five days of activity in June 2020 for MGM National Harbor operations, Prince George's County received approximately \$0.2 million in payments from the State for Video Lottery Terminal (VLT) (e.g. "local impact grants") and Table Game (TG) local taxes.

VLT and Table Game Local Taxes - Amounts Paid by the State
Prince George's County
FY 2020

Month	Notes	VLT Taxes Paid (2) (3)	Table Game Taxes Paid	Total
Jul-19	1	\$1,198,347	\$1,353,270	\$2,551,617
Aug-19	1	\$1,218,759	\$1,470,142	\$2,688,901
Sep-19	1	\$1,165,886	\$1,265,417	\$2,431,303
Oct-19	1	\$1,165,265	\$1,400,701	\$2,565,966
Nov-19	1	\$1,206,221	\$1,082,290	\$2,288,511
Dec-19	1	\$993,385	\$1,501,718	\$2,495,103
Jan-20	4	(\$0)	\$1,306,757	\$1,306,757
Feb-20	4	\$0	\$1,356,552	\$1,356,553
Mar-20	4	(\$0)	\$612,506	\$612,505
Apr-20	1	\$0	\$0	\$0
May-20	1	\$0	\$0	\$0
Jun-20	1, 4	(\$0)	\$224,376	\$224,376
Total		\$6,947,864	\$11,573,728	\$18,521,591

Table Game (TG) Taxes

For June 2020 MGM National Harbor operations, Prince George's County received approximately \$0.2 million in payments from the State for Table Game local taxes (5.0%). The State's TG local tax payments have been as follows for the past month and Fiscal Year:

Note:

- (1) The State did not withhold any payments related to the VLT "hold-harmless" provision for the month.
- (2) VLT Taxes = "local impact grants"
- (3) Local impact grants "...shall be used for improvements primarily in the communities in immediate proximity to the video lottery facilities..." Section 9-1A-31(b)(1) of the State Government Article
- (4) The State withheld VLT funding related to the "hold-harmless" provision for the month for Anne Arundel County.



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Table Game (TG) Local Taxes - Amounts Paid by the State
Prince George's County
FY 2020

	Jun-20	FYTD
Gross Table Game Revenues - MGM National Harbor	\$4,487,522	\$231,474,555
TG Local Tax Rate (5.0%)	5.0%	5.0%
Table Game Local Tax Allocation Paid by the State	\$224,376	\$11,573,728

Note:

"FYTD" - Fiscal Year to Date

There are no proximity requirements in either Section 9-1A-27 or Section 9-1A-31 of the State Government Article for the use of table game local taxes.



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Video Lottery Terminal (VLT) Taxes (e.g. "local impact grants")

For June 2020 MGM National Harbor operations, Prince George's County did not receive any payments from the State of Maryland, after deductions required by State Law¹, for Video Lottery Terminal local taxes (5.5%). The State withheld \$0.2 million in VLT taxes related to June 2020 operations due to the "hold-harmless" provision in State law². The breakdown of the VLT local tax distribution formula for the past month and Fiscal Year is shown in the table:

VLT Local Taxes - Amounts Paid by the State
Prince George's County
FY 2020

	Jun-20	FYTD
Gross VLT Revenues - Big 3 Facilities	\$16,185,768	\$690,690,968
VLT Local Tax Rate (5.5%)	5.5%	5.5%
VLT Local Taxes - Big 3 Facilities	\$890,217	\$37,988,003
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$1,800	\$1,075,301
Big 3 Gross VLT Expired Tickets	9.5%	9.5%
VLT Local Tax (9.5%) Expired Tickets - Effective October 2017	\$171	\$102,154
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$171	\$102,154
Final - VLT Local Tax Allocation with Expired Tickets - Before Deductions	\$890,388	\$38,090,157
Less: State Law Deductions	(\$160,270)	(\$7,446,628)
Net VLT Local Taxes - Big 3 Facilities	\$730,118	\$30,643,529
Divide Evenly - State Law	\$243,373	\$10,214,510
Less: "Hold-Harmless" - State Law	(\$243,373)	(\$3,266,646)
VLT Local Tax Allocation Paid by the State	(\$0)	\$6,947,864

Notes:

- (1) Big 3 Facilities - Maryland Live, Horseshoe, MGM National Harbor
- (2) State Law deductions:
 - A. Allegany County (\$200,000) - annually
 - B. Cecil County (\$130,000) - annually
 - C. Town of Perryville (\$70,000) - annually
 - D. Worcester County (\$200,000) - annually
 - E. Town of Forest Heights (\$120,000) - annually
 - F. 18% to Baltimore City (after deductions above) - monthly
- (3) Divide Evenly - State Law requires Net VLT Local Taxes for Big 3 Facilities to be divided equally
- (4) "Hold-Harmless" - Anne Arundel County and Baltimore City cannot receive less VLT Local Taxes in a fiscal year than FY 2016. The State has withheld \$3.3 million to date.
- (5) "FYTD" - Fiscal Year to Date
- (6) Effective October 2017, per State law, the local tax rate on expired ticket revenues changed from 5.5% to 9.5%.

¹ Section 9-1A-31(a)(1) through Section 9-1A-31(a)(8) of the State Government Article describes the distribution process, including various deductions, for video lottery terminal taxes to the local jurisdictions with a video lottery facility.

² "Hold-harmless" Provision - Section 9-1A-31(a)(7) states that the amount distributed annually to Anne Arundel County and Baltimore City from VLT Taxes may not be less than the amount received in the fiscal year before the video lottery operation license was issued for the facility in Prince George's County (e.g. Fiscal Year 2016).