



**Monthly Report No. 1-2017**  
**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**  
**FY 2017**

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**April 24, 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**

Since MGM National Harbor opened on December 8, 2016, Prince George's County has received approximately \$4.9 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 in FY 2017 through February 2017 operations. 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
<b>Total</b>		<b>\$1,705,379</b>	<b>\$3,210,971</b>	<b>\$4,916,350</b>

Note:

(1) State withheld \$990,631 in VLT Local Taxes in February 2017 under the "hold-harmless" provision for the impact on Anne Arundel County

(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

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<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".



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**Table Game (TG) Taxes**

Through February 2017 operations, Prince George's County has received approximately \$3.2 million in payments from the State for Table Game local taxes (5.0%). The State's TG local tax payments have been as follows on a monthly basis:

**Table Game (TG) Local Taxes - Amounts Paid by the State**  
**Prince George's County**  
**FY 2017**

	Dec-16	Jan-17	Feb-17
Gross Table Game Revenues - MGM National Harbor	\$17,571,565	\$24,556,575	\$22,091,287
TG Local Tax Rate (5.0%)	5.0%	5.0%	5.0%
<b>Table Game Local Tax Allocation Paid by the State</b>	<b>\$878,578</b>	<b>\$1,227,829</b>	<b>\$1,104,564</b>

***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")**

Through February 2017 operations, Prince George's County has received approximately \$1.7 million in payments from the State of Maryland, after deductions required by State Law<sup>2</sup>, for Video Lottery Terminal local taxes (5.5%). In February 2017, the State withheld \$990,631 from the County under the "hold-harmless" provision in State Law.<sup>3</sup>

The breakdown of the VLT local tax distribution formula for the past three months is shown below:

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

	Dec-16	Jan-17	Feb-17
Gross VLT Revenues - Big 3 Facilities	\$59,756,284	\$64,592,668	\$65,895,601
VLT Local Tax Rate (5.5%)	5.5%	5.5%	5.5%
VLT Local Taxes - Big 3 Facilities	\$3,286,596	\$3,552,597	\$3,624,258
Less: State Law Deductions	(\$1,083,587)	(\$639,467)	(\$652,366)
Net VLT Local Taxes - Big 3 Facilities	\$2,203,008	\$2,913,129	\$2,971,892
<b>Divide Evenly - State Law</b>	<b>\$734,336</b>	<b>\$971,043</b>	<b>\$990,631</b>
Less: "Hold-Harmless" - State Law	\$0	\$0	(\$990,631)
<b>VLT Local Tax Allocation Paid by the State</b>	<b>\$734,336</b>	<b>\$971,043</b>	<b>(\$0)</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 fo Big 3 Facilities 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

<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.

<sup>3</sup> "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).