



Monthly Report No. 2-2017
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

May 8, 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 \$6.1 million in payments from the State for Video Lottery Terminal (VLT) (e.g. "local impact grants")¹ and Table Game (TG) local taxes in FY 2017 through March 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
Mar-17	1	\$0	\$1,218,896	\$1,218,897
Total		\$1,705,379	\$4,429,868	\$6,135,247

Note:

(1) State withheld \$990,631 in VLT Local Taxes in February 2017 and \$1,091,385 in March 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

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

Through March 2017 operations, Prince George's County has received approximately \$4.4 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 2017

	Mar-17	FYTD
Gross Table Game Revenues - MGM National Harbor	\$24,377,930	\$88,597,356
TG Local Tax Rate (5.0%)	5.0%	5.0%
Table Game Local Tax Allocation Paid by the State	\$1,218,896	\$4,429,868

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")

Through March 2017 operations, Prince George's County has received approximately \$1.7 million in payments from the State of Maryland, after deductions required by State Law², for Video Lottery Terminal local taxes (5.5%). In March 2017, the State withheld \$1,091,385 from the County under the "hold-harmless" provision in State Law for Anne Arundel County.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**

	Mar-17	FYTD
Gross VLT Revenues - Big 3 Facilities	\$72,597,697	\$262,842,250
VLT Local Tax Rate (5.5%)	5.5%	5.5%
VLT Local Taxes - Big 3 Facilities	\$3,992,873	\$14,456,324
Less: State Law Deductions	(\$718,717)	(\$3,094,138)
Net VLT Local Taxes - Big 3 Facilities	\$3,274,156	\$11,362,185
Divide Evenly - State Law	\$1,091,385	\$3,787,395
Less: "Hold-Harmless" - State Law	(\$1,091,385)	(\$2,082,016)
VLT Local Tax Allocation Paid by the State	\$0	\$1,705,379

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. \$2.1 million has been paid to Anne Arundel County under this provision fiscal year to date.
- (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).