



**Monthly Report No. 12-2018 – Updated October 15, 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)**

**October 15, 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 June 2018 MGM National Harbor operations, Prince George’s County received approximately \$2.7 million in payments from the State for Video Lottery Terminal (VLT) (e.g. “local impact grants”)<sup>1</sup> and Table Game (TG) local taxes. The State did not withhold any VLT taxes from Prince George’s County under the “hold-harmless” provision for Anne Arundel County related to June 2018 operations. In fact, the State provided an additional \$92,426 in over-withheld VLT taxes to Prince George’s County for June 2018 operations.

For FY 2018, the State paid \$22.9 million in VLT taxes and Table Game taxes to Prince George’s County.

**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
May-18	4	(\$0)	\$1,540,092	\$1,540,092
Jun-18		\$1,255,145	\$1,437,318	\$2,692,463
<b>Total</b>		<b>\$7,445,652</b>	<b>\$15,500,748</b>	<b>\$22,946,400</b>

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 \$5.5 million in VLT taxes from Prince George's County in FY 2018 to date for Anne Arundel County due to the hold-harmless provision.

<sup>1</sup> 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 June 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:

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

	Jun-18	FYTD
Gross Table Game Revenues - MGM National Harbor	\$28,746,353	\$310,014,967
TG Local Tax Rate (5.0%)	5.0%	5.0%
<b>Table Game Local Tax Allocation Paid by the State</b>	<b>\$1,437,318</b>	<b>\$15,500,748</b>

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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**FY 2018 (July 1, 2017 – June 30, 2018)**

**Video Lottery Terminal (VLT) Taxes (e.g. “local impact grants”)**

For June 2018 MGM National Harbor operations, Prince George’s County received approximately \$1.3 million from the State of Maryland, after deductions required by State Law<sup>2</sup>, for Video Lottery Terminal local taxes (5.5%). This figure included an additional \$92,426 in VLT taxes to the County for over-withheld VLT taxes during the year.

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 2018**

	<b>Jun-18</b>	<b>FYTD</b>
Gross VLT Revenues - Big 3 Facilities	\$77,239,460	\$870,396,297
VLT Local Tax Rate (5.5%)	5.5%	5.5%
<b>VLT Local Taxes - Big 3 Facilities</b>	<b>\$4,248,170</b>	<b>\$47,871,796</b>
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$59,792	\$776,874
Big 3 Gross VLT Expired Tickets	9.5%	9.5%
VLT Local Tax (9.5%) Expired Tickets - Effective October 2017	\$5,680	\$73,803
<b>VLT Local Tax Allocation - Big 3 - Expired Tickets</b>	<b>\$5,680</b>	<b>\$73,803</b>
<b>Final - VLT Local Tax Allocation with Expired Tickets - Before Deductions</b>	<b>\$4,253,850</b>	<b>\$47,945,599</b>
Less: State Law Deductions	(\$765,693)	(\$9,122,208)
Net VLT Local Taxes - Big 3 Facilities	\$3,488,157	\$38,823,391
<b>Divide Evenly - State Law</b>	<b>\$1,162,719</b>	<b>\$12,941,130</b>
Less: "Hold-Harmless" - State Law	\$92,426	(\$5,495,479)
<b>VLT Local Tax Allocation Paid by the State</b>	<b>\$1,255,145</b>	<b>\$7,445,652</b>

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 \$5.5 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%.

<sup>2</sup> 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.