



Monthly Report No. 7-2020
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 2020 (July 1, 2019 – July 30, 2020)

February 11, 2020

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 2020 (July 1, 2019 through July 30, 2020).

Summary

For January 2020 MGM National Harbor operations, Prince George's County received approximately \$1.3 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 withheld \$1.2 million VLT taxes from Prince George's County under the "hold-harmless" provision for Anne Arundel County related to January 2020 operations.

VLT and Table Game Local Taxes - Amounts Paid by the State
 Prince George's County
 FY 2020

Month	Note	VLT Taxes Paid (2) (3)	Table Game Taxes Paid	Total
Jul-19	1	\$1,198,347	\$1,353,270	\$2,551,617
Aug-19	1	\$1,218,759	\$1,470,142	\$2,688,901
Sep-19	1	\$1,165,886	\$1,265,417	\$2,431,303
Oct-19	1	\$1,165,265	\$1,400,701	\$2,565,966
Nov-19	1	\$1,206,221	\$1,082,290	\$2,288,511
Dec-19	1	\$993,385	\$1,501,718	\$2,495,103
Jan-20	1	\$0	\$1,306,757	\$1,306,757
Total		\$6,947,864	\$9,380,294	\$16,328,158

Notes:

- (1) The State withheld \$1.2 million in payments related to the VLT "hold-harmless" provision for the month. The State withheld the \$720,000 for the small towns and counties distribution in December 2019.
- (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

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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For January 2020 MGM National Harbor operations, Prince George's County received approximately \$1.3 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:

Table Game (TG) Local Taxes - Amounts Paid by the State
Prince George's County
FY 2020

	Jan-20	FYTD
Gross Table Game Revenues - MGM National Harbor	\$26,135,134	\$187,605,880
TG Local Tax Rate (5.0%)	5.0%	5.0%
Table Game Local Tax Allocation Paid by the State	\$1,306,757	\$9,380,294

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 January 2020 MGM National Harbor operations, Prince George's County did not receive any payments from the State of Maryland, after deductions required by State Law², for Video Lottery Terminal local taxes (5.5%). The State withheld \$1.2 million in VLT taxes related to January 2020 operations due to the "hold-harmless" provision in State law³. 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 2020

	Jan-20	FYTD
Gross VLT Revenues - Big 3 Facilities	\$79,965,500	\$553,984,788
VLT Local Tax Rate (5.5%)	5.5%	5.5%
VLT Local Taxes - Big 3 Facilities	\$4,398,103	\$30,469,163
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$148,146	\$863,434
Big 3 Gross VLT Expired Tickets	9.5%	9.5%
VLT Local Tax (9.5%) Expired Tickets - Effective October 2017	\$14,074	\$82,026
VLT Local Tax Allocation - Big 3 - Expired Tickets	\$14,074	\$82,026
Final - VLT Local Tax Allocation with Expired Tickets - Before Deductions	\$4,412,176	\$30,551,190
Less: State Law Deductions	(\$794,192)	(\$6,089,614)
Net VLT Local Taxes - Big 3 Facilities	\$3,617,985	\$24,461,575
Divide Evenly - State Law	\$1,205,995	\$8,153,858
Less: "Hold-Harmless" - State Law	(\$1,205,995)	(\$1,205,995)
VLT Local Tax Allocation Paid by the State	\$0	\$6,947,864

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)
 - F. 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 withheld \$1.2 million in FY 2020 to date.
- (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%.
- (7) The State withheld the \$720,000 for the small towns and counties distribution in December 2019.

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).