



Rushern L. Baker, III  
County Executive

# MGM National Harbor

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Projected County Revenues  
Presentation to the Committee of the Whole  
March 28, 2017

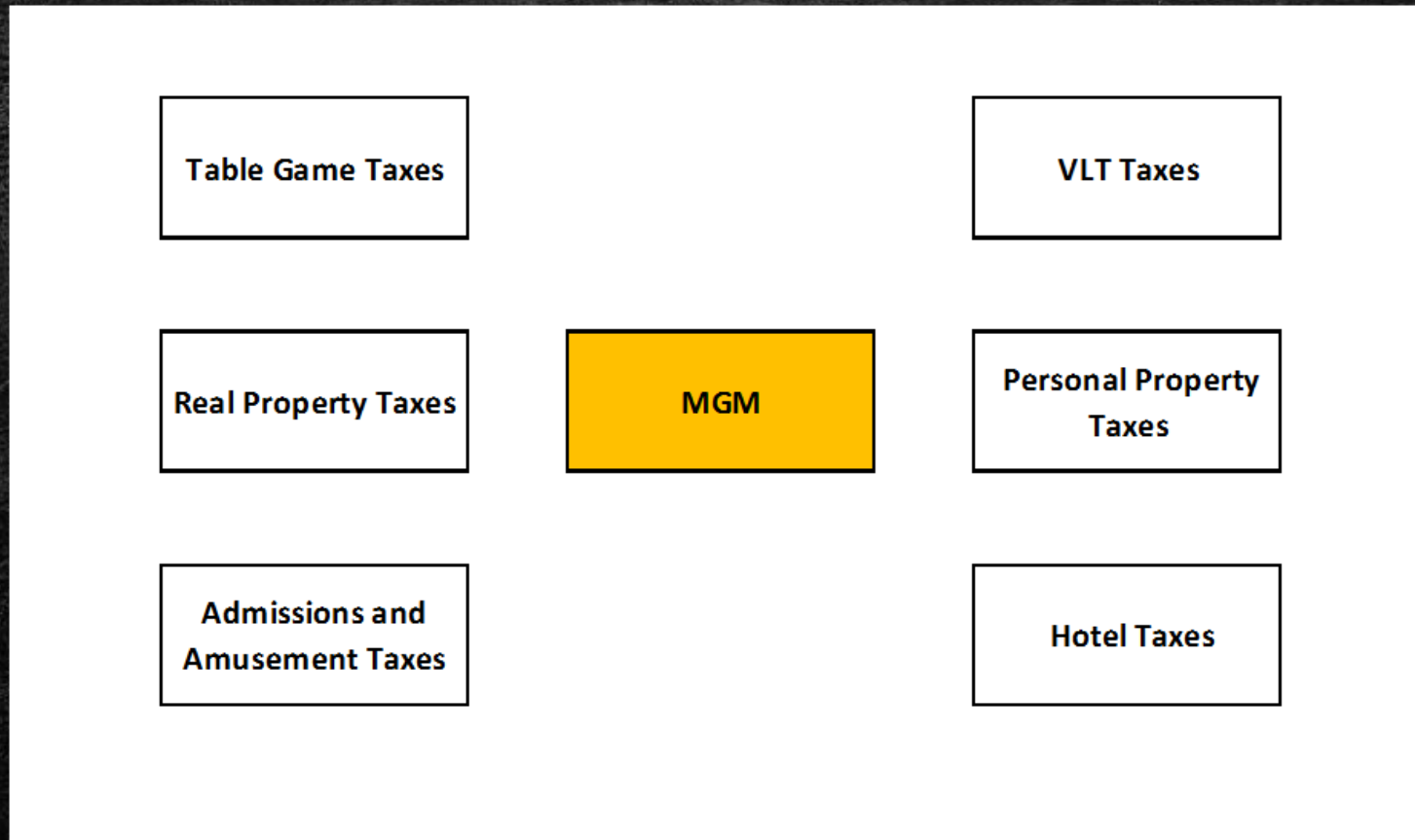


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# Types of County Revenues

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# Types of County Revenues



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

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

## Types of County Revenues, cont.

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- Video Lottery Terminal (VLT) Taxes (e.g. "Local impact grants") – 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

Revenue	State	County
Video Lottery Terminal Taxes	X	
Table Game Taxes	X	
Real Property Taxes		X
Personal Property Taxes		X
Admissions and Amusement Taxes	X	
Hotel Taxes		X



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# State Gaming Taxes

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

# Video Lottery Terminal (VLT) Taxes

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- 5.5% of Gross VLT Revenues for each 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

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- Step 1 – determine VLT Local Tax Allocation

MGM National Harbor Gross VLT Revenues X 5.5%. = VLT Local Taxes Before Deductions

$$\$24,362,464 \times 5.5\% = \$1,339,936$$



# Video Lottery Terminal (VLT) Taxes – December 2016

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- Step 2 – Annual distribution to Allegany County, Cecil County (and Town of Perryville), and Worcester County
  - \$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

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

Big 3 Gross VLT Revenues After Small Jurisdiction X 82% = Big 3 Net VLT Taxes  
Before Split

$$\$2,686,596 \times 82\% = \$2,203,009$$

## Video Lottery Terminal (VLT) Taxes – December 2016

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- 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

$$\$2,203,009 / 3 = \$734,336$$

## Video Lottery Terminal (VLT) Taxes – December 2016

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- Step 5 – Evaluate "hold harmless" provision for Baltimore City and Anne Arundel County
  - 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

## Video Lottery Terminal (VLT) Taxes – December 2016

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- State of Maryland did not withhold any Final VLT Taxes from Prince George's County for December 2016
- However, the State did start withholding County funds in the February 2017 distribution, and will likely do so for the next 3-4 months (March – June)

## "Hold-Harmless" – Estimated Impact – FY 2017-FY 2018

Fiscal Year	Anne Arundel County	Baltimore City
FY 2017	\$3.7 million	\$0
FY 2018	\$5.2 million	\$0

\*"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

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- Step 6 – 40% of Final VLT Taxes paid to Prince George's County are restricted by State Law for MD 210 improvements

## Video Lottery Terminal (VLT) Taxes – December 2016

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- Step 7 – 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

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

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

\*\*40% of the amounts paid by the State are restricted to MD 210 improvements

# Big 3 - VLT Taxes - Distributed - YTD\*

Month	Maryland Live			Horseshoe			MGM National Harbor		
	VLT Gross Revenues	VLT Tax - Allocation	VLT Taxes - Paid	VLT Gross Revenues	VLT Tax - Allocation	VLT Taxes - Paid	VLT Gross Revenues	VLT Tax - Allocation	VLT Taxes - Paid
Dec-16	\$30,990,884	\$1,704,499	\$734,336	\$16,092,381	\$885,081	\$734,336	\$24,362,464	\$1,339,936	\$734,336
Jan-17	\$28,016,959	\$1,540,933	\$971,043	\$12,304,149	\$676,728	\$971,043	\$24,271,560	\$1,334,936	\$971,043
Feb-17	\$29,195,030	\$1,605,727	\$990,631	\$13,022,788	\$716,253	\$990,631	\$23,677,783	\$1,302,278	\$0

\*Since MGM National Harbor opened on December 8, 2016

Does not include Baltimore City 18% distribution



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# State Gaming Taxes

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Table Game (TG) Taxes

# Table Game (TG) Taxes

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- 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

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- Step 1 – determine TG Local Tax Allocation

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

\$17,571,565 X 5.0% = \$878,578

## Prince George's County TG Taxes – Distributed – YTD

Month	Gross TG Revenues	TG Taxes Allocation (5.0%)	TG Taxes Paid by the State
December 2016	\$17,571,565	\$878,578	\$878,578
January 2017	\$24,556,575	\$1,227,829	\$1,227,829
February 2017	\$22,091,287	\$1,104,564	\$1,104,564



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# Other MGM National Harbor Revenues

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Real and Personal Property Taxes  
Admissions and Amusement Taxes  
Hotel Taxes

# Other MGM National Harbor Revenues

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- 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





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# MGM National Harbor Revenues

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Projected FY 2018 Revenues

# Projected Revenues – FY 2018

Source	FY 2017 Approved	FY 2017 Estimated	FY 2017 Variance	FY 2018 Proposed
<b>Proposed Sources</b>				
Real Property Tax - Non-Education (\$0.96 per \$100)	\$1,953,500	\$2,463,300	\$509,800	\$6,324,900
Real Property Tax - Education (\$0.04 per \$100)	\$151,200	\$183,300	\$32,100	\$397,300
Personal Property Tax - Non-Education (\$2.40 per \$100)	\$840,000	\$0	(\$840,000)	\$1,260,000
Personal Property Tax - Education (\$0.10 per \$100)	\$35,000	\$0	(\$35,000)	\$52,500
Admissions and Amusement Taxes (10%)	\$4,050,000	\$1,234,200	(\$2,815,800)	\$1,433,500
Hotel Taxes (7%)	\$282,100	\$293,300	\$11,200	\$616,000
Video Lottery Terminal (VLT) Taxes (5.5%) (e.g. "local impact grants)	\$7,503,500	\$3,606,000	(\$3,897,500)	\$8,128,700
Table Games Taxes (5%)	\$4,096,900	\$8,595,800	\$4,498,900	\$15,977,900
<b>Total Proposed Sources</b>	<b>\$18,912,200</b>	<b>\$16,375,900</b>	<b>(\$2,536,300)</b>	<b>\$34,190,800</b>



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# Summary

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- 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
- The Baker Administration will be providing monthly reports on VLT and TG performance starting with the February 2017 reporting period
- After the year-end close, the Administration will provide both revenue and expenditure reports for all MGM-related revenues