TYPES OF COUNTY REVENUES
Types of County Revenues

- Table Game Taxes
- Real Property Taxes
- Admissions and Amusement Taxes

MGM

- VLT Taxes
- Personal Property Taxes
- Hotel Taxes

*County will also receive income taxes, energy taxes, telecommunications taxes, etc.

**Regardless of a gaming facility in the County, the County also receives $1 million annually from VLT Taxes (e.g. Rosecroft grant)
Types of County Revenues, cont.

- Video Lottery Terminal (VLT) (e.g. "Slots") Taxes – 5.5% of Gross VLT Revenues
- Table Games (TG) Taxes – 5.0% of Gross TG Revenues
- Real Property Taxes - $1.00/$100 of Assessed Value
- Personal Property Taxes - $2.50/$100 of Assessed Value
- Admissions and Amusement Taxes – 10% of Gross Sales
- Hotel Taxes – 7% of Gross Sales
Collection Agent for County Revenues

<table>
<thead>
<tr>
<th>Revenue</th>
<th>State</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Video Lottery Terminal Taxes</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Table Game Taxes</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Real Property Taxes</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Personal Property Taxes</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Admissions and Amusement Taxes</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Hotel Taxes</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
STATE GAMING TAXES

Video Lottery Terminal (VLT) Taxes (e.g. “local impact grants”)
Video Lottery Terminal (VLT) Taxes

- 5.5% of Gross VLT Revenues for each State gaming facility
- Actual distribution subject to:
  - Small County/Municipality VLT Tax Deduction annually
    - Allegany County - $200,000
    - Worcester County - $200,000
    - Cecil County - $130,000 and Town of Perryville - $70,000
  - 18% Deduction monthly for Baltimore City
    - Prince George's County receives $1.0 million annually from this portion ("Rosecroft") regardless of a gaming facility being located in Prince George's County
- Big 3 VLT taxes Split Evenly
  - Anne Arundel County, Baltimore City, and Prince George's County
- "Hold-Harmless" provision
  - Anne Arundel County and Baltimore City
Video Lottery Terminal (VLT) Taxes – December 2016

• Step 1 – determine VLT Local Tax Allocation for the Big 3 facilities
  • Maryland Live
  • Horseshoe Baltimore
  • MGM National Harbor

Big 3 Gross VLT Revenues** \( \times \) 5.5\% = Big 3 VLT Local Taxes Before Deductions

\[
$59,756,284 \times 5.5\% = $3,286,596
\]

** From December 8, 2016 to December 31, 2016
• Step 2 – Annual distribution to Allegany County, Cecil County (and Town of Perryville), and Worcester County – Total Distribution of $600,000 as shown below:
  • $200,000 – Allegany County
  • $130,000 – Cecil County
  • $70,000 – Town of Perryville
  • $200,000 – Worcester County

Big 3 Gross VLT Local Taxes - $600,000 = Big 3 VLT Local Taxes Before 18% Distribution

$3,286,596 - $600,000 = $2,686,596
Video Lottery Terminal (VLT) Taxes – December 2016

- Step 3 – 18% distribution to Baltimore City
  - Prince George's County receives a $1.0 million grant annually from this allocation (e.g. Rosecroft grant)
- 18% provision goes through FY 2032 under existing State Law

Big 3 Gross VLT Revenues After Small Jurisdiction \( \times \) 82% = Big 3 Net VLT Taxes Before Split

\[
\begin{align*}
$2,686,596 \times 82\% &= $2,203,009
\end{align*}
\]
- Step 4 – Big 3 Net VLT Taxes split evenly

Big 3 Net VLT Taxes Before Split / 3 = Big 3 Final VLT Taxes Allocation Before Hold Harmless

$2,203,009 / 3 = $734,336
• Step 5 – Evaluate "hold harmless" provision for Baltimore City and Anne Arundel County (AA)
  • FY 2016 Final VLT Taxes for Baltimore City ($7.6 million) and Anne Arundel County ($18.4 million) are the baseline

  FY 2017 AA County Final VLT Taxes Allocation - $18,436,609 = A
  FY 2017 Baltimore City Final VLT Taxes Allocation - $7,590,460 = B

If A and/or B < $0, then the State **withholds** funding from Prince George's County VLT Final Taxes Allocation to make A and/or B whole
State of Maryland did not withhold any Final VLT Taxes from Prince George's County for December 2016.

However, the State did start withholding Final VLT Taxes from Prince George's County in the February 2017 distribution, and will likely do so for the next 3-4 months (March – June).
The table below shows the State’s multi-step process for VLT Local Tax distribution for December 2016:

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>VLT Local Tax Allocation - Big 3 Facilities (Maryland Live, Horseshoe, MGM National Harbor)</td>
<td>$3,286,596</td>
</tr>
<tr>
<td>2</td>
<td>Annual Distribution to Allegany County, Cecil County (and Town of Perryville), and Worcester County</td>
<td>($600,000)</td>
</tr>
<tr>
<td>3</td>
<td>18% Distribution to Baltimore City</td>
<td>($483,587)</td>
</tr>
<tr>
<td>4</td>
<td>Big 3 Net VLT Local Tax Allocation - &quot;Even Split&quot; Provision (e.g. Divide by 3)</td>
<td>$734,336</td>
</tr>
<tr>
<td>5</td>
<td>&quot;Hold-Harmless&quot; Provision</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>VLT Local Tax Allocation Paid by the State (e.g. &quot;local impact grants&quot;)</td>
<td>$734,336</td>
</tr>
</tbody>
</table>
"Hold-Harmless" – Estimated Impact – FY 2017-FY 2018

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Anne Arundel County</th>
<th>Baltimore City</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017</td>
<td>$3.7 million</td>
<td>$0</td>
</tr>
<tr>
<td>FY 2018</td>
<td>$5.2 million</td>
<td>$0</td>
</tr>
</tbody>
</table>

"Hold-harmless" depends upon the Gross VLT Revenues at the Big 3 VLT gaming facilities – individually and relative to the other facilities
Video Lottery Terminal (VLT) Taxes – December 2016

- Step 6 – 40% of Final VLT Taxes paid to Prince George’s County are restricted by State Law for MD 210 improvements
• Step 7 – Per State Law, remaining 60% of Final VLT Taxes (e.g. "Local impact grants") are restricted for improvements primarily in the communities in immediate proximity to the video lottery facilities and may be used for the following purposes:
  • infrastructure improvements;
  • facilities;
  • public safety;
  • sanitation;
  • economic and community development, including housing; and
  • other public services and improvements.
### Prince George's County VLT Taxes – Distributed – YTD

<table>
<thead>
<tr>
<th>Month</th>
<th>Gross VLT Revenues</th>
<th>VLT Taxes Allocation (5.5%)</th>
<th>VLT Taxes Split Evenly</th>
<th>VLT Taxes Paid by the State</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2016</td>
<td>$24,362,464</td>
<td>$1,339,939</td>
<td>$734,336</td>
<td>$734,336</td>
</tr>
<tr>
<td>January 2017</td>
<td>$24,271,560</td>
<td>$1,334,936</td>
<td>$971,043</td>
<td>$971,043</td>
</tr>
<tr>
<td>February 2017</td>
<td>$23,677,783</td>
<td>$1,302,278</td>
<td>$990,631</td>
<td>$0</td>
</tr>
</tbody>
</table>

*State withheld $990,631 in February 2017 due to the "hold-harmless" provision*

**40% of the VLT amounts paid by the State are restricted to MD 210 improvements**
Big 3 - VLT Taxes – Distributed – YTD*

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-16</td>
<td>$30,990,884</td>
<td>$1,704,499</td>
<td>$734,336</td>
<td>$16,092,381</td>
<td>$885,081</td>
<td>$734,336</td>
<td>$24,362,464</td>
<td>$885,081</td>
<td>$734,336</td>
<td>$24,362,464</td>
<td>$885,081</td>
<td>$734,336</td>
</tr>
<tr>
<td>Jan-17</td>
<td>$28,016,959</td>
<td>$1,540,933</td>
<td>$971,043</td>
<td>$12,304,149</td>
<td>$676,728</td>
<td>$971,043</td>
<td>$24,271,560</td>
<td>$676,728</td>
<td>$971,043</td>
<td>$24,271,560</td>
<td>$676,728</td>
<td>$971,043</td>
</tr>
<tr>
<td>Feb-17</td>
<td>$29,195,030</td>
<td>$1,605,727</td>
<td>$990,631</td>
<td>$13,022,788</td>
<td>$716,253</td>
<td>$990,631</td>
<td>$23,677,783</td>
<td>$716,253</td>
<td>$990,631</td>
<td>$23,677,783</td>
<td>$716,253</td>
<td>$990,631</td>
</tr>
</tbody>
</table>

*Since MGM National Harbor opened on December 8, 2016

Does not include Baltimore City 18% distribution
STATE GAMING TAXES

Table Game (TG) Taxes
Table Game (TG) Taxes

- 5.0% of Gross TG Revenues for each facility
- No deductions by the State to any other jurisdiction
  - no 18% to Baltimore City
  - no "hold harmless" provision
  - no small County/municipality distribution
  - no "split evenly" provision
- Not subject to "proximity clause" under State law (e.g. not "local impact grants") and Local Development Council (LDC) process
Table Game (TG) Taxes – December 2016

• Step 1 – determine TG Local Tax Allocation

MGM National Harbor Gross TG Revenues × 5.0% = TG Local Taxes

$17,571,565 × 5.0% = $878,578
## Prince George's County TG Taxes – Distributed – YTD

<table>
<thead>
<tr>
<th>Month</th>
<th>Gross TG Revenues</th>
<th>TG Taxes Allocation (5.0%)</th>
<th>TG Taxes Paid by the State</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2016</td>
<td>$17,571,565</td>
<td>$878,578</td>
<td>$878,578</td>
</tr>
<tr>
<td>January 2017</td>
<td>$24,556,575</td>
<td>$1,227,829</td>
<td>$1,227,829</td>
</tr>
<tr>
<td>February 2017</td>
<td>$22,091,287</td>
<td>$1,104,564</td>
<td>$1,104,564</td>
</tr>
</tbody>
</table>
OTHER MGM NATIONAL HARBOR REVENUES

Real and Personal Property Taxes
Admissions and Amusement Taxes
Hotel Taxes
Other MGM National Harbor Revenues

- **Real Property Taxes - $1.00/$100 of Assessed Value**
  - $916.7 million AV in FY 2017
  - $993.4 million AV in FY 2018
  - $1,070.0 million AV in FY 2019

- **Personal Property Taxes - $2.50/$100 of Assessed Value**
  - $70.0 million AV (est.) in FY 2018

- **Admissions and Amusement Taxes – 10% of Gross Sales**
  - 39 events (est.) in FY 2018 - $14.3 million in estimated event proceeds

- **Hotel Taxes – 7% of Gross Sales**
  - $7.5 million in estimated room rental income in FY 2017
  - $13.4 million in estimated room rental income in FY 2018
MGM NATIONAL HARBOR REVENUES

Projected FY 2018 Revenues
## Projected Revenues – FY 2018

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2017 Approved</th>
<th>FY 2017 Estimated</th>
<th>FY 2017 Variance</th>
<th>FY 2018 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proposed Sources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Property Tax - Non-Education ($0.96 per $100)</td>
<td>$1,953,500</td>
<td>$2,463,300</td>
<td>$509,800</td>
<td>$6,324,900</td>
</tr>
<tr>
<td>Real Property Tax - Education ($0.04 per $100)</td>
<td>$151,200</td>
<td>$183,300</td>
<td>$32,100</td>
<td>$397,300</td>
</tr>
<tr>
<td>Personal Property Tax - Non-Education ($2.40 per $100)</td>
<td>$840,000</td>
<td>$0</td>
<td>($840,000)</td>
<td>$1,260,000</td>
</tr>
<tr>
<td>Personal Property Tax - Education ($0.10 per $100)</td>
<td>$35,000</td>
<td>$0</td>
<td>($35,000)</td>
<td>$52,500</td>
</tr>
<tr>
<td>Admissions and Amusement Taxes (10%)</td>
<td>$4,050,000</td>
<td>$1,234,200</td>
<td>($2,815,800)</td>
<td>$1,433,500</td>
</tr>
<tr>
<td>Hotel Taxes (7%)</td>
<td>$282,100</td>
<td>$293,300</td>
<td>$11,200</td>
<td>$616,000</td>
</tr>
<tr>
<td>Video Lottery Terminal (VLT) Taxes (5.5%) (e.g. &quot;local impact grants)</td>
<td>$7,503,500</td>
<td>$3,506,000</td>
<td>($3,897,500)</td>
<td>$8,128,700</td>
</tr>
<tr>
<td>Table Games Taxes (5%)</td>
<td>$4,096,900</td>
<td>$8,595,800</td>
<td>$4,498,900</td>
<td>$15,977,900</td>
</tr>
<tr>
<td><strong>Total Proposed Sources</strong></td>
<td>$18,912,200</td>
<td>$16,375,900</td>
<td>($2,536,300)</td>
<td>$34,190,800</td>
</tr>
</tbody>
</table>
SUMMARY
Summary

• MGM National Harbor revenue projections will be fluid until the facility has been operational for at least 24 months

• Final County VLT Taxes primarily depend upon VLT revenues at the Big 3 facilities due to the “split evenly” and “hold-harmless” provisions under State Law

• The Baker Administration will be providing monthly reports on VLT and TG performance starting with the February 2017 reporting period

• After the fiscal year-end close, the Administration will provide both revenue and expenditure reports for all MGM-related revenues