



Monthly Report No. 4-2023
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 2023 (July 1, 2022 – June 30, 2023)

October 2022

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 2023 (July 1, 2022 through July 30, 2023).

VLT and Table Game Local Taxes - Amounts Paid by the State
Prince George's County
FY 2023

Month	Notes	VLT Taxes Paid (1) (2)	Table Game Taxes Paid	Total
Jul-22		\$1,494,928	\$1,683,469	\$3,178,397
Aug-22		\$1,382,005	\$1,576,152	\$2,958,157
Sep-22		\$1,365,277	\$1,223,042	\$2,588,320
Oct-22		\$1,429,790	\$3,659,791	\$5,089,581
Total		\$5,672,001	\$8,142,453	\$13,814,454

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 October 2022 for MGM National Harbor operations, Prince George's County received \$5.1 million in revenue from the State for Video Lottery Terminal (VLT) (e.g., "local impact grants")¹ and Table Game (TG) local taxes. The October 2022 payment was the highest ever received by the County due to an unprecedented increase in table game revenues by MGM National Harbor. As a result, the County received \$3.7 million from its share of TG revenue. In addition, approximately \$1.4 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provision which redistributed funds to ensure minimum revenue levels in Anne Arundel County and Baltimore City, was repealed by Chapter 692 of 2021.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.

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 October 2022 MGM National Harbor operations, Prince George's County received approximately \$3.7 million in payments from the State for TG local taxes (5.0%). Gross table game revenues were \$73.2 million in October 2022, an increase of \$48.7 million from September 2022 gross revenues or almost 200%. 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 2023

	Oct-22	FYTD
Gross Table Game Revenues - MGM National Harbor	\$73,195,813	\$162,849,066
TG Local Tax Rate (5.0%)	5.0%	5.0%
Table Game Local Tax Allocation Paid by the State	\$3,659,791	\$8,142,453

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 October 2022 MGM National Harbor operations, Prince George’s County received \$1.4 million from the State of Maryland, after deductions required by State Law², for Video Lottery Terminal local taxes (5.5%). 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 2023

	Oct-22	FYTD
Gross VLT Revenues - Big 3 Facilities	\$94,866,351	\$376,182,127
VLT Local Tax Rate (5.5%)	5.5%	5.5%
VLT Local Taxes - Big 3 Facilities	\$5,217,649	\$20,690,017
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$139,905	\$644,265
Big 3 Gross VLT Expired Tickets	9.5%	9.5%
VLT Local Tax (9.5%) Expired Tickets - Effective October 2017	\$13,291	\$61,205
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$13,291	\$61,205
Final - VLT Local Tax Allocation with Expired Tickets - Before Deductions	\$5,230,940	\$20,751,222
Less: State Law Deductions	(\$941,569)	(\$3,735,220)
Net VLT Local Taxes - Big 3 Facilities	\$4,289,371	\$17,016,002
Divide Evenly - State Law	\$1,429,790	\$5,672,001
Less: "Hold-Harmless" - State Law	\$0	\$0
VLT Local Tax Allocation Paid by the State	\$1,429,790	\$5,672,001

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.