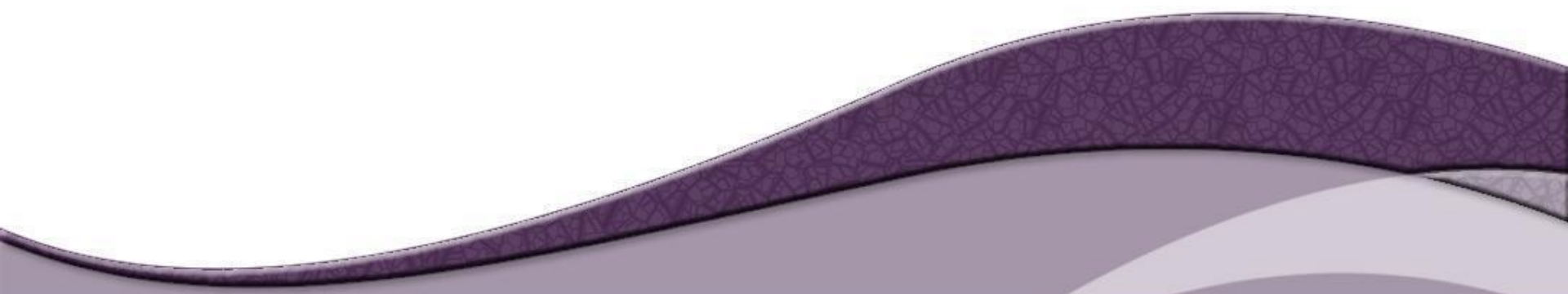


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**FISCAL IMPACTS OF PROPOSED
GAMING FACILITIES IN PRINCE GEORGE'S
COUNTY, MARYLAND**

DECEMBER 2013



Study Purpose

- Estimate the financial impact of proposed gaming facilities on State and local governments' budgets
- Compare impacts of the three proposed facilities
- Compare each applicant's estimated public sector revenue to consultant's estimates

Methodology

5-Year Fiscal Impact Summary:

➤ Year 1-construction period (to allow for easier comparison)

-Proposed construction schedules:

- Penn: July 2014 and July 2016
- Parx: October 2014 and July 2016, with expansion completed December 2018
- MGM: August 2014 to July 2016

➤ Years 2 through 5-correspond to 2016 through 2019

Methodology

➤ Sources of Data:

- Applicants' templates and presentations
- Questionnaires completed by County representatives
- Publicly available information

➤ Project revenues provided by Applicants are adjusted to reflect Cummings Associates and Custom Consultants gaming revenue estimates

- Analysis assumes non-gaming revenues are driven by gaming revenues

Methodology

➤ Sources of Revenue:

- Property Tax (State, County)
- Sales Tax (State)
- Gaming Tax (State, County, Schools, Other)
- Income Tax (State, County)
- Hotel Tax (County)
- Applicant Contribution (Other)

➤ Sources of Expenditures:

- Majority of services provided by County-Fire, Police, Water/Sewer, Roads
- Costs impacts not estimated, discussed

Assumptions

➤ Applicant Contributions:

- Proposed Gaming Tax Rates:

	Penn Hollywood	Parx Casino	MGM Nat. Harbor
Proposed tax rate	62%	61%	56%

*Extra rate dedicated to Education Fund

- Additional Contributions:

Proposed Contribution		
Penn Hollywood	\$ 26,175,010	annual project profits donated to community
Parx Casino	\$ 100,000,000	one-time contribution to road improvements
MGM National Harbor	\$ -	

Assumptions

➤ No significant number of new County residents

- Approximately 5,759 unemployed County residents in impacted industries

	Available County Residents
Professionals, Managers, Executives and Technicians	3,925
Clerical Workers, Sales and Service Workers	
Line Employees and Laborers	<u>1,834</u>
Total	5,759

- Applicants' adjusted employee projection are: Penn-2,020, MGM-2,726, and Parx-2,985
- 63% of Prince George's County employees live outside of the County
- Result:
 - No significant impacts on school costs
 - County-level services impacted by project operations and visitors, only

Penn Hollywood Casino-5 Year Total

Estimated Revenue	Prince George's County	State of Maryland	Other Sources	Total
Property Tax	\$ 32,839,176	\$ 2,381,309	\$ -	\$ 35,220,484
Sales Tax	-	27,828,580	-	27,828,580
Gaming Tax	105,186,057	15,895,644	982,435,053	1,103,516,754
Corporate Income Tax	-	-	-	-
Personal Income Tax	12,454,239	17,935,975	-	30,390,214
Hotel Tax	2,688,491	-	-	2,688,491
Developer Contribution	-	-	98,197,144	98,197,144
Total	\$ 153,167,963	\$ 64,041,509	\$ 1,080,632,197	\$ 1,297,841,669

Parx Casino, Hotel & Spa-5 Year Total

Estimated Revenue	Prince George's County	State of Maryland	Other Sources	Total
Property Tax	\$ 35,097,600	\$ 2,257,920	\$ -	\$ 37,355,520
Sales Tax	-	40,761,045	-	40,761,045
Gaming Tax	117,278,481	18,219,507	1,100,325,964	1,235,823,953
Corporate Income Tax	-	15,094,770	-	15,094,770
Personal Income Tax	22,604,050	32,687,780	-	55,291,830
Hotel Tax	940,561	-	-	940,561
Developer Contribution	-	-	100,000,000	100,000,000
Total	\$ 175,920,692	\$ 109,021,022	\$ 1,200,325,964	\$ 1,485,267,678

MGM National Harbor-5 Year Total

Estimated Revenue	Prince George's County	State of Maryland	Other Sources	Total
Property Tax	\$ 44,478,067	\$ 3,385,908	\$ -	\$ 47,863,975
Sales Tax	-	60,108,923	-	60,108,923
Gaming Tax	130,583,431	20,107,721	1,118,931,655	1,269,622,807
Corporate Income Tax	-	35,817,353	-	35,817,353
Personal Income Tax	15,664,750	22,594,724	-	38,259,474
Hotel Tax	11,136,457	-	-	11,136,457
Developer Contribution	-	-	-	-
Total	\$ 201,862,705	\$ 142,014,629	\$1,118,931,655	\$1,462,808,989

Applicant Comparison-5 Year Total

Estimated Revenue	PENN HOLLYWOOD CASINO	PARX CASINO, HOTEL & SPA	MGM NATIONAL HARBOR
Prince George's County	\$ 153,167,963	\$ 175,920,692	\$ 201,862,705
State of Maryland	64,041,509	109,021,022	142,014,629
Other Sources	1,080,632,197	1,200,325,964	1,118,931,655
Total	\$ 1,297,841,669	\$ 1,485,267,678	\$ 1,462,808,989

Applicant Comparison-Year 5

EEC ESTIMATES

	PENN HOLLYWOOD CASINO		PARX CASINO, HOTEL & SPA		MGM NATIONAL HARBOR	
<u>REVENUE:</u>						
Property Tax	\$	8,805,121	\$	9,338,880	\$	11,965,994
Sales Tax		2,923,861		5,679,889		8,922,075
Gaming Tax		294,148,695		328,540,192		333,097,864
Corporate Income Tax		-		4,012,901		9,397,030
Personal Income Tax		4,835,033		7,842,872		7,952,351
Hotel Tax		716,633		940,561		2,921,758
Developer Contribution		26,175,010		-		-
Total	\$	337,604,353	\$	356,355,294	\$	374,257,072

DEVELOPER ESTIMATES

	PENN HOLLYWOOD CASINO		PARX CASINO, HOTEL & SPA		MGM NATIONAL HARBOR	
<u>REVENUE:</u>						
Property Tax	\$	8,034,705	\$	14,077,000	\$	9,938,500
Sales Tax		2,703,309		10,007,000		5,026,042
Gaming Tax		216,241,800		424,720,000		396,260,023
Corporate Income Tax		-		-		-
Personal Income Tax		-		-		-
Hotel Tax		-		-		-
Developer Contribution		-		-		-
Total	\$	226,979,814	\$	448,804,000	\$	411,224,566

Expenditure Discussion

- **State:** Costs associated with each project for the State are expected to be covered by estimated revenues.
 - Significant road improvement costs may be incurred by the State for improvements associated with existing and future traffic needs
- **School District:** Analysis assumes no significant impact of each project on Prince George's County Public School System as few new residents to the County are projected.

Expenditure Discussion

- **Prince George's County:** will provide the majority of services to each facility.
 - No quantitative expenditure impacts are estimated
 - ✓ more detailed information and data is required in order for the County to fully evaluate each proposed project and determine related impacts and costs
 - A discussion of potential cost impacts of each project is provided, as excerpted from the County answers to EEC questionnaire.

Prince George's County Police and Fire Impacts

- Based on information available to County representatives, impacts on Police/Sheriff and Fire/EMS Departments are expected to be similar for all three facilities.
- The only differences:
 - Police-“National Harbor [MGM] site is within the National Harbor footprint and, as a result of the large development that has taken place in this area; we have more experience in coordinating security in this area.”
 - Fire-“National Harbor [MGM] site is located closest to a planned Fire/EMS station to be located at the intersection of Indian Head Highway and Oxon Hill road.”

Prince George's County

Water/Sewer Impacts

- Water/Sewer impacts are expected to be similar for all facilities with the following differences:
 - Development is not allowed “until the Broad Creek Wastewater Pumping Station Augmentation project is completed unless granted a waiver... This impacts Rosecroft Raceway [Penn] site and the Fort Washington site [Parx]. It would not impact the National Harbor [MGM] site as long as the proposed casino development replaced an equivalent amount of currently approved development there.”
 - “All three sites would benefit from having the South Potomac Supply / Henson Creek water main back in service. This is particularly true for the Fort Washington [Parx] and National Harbor [MGM] sites.”

Prince George's County Road Impacts

- Development impact on road construction and maintenance is expected to be significant, given the need for major intersection and interchange improvements.
- The National Harbor site will require the least number of these improvement.
- Applicants propose the following contributions:

Proposed Street Improvement Contributions			
Penn Hollywood	\$	26,000,000	road/street improvements
Parx Casino	\$	10,000,000	road/street improvements
MGM National Harbor	\$	3,676,571	road/street improvements

- Additionally, Parx Casino proposed to contribute up to \$100 million to help fund Route 210 improvements
- Additional discussion by our Transportation team member

Questions

Thank you.

For more information please consult our complete
report.

For more about Ekay Economic Consultants, please visit
our website at

www.ekayconsultants.com