



Monthly Report No. 1-2022
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 2022 (July 1, 2021 – June 30, 2022)

July 2021

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 2022 (July 1, 2021 through July 30, 2022).

VLT and Table Game Local Taxes - Amounts Paid by the State
 Prince George's County
 FY 2022

Month	Notes	VLT Taxes Paid (1) (2)	Table Game Taxes Paid	Total
Jul-21		\$1,524,503	\$1,490,518	\$3,015,022
Total		\$1,524,503	\$1,490,518	\$3,015,022

Note:

(1) VLT Taxes = "local impact grants"

(2) 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

Summary

In July 2021 for MGM National Harbor operations, Prince George's County received \$3.0 million in revenue from the State for Video Lottery Terminal (VLT) (e.g. "local impact grants")¹ and Table Game (TG) local taxes. Approximately \$1.5 million was paid for the County share of VLT revenue. A "hold harmless" provision which redistributed funds to ensure minimum revenue levels in Anne Arundel County and Baltimore City, was repealed by Chapter 692 of 2021. Although the provision is still in effect, it does not reduce County gaming revenues. The County also received \$1.5 million from its share of TG revenue.

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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Table Game (TG) Taxes

For July 2021 MGM National Harbor operations, Prince George's County received approximately \$1.5 million in payments from the State for TG 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 2022

	Jul-21	FYTD
Gross Table Game Revenues - MGM National Harbor	\$29,810,368	\$29,810,368
TG Local Tax Rate (5.0%)	5.0%	5.0%
Table Game Local Tax Allocation Paid by the State	\$1,490,518	\$1,490,518

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 July 2021 MGM National Harbor operations, Prince George's County received \$1.5 million from the State of Maryland, after deductions required by State Law², for Video Lottery Terminal local taxes (5.5%). As part of this distribution the County received \$0.2 million from its share of expired ticket revenue. Payout tickets that are not redeemed within 182 days are deemed to be expired, and subject to a 9.5% local VLT tax rate per Chapter 451 of the 2017 Laws of Maryland. Normally, the average monthly distribution of expired tickets is approximately \$10,000, however the casinos were not required to report expired ticket amounts since the onset of the COVID-19 pandemic. The July 2021 distribution accounts for expired ticket levels since April 2020, and thus is larger than normal. 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 2022

	Jul-21	FYTD
Gross VLT Revenues - Big 3 Facilities	\$98,201,964	\$98,201,964
VLT Local Tax Rate (5.5%)	5.5%	5.5%
VLT Local Taxes - Big 3 Facilities	\$5,401,108	\$5,401,108
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$1,856,238	\$1,856,238
Big 3 Gross VLT Expired Tickets	9.5%	9.5%
VLT Local Tax (9.5%) Expired Tickets - Effective October 2017	\$176,343	\$176,343
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$176,343	\$176,343
Final - VLT Local Tax Allocation with Expired Tickets - Before Deductions	\$5,577,451	\$5,577,451
Less: State Law Deductions	(\$1,003,941)	(\$1,003,941)
Net VLT Local Taxes - Big 3 Facilities	\$4,573,510	\$4,573,510
Divide Evenly - State Law	\$1,524,503	\$1,524,503
Less: "Hold-Harmless" - State Law	\$0	\$0
VLT Local Tax Allocation Paid by the State	\$1,524,503	\$1,524,503

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. Town of Forest Heights (\$120,000) - 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) "FYTD" - Fiscal Year to Date
- (5) Effective October 2017, per State law, the local tax rate on expired ticket revenues changed from 5.5% to 9.5%.

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.