



Monthly Report No. 2-2021
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 2021 (July 1, 2020 – June 30, 2021)

September 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 2021 (July 1, 2020 through July 30, 2021).

Summary

In August 2020 for MGM National Harbor operations, Prince George's County received \$1.4 million in revenue from the State for Video Lottery Terminal (VLT) (e.g. "local impact grants")¹ and Table Game (TG) local taxes. Approximately \$1.2 million in VLT Funds were withheld to cover the "hold-harmless" provision for FY 2020 which was impacted by the closure of casinos due to the pandemic. Thus, no VLT taxes were paid by the State.

VLT and Table Game Local Taxes - Amounts Paid by the State
Prince George's County
FY 2021

Month	Notes	VLT Taxes	Table Game	Total
		Paid (2) (3)	Taxes Paid	
Jul-20	4	\$0	\$1,191,456	\$1,191,456
Aug-20	4	(\$0)	\$1,438,908	\$1,438,907
Total		\$0	\$2,630,363	\$2,630,363

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"

¹ Section 9-1A-27(a)(3) of the State Government Article requires that 5.5% of the proceeds from video lottery terminals be distributed to the jurisdiction where the video lottery facility is located, subject to specified deductions. It also defines these allocations as "local impact grants". Effective October 2017, the local tax rate on video lottery terminal expired ticket revenues increased from 5.5% to 9.5%.



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Table Game (TG) Taxes

For August 2020 MGM National Harbor operations, Prince George's County received approximately \$1.4 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:

Table Game (TG) Local Taxes - Amounts Paid by the State
Prince George's County
FY 2021

	Aug-20	FYTD
Gross Table Game Revenues - MGM National Harbor	\$28,778,154	\$52,607,267
TG Local Tax Rate (5.0%)	5.0%	5.0%
Table Game Local Tax Allocation Paid by the State	\$1,438,908	\$2,630,363

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 August 2020 MGM National Harbor operations, Prince George's County did not receive any payments from the State of Maryland, after deductions required by State Law², for Video Lottery Terminal local taxes (5.5%). The State withheld \$1.2 million in VLT taxes related to August 2020 operations due to the "hold-harmless" provision in State law³. 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 2021

	Aug-20	FYTD
Gross VLT Revenues - Big 3 Facilities	\$76,776,171	\$150,582,976
VLT Local Tax Rate (5.5%)	5.5%	5.5%
VLT Local Taxes - Big 3 Facilities	\$4,222,689	\$8,282,064
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$0	\$0
Big 3 Gross VLT Expired Tickets	9.5%	9.5%
VLT Local Tax (9.5%) Expired Tickets - Effective October 2017	\$0	\$0
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$0	\$0
Final - VLT Local Tax Allocation with Expired Tickets - Before Deductions	\$4,222,689	\$8,282,064
Less: State Law Deductions	(\$760,084)	(\$1,490,771)
Net VLT Local Taxes - Big 3 Facilities	\$3,462,605	\$6,791,292
Divide Evenly - State Law	\$1,154,202	\$2,263,764
Less: "Hold-Harmless" - State Law	(\$1,154,202)	(\$2,263,764)
VLT Local Tax Allocation Paid by the State	(\$0)	\$0

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 \$2.3 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%.

² 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.

³ "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).