



Monthly Report No. 5-2018
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)

December 22, 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 series 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 in FY 2018 (July 1, 2017 through June 30, 2018).

Summary

For November 2017 MGM National Harbor operations, Prince George's County received approximately \$2.2 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 in FY 2018:

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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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
Total		\$5,255,074	\$5,953,369	\$11,208,443

Note:

- (1) The State did not withhold any payments related to the VLT "hold-harmless" provision for the month. The State did not withhold any VLT taxes under the small counties distribution formula.
- (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

Table Game (TG) Taxes

For November 2017 MGM National Harbor operations, Prince George's County received approximately \$1.2 million in payments from the State for Table Game local taxes (5.0%). The State's TG local tax payments have been as follows for the past month and Fiscal Year to Date ("FYTD"):



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

	Nov-17	FYTD
Gross Table Game Revenues - MGM National Harbor	\$23,765,063	\$119,067,385
TG Local Tax Rate (5.0%)	5.0%	5.0%
Table Game Local Tax Allocation Paid by the State	\$1,188,253	\$5,953,369

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 November 2017 MGM National Harbor operations, Prince George's County received approximately \$1.0 million in payments from the State of Maryland, after deductions required by State Law², for Video Lottery Terminal local taxes (5.5%). The State did not withhold any payments related to the VLT “hold-harmless” provision, and the small counties distribution formula for November 2017 operations.³ The breakdown of the VLT local tax distribution formula for the past month and Fiscal Year to Date (“FYTD”) is shown below:

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).



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

	Nov-17	FYTD
Gross VLT Revenues - Big 3 Facilities	\$67,673,724	\$349,187,443
VLT Local Tax Rate (5.5%)	5.5%	5.5%
VLT Local Taxes - Big 3 Facilities	\$3,722,055	\$19,205,309
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$99,393	\$216,519
Big 3 Gross VLT Expired Tickets	9.5%	9.5%
VLT Local Tax (9.5%) Expired Tickets - Effective October 2017	\$9,442	\$20,569
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$9,442	\$20,569
Final - VLT Local Tax Allocation with Expired Tickets - Before Deductions	\$3,731,497	\$19,225,879
Less: State Law Deductions	(\$671,669)	(\$3,460,658)
Net VLT Local Taxes - Big 3 Facilities	\$3,059,828	\$15,765,221
Divide Evenly - State Law	\$1,019,943	\$5,255,074
Less: "Hold-Harmless" - State Law	\$0	\$0
VLT Local Tax Allocation Paid by the State	\$1,019,943	\$5,255,074

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 not withheld any VLT taxes under this provision in FY 2018 yet.
- (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%.