



Monthly Report No. 5-2017
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
Final Report FY 2017 (July 1, 2016 – June 30, 2017)

August 3, 2017

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 report is designed to show the actual VLT taxes and Table Game taxes paid by the State of Maryland to Prince George's County on a monthly basis.

Summary

During FY 2017, Prince George's County received approximately \$11.2 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's VLT and TG local tax payments have been as follows on a monthly basis:

VLT and Table Game Local Taxes - Amounts Paid by the State
Prince George's County
FY 2017

Month	Notes	VLT Taxes Paid (2) (3)	Table Game Taxes Paid	Total
Dec-16		\$734,336	\$878,578	\$1,612,914
Jan-17		\$971,043	\$1,227,829	\$2,198,872
Feb-17	1	(\$0)	\$1,104,564	\$1,104,564
Mar-17	1	\$0	\$1,218,896	\$1,218,897
Apr-17	1	\$0	\$1,185,520	\$1,185,520
May-17	1	(\$0)	\$1,199,702	\$1,199,701
Jun-17	1	\$1,400,737	\$1,232,378	\$2,633,115
Total		\$3,106,116	\$8,047,467	\$11,153,583

Note:

(1) Through June 2017's payments, the State has withheld approximately \$3.7 million in VLT tax payments under the "hold-harmless" provision for the impact on Anne Arundel County. In June 2017, the State paid \$412,126 back to Prince George's County related to excess deductions for the hold-harmless to Anne Arundel County throughout the fiscal year.

(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

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".



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Table Game (TG) Taxes

During FY 2017, Prince George's County received approximately \$8.0 million in payments from the State for Table Game local taxes (5.0%). In June 2017, the State paid \$1.2 million to the County for table game taxes. 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 2017

	Jun-17	FYTD
Gross Table Game Revenues - MGM National Harbor	\$24,647,563	\$160,949,343
TG Local Tax Rate (5.0%)	5.0%	5.0%
Table Game Local Tax Allocation Paid by the State	\$1,232,378	\$8,047,467

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")

During FY 2017, Prince George's County received approximately \$3.1 million in payments from the State of Maryland, after deductions required by State Law², for Video Lottery Terminal local taxes (5.5%). In June 2017, the State paid \$1.4 million to Prince George's County, including \$412,126 for excess deductions for the hold-harmless paid to Anne Arundel County throughout the fiscal year.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 2017**

	Jun-17	FYTD
Gross VLT Revenues - Big 3 Facilities	\$65,761,255	\$466,252,358
VLT Local Tax Rate (5.5%)	5.5%	5.5%
VLT Local Taxes - Big 3 Facilities	\$3,616,869	\$25,643,880
Less: State Law Deductions	(\$651,036)	(\$5,107,898)
Net VLT Local Taxes - Big 3 Facilities	\$2,965,833	\$20,535,981
Divide Evenly - State Law	\$988,611	\$6,845,327
Less: "Hold-Harmless" - State Law	\$412,126	(\$3,739,211)
VLT Local Tax Allocation Paid by the State	\$1,400,737	\$3,106,116

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 fo Big 3 Facilities be divided equally

(4) "Hold-Harmless" - Anne Arundel County and Baltimore City cannot receive less VLT Local Tax in a fiscal year than FY 2016. \$3.7 million has been paid to Anne Arundel County under this provision fiscal year to date. In June 2017, the State paid \$412,126 back to Prince George's County related to excess deductions for the hold-harmless to Anne Arundel County throughout the fiscal year.

(5) "FYTD" - Fiscal Year to Date

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).