



Monthly Report No. 10-2018

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 2018 (July 1, 2017 – June 30, 2018)

May 31, 2018

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 2018 (July 1, 2017 through June 30, 2018).

Summary

For April 2018 MGM National Harbor operations, Prince George's County received approximately \$1.4 million in payments from the State for Video Lottery Terminal (VLT) (e.g. "local impact grants")¹ and Table Game (TG) local taxes. The State withheld approximately \$1.1 million in VLT taxes from Prince George's County under the "hold-harmless" provision for Anne Arundel County related to April 2018 operations. The State's VLT and TG local tax payments have been as follows in FY 2018:

**VLT and Table Game Local Taxes - Amounts Paid by the State
Prince George's County
FY 2018**

Month	Notes	VLT Taxes Paid (2) (3)	Table Game Taxes Paid	Total
Jul-17	1	\$1,100,906	\$1,167,535	\$2,268,441
Aug-17	1	\$1,040,960	\$1,278,614	\$2,319,574
Sep-17	1	\$1,056,585	\$1,079,395	\$2,135,979
Oct-17	1	\$1,036,680	\$1,239,572	\$2,276,252
Nov-17	1	\$1,019,943	\$1,188,253	\$2,208,196
Dec-17	1	\$935,433	\$1,379,861	\$2,315,294
Jan-18	4	(\$0)	\$1,179,625	\$1,179,625
Feb-18	4	(\$0)	\$1,232,736	\$1,232,736
Mar-18	4	\$0	\$1,407,042	\$1,407,042
Apr-18	4	\$0	\$1,370,704	\$1,370,704
Total		\$6,190,506	\$12,523,338	\$18,713,845

Note:

- (1) The State did not withhold any payments related to the VLT "hold-harmless" provision for the month. The State withheld the \$600,000 for the small counties distribution in December 2017.
- (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 has withheld \$4.4 million in VLT taxes from Prince George's County in FY 2018 to date for Anne Arundel County due to the hold-harmless provision.

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 April 2018 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 to Date ("FYTD"):

Table Game (TG) Local Taxes - Amounts Paid by the State
Prince George's County
FY 2018

	Apr-18	FYTD
Gross Table Game Revenues - MGM National Harbor	\$27,414,083	\$250,466,768
TG Local Tax Rate (5.0%)	5.0%	5.0%
Table Game Local Tax Allocation Paid by the State	\$1,370,704	\$12,523,338

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 April 2018 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 did withhold \$1,131,484 for VLT taxes related to April 2018 operations due to the "hold-harmless" provision in State law.³ The breakdown of the VLT local tax distribution formula for the past month and Fiscal Year to Date ("FYTD") is shown below:

**VLT Local Taxes - Amounts Paid by the State
Prince George's County
FY 2018**

	Apr-18	FYTD
Gross VLT Revenues - Big 3 Facilities	\$75,124,588	\$712,749,631
VLT Local Tax Rate (5.5%)	5.5%	5.5%
VLT Local Taxes - Big 3 Facilities	\$4,131,852	\$39,201,230
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$81,300	\$643,005
Big 3 Gross VLT Expired Tickets	9.5%	9.5%
VLT Local Tax (9.5%) Expired Tickets - Effective October 2017	\$7,724	\$61,086
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$7,724	\$61,086
Final - VLT Local Tax Allocation with Expired Tickets - Before Deductions	\$4,139,576	\$39,262,315
Less: State Law Deductions	(\$745,124)	(\$7,559,217)
Net VLT Local Taxes - Big 3 Facilities	\$3,394,452	\$31,703,098
Divide Evenly - State Law	\$1,131,484	\$10,567,699
Less: "Hold-Harmless" - State Law	(\$1,131,484)	(\$4,377,193)
VLT Local Tax Allocation Paid by the State	\$0	\$6,190,506

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. 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 \$4.4 million in FY 2018 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).