

PRINCE GEORGE'S COUNTY, MARYLAND FISCAL IMPACT ANALYSIS OF PROPOSED GAMING PROJECTS

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**PREPARED FOR:
MARYLAND VIDEO LOTTERY FACILITY
LOCATION COMMISSION**

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INTRODUCTION

EKAY Economic Consultants, Inc. (EEC) is a member of a team of consultants, led by Civic Economics, retained by the Maryland State Lottery and Gaming Control Commission to review and estimate impacts of the three proposed gaming facilities in Prince George's County, Maryland. EEC's responsibility is to estimate and compare the fiscal impact analysis (FIA) of each of the proposed gaming facilities.

WHAT IS AN FIA

A Fiscal Impact Analysis (FIA) estimates the impact of a development, land use amendment, or policy change on the revenues and costs of a local government. The analysis answers the following questions:

1. Does the impact associated with the development provide sufficient tax revenue to offset the cost of public services?
2. If so, how does the surplus (or deficit) change on an annual basis?

The analysis utilizes information about the development: size, type of development, land and building construction costs, number of employees, number of visitors, etc. Using these characteristics, the analysis estimates revenues to be generated by the development. Typical revenue sources include property tax, sales tax, business license fees, lodging tax, and other sources.

Costs associated with the development are also estimated and compared to the revenue to determine whether the development will result in a surplus or deficit to the local government. Typical costs include police, fire, roads, parks, and other applicable sources. Data utilized in these analyses is collected from interviews with local government representatives (Finance, Clerk, Police, Fire, etc.), entity budgets and audit reports, conversations with developers and EEC's understanding of, and experience with, local government finance.

DIFFERENCES FROM NOVEMBER DRAFT REPORT

Along with other consultants, EEC issued a draft report of fiscal impacts of each proposed facility in November 2013. This report follows the November draft report with the following changes:

1. Addition of a short discussion of Parx Casino Hotel & Spa proposal to increase funding for road improvements. No quantitative changes were made to the Parx analysis resulting from this funding increase.
2. Correction of a calculation error in Appendix 4 of Penn Hollywood fiscal impact analysis resulting in a reduction of estimated gaming revenue to public entities.
3. Revision of estimated Penn Hollywood proposed charitable contributions (Appendix 8) to reflect an unadjusted interest expense amount per information provided by Penn National.
4. No changes were made to the MGM National Harbor analysis.

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There are three gaming facilities proposed for Prince George's County: Penn Hollywood Casino at Rosecroft Raceway, Parx Casino Hotel & Spa, and MGM National Harbor. All three facilities are proposed to be located in unincorporated areas of Prince George's County, with the majority of services to these facilities provided by the County.

Data utilized for this report were collected from the "MD Gaming Applicant Workbook 2013"¹ completed by each applicant, applicants' presentations to the Commission and application documents, as well as conversations with and completed "Service Provider Questionnaire" provided by representatives of Prince George's County, and publicly available data such as property records, taxation, and financial documents.

Data collected from above sources are used to estimate impacts of each facility on the following entities:

State of Maryland	
Revenues	Costs
Property Tax	
Sales Tax ³	
Gaming Tax	No costs are estimated ²
Corporate Income Tax	
Personal Income Tax	
Prince George's County	
Revenues	Costs
Property Tax ⁴	A discussion of costs for the
Gaming Tax	Police/Sheriff, Fire/EMS,
Personal Income Tax	Street/Roads, and Water /Sewer
Hotel/Lodging Tax	departments is provided
PGC Public School System	
Gaming Tax (Education Fund) ⁵	No costs are estimated ⁶
Other Sources	
Gaming Tax	No costs are estimated
Charitable Contributions	

¹ Referred to, throughout this analysis, as "Developer matrix".

² Analysis assumes majority of services will be provided to each facility by Prince George's County. Costs associated with each facility for the State are expected to be covered by the revenues estimated to be generated for the State.

³ Includes alcohol tax revenue.

⁴ Includes personal and real property tax revenue.

⁵ The analysis estimates total Education Fund revenue generated by each facility, Prince George's County Public School System is expected to receive a portion of this revenue, though the exact distribution is unknown.

⁶ Analysis assumes no significant impact of each facility on Prince George's County Public School System as few new residents to the County are projected.

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The following major assumptions made throughout the analysis should be noted.

Analysis Timing

To be consistent and allow for easier comparison of findings, for all three facilities, Year 1 refers to the entire construction period, though this period is expected to last more than a year for all three casinos: Penn proposes a construction period between July 2014 and July 2016, Parx proposes a construction period between October 2014 and July 2016 with an expansion completed December 2018, and MGM proposes a construction period between August 2014 to July 2016.

Years 2 through 5 correspond to years 2016 through 2019, with 2016 being the first year of partial operations for all three facilities. Data for Years 3 and 4 is estimated based on data for Year 5, adjusted for inflation by 2% annually. This is because developer operating data is provided for 2016 and 2019 only and this analysis attempts to provide some continuity between these years.

New County Residents

As discussed in Appendix 1 of the fiscal impact analysis for each facility, no significant number of new residents to the County is expected from each facility. This is because the analysis estimates each facility's new employees will come from existing unemployed County residents or will reside in and commute from surrounding counties. There is an established pattern of employees living outside and commuting to the County for work, with approximately 63% of Prince George's County employees living outside of the County.⁷

Facility-Related Revenue Estimates

Facility Data Adjustments

Public sector revenues associated with each facility are estimated using projected operating data provided by each developer. Facility operations, including revenue estimates, are expected to be related to its gaming performance. This performance is estimated by Cummings Associates and Custom Consulting ("Consultants") who estimate gaming revenue associated with each facility. These revenues are compared to those estimated by each developer and a ratio of developer to consultant data is created. These ratios are used to adjust all developer-provided operating data to allow for the difference between developer and consultant opinion regarding facility operations. These adjustments are summarized in Appendix 1 for each facility.

⁷ Mainly Montgomery, Anne Arundel, Howard, Baltimore, and Charles counties, and District of Columbia. Source: OnTheMap, US Census Bureau. "Jobs Counts by Counties Where Workers Live - All Jobs." Data for Prince George's County.

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Developer Contributions

Penn and Parx developers propose to make contributions to local and state entities and provide higher proposed gaming tax rates if their facility is awarded the gaming license. The amounts of these proposed contributions and proposed gaming tax rates are included in the analysis in Appendix 4 (gaming tax revenue) and Appendix 8 (for charitable contributions) for each facility.

It should be noted that the Parx facility proposes to fund multiple road improvements in the area surrounding the proposed facility. Parx proposes a payment of \$100 million plus additional funding as required for these improvements. Funding in excess of \$100 million will be paid back to Parx through local grant revenues, shifting the fiscal benefit from the local governments to the State, with little new net benefit. As a result, only the \$100 million funding contribution is included in this report.

Facility-Related Expenditures Estimates

A discussion of potential expenditure impacts for Prince George's County is summarized below based on data provided by County representatives in the completed "Service Provider Questionnaire". No quantitative expenditure estimates were provided to EEC by the County due to the early nature of each facility proposal and a belief that more detailed information and data is required in order for the County to fully evaluate each proposed facility and determine the related impacts and costs to the County. A discussion of the potential impact of each facility is provided below, as excerpted from the County Questionnaire.

Police/Sheriff

The Questionnaire provides the following information regarding estimated Prince George's County Police and Sheriff department impacts of each facility:

"Based on the information furnished to us and subject to the disclaimer at the bottom of this page,⁸ the number of new employees, their salaries and benefits, the number of additional vehicles and the requirements for a new police station/substation will be the same regardless of which of the three locations is selected to be the site for the new destination casino resort in Prince George's County. The only differentiating factor among the three sites is that the National Harbor 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."

Additional comments regarding potential Police and Sheriff department costs are as follows:

⁸ The above referenced disclaimer is as follows and applies to all County-related cost discussions: "Disclaimer: All information provided in this document is preliminary and based solely upon the limited information and data that has been provided to the County to date concerning each proposed casino development. More detailed information and data is required in order for the County to fully evaluate each proposed casino development and determine the related impacts and costs to the County."

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“It should be noted that should any of the proposed gaming facilities become a realization in the County and plan to host special events, additional police officers may be required to provide additional coverage. This additional coverage would serve to ensure that regular patrols and/or assignments are not strained as a result of those special events.”

“We would also anticipate an increase in the position complement (officers) of our Sheriff’s Department with the increase in potential warrants and trial summonses for service.”

Fire/EMS

The Questionnaire provides the following information regarding estimated Prince George’s County Fire/EMS department impacts of each facility:

“Based on the information furnished to us and subject to the disclaimer at the bottom of this page,⁹ the number of new employees, their salaries and benefits, the requirements for additional equipment and the requirements for a fire station and office space will be the same regardless of which of the three locations is selected to be the site for the new destination casino resort in Prince George’s County. The only differentiation among the three sites is that the National Harbor site is located closest to a planned Fire/EMS station to be located at the intersection of Indian Head Highway and Oxon Hill road. Construction of this station is included in the County’s capital improvement program and is expected to commence in calendar year 2014/2015.”

Public Works-Water/Sewer

Information provided for the Water/Sewer department in the completed Questionnaire indicates the impacts of each facility will be similar, with some location and timing differences, due to existing capacity and the Questionnaire’s assumption that some capital improvements will be borne by the developer. The following information was provided to EEC regarding potential impacts on this department, covered by the County’s disclaimer.¹⁰

Regarding the question of whether adequate water/sewer capacity exists to provide services to each facility:

“All three sites appear to be within the approved water and sewer envelope for Prince George’s County. Water service for these sites is predominantly from our Potomac Water Filtration Plant. There is adequate capacity available to provide service. All three sites are in our Piscataway Wastewater Treatment Plant service area. There is adequate capacity available to provide service.”

“Water transmission/distribution and wastewater collection/transmission (i.e. pipeline and pumping) capacity needs would be evaluated once the specific development information is

⁹ Ibid.

¹⁰ Ibid.

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provided to WSSC. At least some water and wastewater pipeline improvements are likely to be required for any of the sites. More information on this is provided below.

Any local improvements (i.e. water mains less than 16-inches in diameter and sewer lines less than 15-inches in diameter) would be solely the responsibility of the developer. Any Capital Improvements Program (CIP) size (i.e. water mains 16-inches in diameter or larger and sewer lines 15-inches and larger) improvements identified would have to be included in WSSC's CIP, may be eligible for System Development Charge (SDC) funding and could be constructed by the developer or WSSC. If constructed by the developer, they may be eligible for full or partial reimbursement from SDC funds per WSSC SDC credit policy."

Regarding the question of whether additional costs are expected for the department:

"We have not been provided any specific information regarding the location or extent of development proposed for any of these sites. The following comments are based on a very high level assessment based on what we have read in the newspaper or other unofficial sources.

All three sites are in our Broad Creek sewer basin. Based on WSSC Policy SP ENG-11-01 any development in that basin not approved prior to May 1, 2009 is not allowed to proceed until the Broad Creek Wastewater Pumping Station Augmentation project is completed unless granted a waiver. The waiver requirements are quite stringent and not easy to meet. This would impact the Rosecroft Raceway site and the Fort Washington site (Parx). It would not impact the National Harbor site as long as the proposed casino development replaced an equivalent amount of currently approved development there.

Even assuming the Broad Creek Pumping Station Augmentation project is in place, the proposed developments would still be subject to the modeling requirements of SP ENG-11-01. Depending on the specific amount of development being proposed, this could identify other bottlenecks in the system that would have to be addressed by the developer. Again, the National Harbor site would not be subject to this test 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 and National Harbor sites. The Rosecroft site appears to have other options that do not depend on this main. There is currently a note in the National Harbor Letter of Findings indicating that this main could become a future constraint, but we would probably not do any more than that as long as the casino development replaced an equivalent amount of currently approved development there and as long as the South Potomac / Henson Creek projects are proceeding. I think we would have to seriously consider making the Fort Washington site dependent on this main being in service."

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Public Works-Streets/Roads

This portion of the Questionnaire includes combined responses from The Maryland-National Capital Park and Planning Commission and Prince George's County Department of Public Works & Transportation. The impact of each development on road construction and subsequent road maintenance is expected to be significant, especially given the need for major intersection and interchange improvements. The National Harbor site will require the least number of these improvements as discussed below for each facility:

Penn National Gaming Hollywood Casino Resort at Rosecroft Raceway

- Will need the following street improvements:
 - 3,850 feet along Rosecroft Drive, widen to four lanes (all private; less than one year needed to implement)
 - 3,300 feet along Rosecroft Boulevard, widen as needed (1,400 feet private and 1,900 feet County; spot widening approaching the Bock Road intersection with some right-of-way acquisition will require two to three years)
 - 900 feet along Brinkley Road, widen to four lanes with median/turn lanes (all County; not programmed in CIP; widening with right-of-way acquisition along both sides will require four to five years)
 - 3,150 feet along Bock Road, widen to four lanes (all County; spot widening with minor right-of-way acquisition will require two to three years)
 - 2,900 feet along St. Barnabas Road, add median/turn lanes (all County; not programmed in CIP; widening with right-of-way acquisition along north side will require four to five years minimum)
- Will require major intersection improvements at St. Barnabas Road/Bock Road (County). Such improvements are not programmed, and would require two to three years to implement with minor acquisition of right-of-way on the undeveloped northwest corner.
- Will require major intersection improvements at Bock Road/Rosecroft Boulevard (County) to widen approaches and add signal. Such improvements are not programmed, and would require two to three years to implement with acquisition of right-of-way on each corner.
- Will require significant reconfiguration of the I-95/MD 414 (St. Barnabas Road) interchange to direct traffic to the site and avoid Oxon Hill Road impacts; such improvements could cost \$150 million to \$200 million, but are not programmed and have not been planned to any degree. Changes to the interchange would require Federal highway approval and require four to five years to implement.
- Added traffic to Rosecroft Boulevard and Bock Road would have community impacts.

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PARX Casino and Spa in Fort Washington

- Will need the following street improvements:
 - 3,700 feet along Livingston Road, widen to four lanes (all County; not programmed in CIP; spot widening and additional turning lanes with right-of-way acquisition will require three to four years)
 - 1,600 feet along Old Fort Road, widen to four lanes (all County but likely included as part of MD 210 interchange project)
- Will require construction of interchanges along MD 210 at the following locations:
 - MD 210 and Livingston/Kerby Hill Roads (in design/R/W but not programmed for construction; with land acquisition will require three to four years to implement)
 - MD 210 and Palmer/Livingston Roads (planned but no design/R/W or construction programming; with land acquisition will require four to five years to implement)
 - MD 210 and Old Fort Road (planned but no design/R/W or construction programming; with land acquisition will require four to five years to implement)
 - These interchanges will cost in excess of \$200 million (it is noted that the developer has stated publicly that he will fund \$100 million). MD 210/Old Fort will be the primary access to the site. The other two interchanges are needed to expedite the flow of traffic along this congested section of MD 210, and to limit the impact of added traffic on parallel facilities like Oxon Hill Road.
- Will require major improvements to the Livingston Road and Old Fort Road/Oxon Hill Road intersection (County). Such improvements are not programmed, and would require two to three years to implement with minor acquisition of right-of-way on northeast and southeast corners.
- Added traffic to Livingston and Oxon Hill Roads could have limited community impacts.

MGM Resort at National Harbor

- Will need the following street improvements:
 - 1,700 feet along National Avenue, turn lanes as needed (privately maintained by agreement; less than one year needed to implement)
 - 1,700 feet along Harborview Drive, turn lanes as needed (privately maintained by agreement; less than one year needed to implement)
- May require minor intersection improvements at Oxon Hill Road/Harborview Drive and Oxon Hill Road/National Avenue (striping or traffic control modifications would require less than one year to implement)
- Does not appear to require improvements to ramp system to gain access from the Beltway (I-95) or I-295. The design of the ramp system considered a major retail/office development on this site, and this access should effectively serve 85 percent to 90 percent of the traffic generated by the MGM site.

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- Traffic would have minimal direct community impacts.
- This is the only one of the three proposals that has a planned future mass transit connection.

According to information provided by Developers in their application documents, each developer is expecting to contribute funds for road improvements in the following amounts:

Proposed Street Improvement Contributions

Penn Hollywood	\$	26,000,000
Parx Casino	\$	10,000,000
MGM National Harbor	\$	3,676,571

Additionally, Parx Casino proposes to contribute funding in excess of \$100 million to help fund Route 210 improvements discussed above.

Overall, costs for public safety departments are expected to be similar for all three facilities. Infrastructure and utilities costs are expected to be lower for the National Harbor facility due to its location in an area planned for growth and tourism. Some of the impacts of these casinos will be offset by their contributions, which should be analyzed in greater detail once a license has been awarded and additional facility information becomes available.

FINDINGS

FINDINGS

The Findings section provides a summary of the findings of this fiscal impact analysis, as well as a comparison of EEC-estimated impacts of each proposed facility to impacts estimated by each developer. Full fiscal impact analyses for each facility are attached to this report, with analysis appendices showing detailed calculations, methodology, assumptions, and data sources. These Appendices are organized as follows:

- Section 1 shows the fiscal impact analysis for the Penn National Hollywood Casino Resort at Rosecroft Raceway.
- Section 2 shows the fiscal impact analysis for the Parx Casino Hotel & Spa.
- Section 3 shows the fiscal impact analysis for the MGM National Harbor.

The following are key findings of this report. Findings are shown by public entity for the total 5-year analysis period and Year 5. Year 5 impacts are shown as these are expected to be on-going impacts of facility operations. These annual impacts are expected to occur for the life of the facility, adjusted for an inflationary factor.

Table 1
Summary of Facility Impacts
for Prince George’s County
Total for 5-Year Analysis Period

	PENN HOLLYWOOD CASINO	PARX CASINO, HOTEL & SPA	MGM NATIONAL HARBOR
<u>REVENUE:</u>¹			
Property Tax	\$ 32,839,176	\$ 35,097,600	\$ 44,478,067
Sales Tax	-	-	-
Gaming Tax ²	100,787,684	117,278,481	130,583,431
Corporate Income Tax	-	-	-
Personal Income Tax	12,454,239	22,604,050	15,664,750
Hotel Tax	2,688,491	940,561	11,136,457
Developer Contribution ³	-	-	-
Total⁴	\$ 148,769,591	\$ 175,920,692	\$ 201,862,705

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Table 2
Summary of Facility Impacts
for Prince George's County
Year 5 Impacts

	PENN HOLLYWOOD CASINO	PARX CASINO, HOTEL & SPA	MGM NATIONAL HARBOR
<u>REVENUE:</u>¹			
Property Tax	\$ 8,209,794	\$ 8,774,400	\$ 11,119,517
Sales Tax	-	-	-
Gaming Tax ²	26,799,310	31,114,754	34,210,392
Corporate Income Tax	-	-	-
Personal Income Tax	1,988,864	3,219,957	3,258,562
Hotel Tax	716,633	940,561	2,921,758
Developer Contribution ³	-	-	-
Total⁴	\$ 37,714,601	\$ 44,049,671	\$ 51,510,227

Table 3
Summary of Facility Impacts
for State of Maryland
Total for 5-Year Analysis Period

	PENN HOLLYWOOD CASINO	PARX CASINO, HOTEL & SPA	MGM NATIONAL HARBOR
<u>REVENUE:</u>¹			
Property Tax	\$ 2,381,309	\$ 2,257,920	\$ 3,385,908
Sales/Alcohol Tax	27,828,580	40,761,045	60,108,923
Gaming Tax ²	15,168,770	18,219,507	20,107,721
Corporate Income Tax	-	15,094,770	35,817,353
Personal Income Tax	17,935,975	32,687,780	22,594,724
Hotel Tax	-	-	-
Developer Contribution ³	-	-	-
Total⁴	\$ 63,314,634	\$ 109,021,022	\$ 142,014,629

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**Table 4
Summary of Facility Impacts
for State of Maryland
Year 5 Impacts**

	PENN HOLLYWOOD CASINO	PARX CASINO, HOTEL & SPA	MGM NATIONAL HARBOR
<u>REVENUE:</u>¹			
Property Tax	\$ 595,327	\$ 564,480	\$ 846,477
Sales/Alcohol Tax	2,923,861	5,679,889	8,922,075
Gaming Tax ²	4,043,322	4,843,603	5,275,456
Corporate Income Tax	-	4,012,901	9,397,030
Personal Income Tax	2,846,169	4,622,915	4,693,790
Hotel Tax	-	-	-
Developer Contribution ³	-	-	-
Total⁴	\$ 10,408,680	\$ 19,723,787	\$ 29,134,828

**Table 5
Summary of Facility Impacts
for Other Public Sources
Total for 5-Year Analysis Period**

	PENN HOLLYWOOD CASINO	PARX CASINO, HOTEL & SPA	MGM NATIONAL HARBOR
<u>REVENUE:</u>¹			
Property Tax	\$ -	\$ -	\$ -
Sales Tax	-	-	-
Gaming Tax ²	139,951,629	168,903,123	186,822,271
Corporate Income Tax	-	-	-
Personal Income Tax	-	-	-
Hotel Tax	-	-	-
Education ⁴	798,061,790	931,422,841	932,109,384
Developer Contribution ³	132,905,945	100,000,000	-
Total⁴	\$ 1,070,919,364	\$ 1,200,325,964	\$ 1,118,931,655

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**Table 6
Summary of Facility Impacts
for Other Public Sources
Year 5 Impacts**

	PENN HOLLYWOOD CASINO	PARX CASINO, HOTEL & SPA	MGM NATIONAL HARBOR
<u>REVENUE:</u>¹			
Property Tax	\$ -	\$ -	\$ -
Sales Tax	-	-	-
Gaming Tax ²	37,371,129	44,965,791	49,064,074
Corporate Income Tax	-	-	-
Personal Income Tax	-	-	-
Hotel Tax	-	-	-
Education ⁴	212,727,929	247,616,045	244,547,942
Developer Contribution ³	36,630,780	-	-
Total⁴	\$ 286,729,839	\$ 292,581,835	\$ 293,612,017

Footnotes for Tables 1-6:

- Revenue calculations are shown in Appendices 2 through 8 for each facility.
- Gaming tax rates proposed by each developer are as follows:

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

- Contributions proposed by each developer are as follows, see Appendix 8 for each facility:

	Estimated Proposed Contribution	
Penn Hollywood	\$ 36,630,780	annual profits donated to community
Parx Casino	\$ 100,000,000	one-time contribution to road improvements
MGM National Harbor	\$ -	

Source: Developer application and matrix.

- Prince George's County*-Each facility is expected to generate expenditures for the County, though the exact impact is difficult to estimate at this early date. The County expects to review expenditure impacts in depth once the gaming license is awarded.
State of Maryland-The majority of services provided to each facility will be provided by local sources. State costs associated with the facility are expected to be minimal and covered by the estimated revenues generated by the facility.
Education- Education revenues are those generated by each facility for the Education Fund through the gaming tax. Prince George's County Public School System is expected to receive some portion of these revenues. Costs for Prince George's County Public School System are expected to be minimal as few new residents to the County are expected.

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Other Sources-Many revenues generated for Other Sources are dedicated funds that will be used to pay for specific programs. Costs for these programs are difficult to estimate and are expected to be covered by estimated revenues generated by each facility.

Table 7
Comparison of EEC and Developer Impact Estimates
for All Public Sources¹¹
Year 5 Impacts

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	280,941,691	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	36,630,780	-	-
Total	\$ 334,853,119	\$ 356,355,294	\$ 374,257,072

DEVELOPER ESTIMATES¹			
	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

Footnotes for Table 7:

1. Impacts provided in developer matrices.

¹¹ Include Prince George's County, State of Maryland, Education Fund and other sources.

**SECTION 1:
FISCAL IMPACT ANALYSIS**

**PENN NATIONAL HOLLYWOOD CASINO
RESORT AT ROSECROFT RACEWAY**

**APPENDIX 1-HOLLYWOOD CASINO RESORT AT ROSECROFT RACEWAY
OVERALL ANALYSIS ASSUMPTIONS**

1. *Visitors:* Cummings Associates estimates approximately **4,990,851** annual visitors to the development from outside of Prince George's County. Custom Consulting estimates approximately **4,962,742** annual visitors to the development from outside of Prince George's County. The analysis estimates an average of **4,976,797** annual visitors or **13,635** daily visitors with a peak of **23,861** daily visitors expected for Friday and Saturdays during summer months.
2. *Employees:* The project is expected to generate **2,020** direct employees. Source: Developer, adjusted as shown in Appendix 6.
3. *Residents:* Analysis assumes no significant number of new residents to the County resulting from the project. The analysis for this assumption is below:
There were approximately **32,174** unemployed workers in Prince George's County between January and August 2013, with an unemployment rate of 6.9%.
Estimated project employment and available County resident employees are summarized below:

	Available County Residents	Estimated Operating Jobs
Professionals, Managers, Executives and Technicians	3,925	203
Clerical Workers, Sales and Service Workers	1,834	661
Line Employees and Laborers	<u>1,834</u>	<u>1,155</u>
Total Operating Employees	5,759	2,020

- Source: Employee data from Developer matrix, Available County Residents are estimated unemployed Prince George's County residents in the "Professional and Technical Services" industry (for Professional, Managers, Executives and Technicians and Clerical Workers, Sales and Service Workers positions) and "Accommodation and Food Services" industry (for Line Employees and Laborers) from "Prince George's County WIA, Labor Force, Demographic and Jobs Overview, September 2013." Maryland Department of Labor, Licensing and Regulation. Approximately 63% of all Prince George's employees live outside of the County (mainly Montgomery, Anne Arundel, Howard, Baltimore, and Charles counties, and District of Columbia). Project employees are expected to come from existing unemployed residents and commuting residents of surrounding counties.
4. *Analysis Timing :* To be consistent and allow for easier comparison of findings, for all three projects, Year 1 refers to the construction period (this period is closer to two years for all three projects). Years 2-5 correspond to 2016 through 2019, with 2016 being the first year of operations. Data for Years 3 and 4 is estimated based on data for Year 5, adjusted for inflation by 2% annually. This is because Developer operating data is provided for 2016 and 2019 only, and this analysis attempts to provide some continuity between these years.
5. *Operating Data :* Project revenue impacts are estimated based on construction and operating data for each project. Construction data is used as provided by the Developer. Developer-estimated operating revenue, including food, beverage, retail, hotel and other, are adjusted by the ratio difference between Developer-estimated gaming revenue and average gaming revenue estimated by Cumming Associates and Custom Consulting as follows:

Estimated Gaming Revenue: Developer	\$	412,578,000
Estimated Gaming Revenue: Cummings Associates	\$	559,913,402
Estimated Gaming Revenue: Custom Consulting	\$	551,308,124
Average of Cummings and Custom	\$	555,610,763
Ratio: Average to Applicant		1.35

Estimated adjusted non-gaming revenues are as follows:

Year 5 (2019)	Developer Estimate	Adjusted Estimate
Hotel	\$ 10,642,950	\$ 14,332,654
Food & Beverage	\$ 21,285,900	\$ 28,665,307
Retail	\$ -	\$ -
Entertainment	\$ -	\$ -
Other	\$ 15,000,000	\$ 20,200,208

**APPENDIX 2-HOLLYWOOD CASINO RESORT AT ROSECROFT RACEWAY
ESTIMATED REAL ESTATE AND PERSONAL PROPERTY TAX REVENUE**

<u>YEAR</u>	<u>EST. REAL PROPERTY VALUE</u>	<u>EST. PERSONAL PROPERTY VALUE</u>	<u>COUNTY REAL PROP. TAX REVENUE</u>	<u>STATE REAL PROP. TAX REVENUE</u>	<u>PERSONAL PROPERTY TAX REVENUE</u>	<u>TOTAL COUNTY PROPERTY TAX REVENUE</u>
Year 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year 2	531,542,084	129,457,916	5,102,804	595,327	3,106,990	8,209,794
Year 3	531,542,084	129,457,916	5,102,804	595,327	3,106,990	8,209,794
Year 4	531,542,084	129,457,916	5,102,804	595,327	3,106,990	8,209,794
Year 5	531,542,084	129,457,916	5,102,804	595,327	3,106,990	8,209,794
TOTAL			\$ 20,411,216	\$ 2,381,309	\$ 12,427,960	\$ 32,839,176

APPENDIX 2, ASSUMPTIONS:

- The land on which the project is proposed to be constructed is currently generating taxes for the County. Improvements to the property will generate new real and personal property tax revenue. This analysis includes only the additional, incremental, revenue generated by these improvements.
- According to the Developer, the following expenditures will be made for the project

Cost Item	Estimated Cost	Taxation Type
Buildings	\$ 303,068,710	Real Property
Land Purchase	13,000,000	Not included
Land Improvements	25,301,824	Real Property
Soft Costs	21,963,707	Real Property
Financing Costs	42,372,513	Real Property
Public Sector Infrastructure	26,000,000	Not included
Furniture, Fixtures, Equipment	50,371,517	Personal Property
Gaming Equipment	79,086,399	Personal Property
Contingencies	30,040,051	Real Property
Other Costs	108,795,279	Real Property
Total	\$ 700,000,000	

Items not included in the real property tax valuation are those which are not expected to impact the value of the property. Land purchase values are excluded as the property is already generating revenue for the public sector through its land values. Public sector infrastructure is not included as it is not taxable. Real and personal property values are not inflated as any inflation is expected to be offset by property depreciation.

- Real property improvements are expected to be made in Year 1 and personal property purchased in Year 2. Real property values are expected to go on the rolls in the year following construction to account for work in progress and assessment dates
- Real and personal property tax revenue is estimated using the following tax rates per \$100 of value

FY 2013-14	County	State	Total Rate
Real Property	\$0.960	\$0.112	\$1.072
Personal Property	\$2.400	\$0.000	\$2.400

Tax rate amount is not assumed to change during the analysis period. Source: Maryland Department of Assessment and Taxations, 2013-2014 County Tax Rates and Prince George's County Questionnaire

**APPENDIX 3-HOLLYWOOD CASINO RESORT AT ROSECROFT RACEWAY
ESTIMATED SALES TAX REVENUE**

<u>YEAR</u>	<u>CONSTR. MATERIALS</u>	<u>FF&E PURCHASES</u>	<u>FOOD REVENUE</u>	<u>BEVERAGE REVENUE</u>	<u>RETAIL REVENUE</u>	<u>HOTEL REVENUE</u>	<u>STATE TAX REVENUE</u>
Year 1	\$ 151,534,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,092,061
Year 2	-	129,457,916	13,931,339	9,287,560	-	11,609,449	10,135,803
Year 3	-	-	16,531,319	11,020,879	-	13,776,099	2,810,324
Year 4	-	-	16,861,945	11,241,297	-	14,051,621	2,866,531
Year 5	-	-	17,199,184	11,466,123	-	14,332,654	2,923,861
TOTAL	\$ 151,534,355	\$ 129,457,916	\$ 64,523,788	\$ 43,015,859	\$ -	\$ 53,769,824	\$ 27,828,580

APPENDIX 3, ASSUMPTIONS:

- Construction materials purchases are estimated at **50%** of building costs shown in Appendix 2. Source: Industry data. FF&E purchases are also shown in Appendix 2.
- The project is estimated by the Developer to generate food and beverage revenue in the following amounts, adjusted as discussed in Appendix 1

	Food Sales	Beverage Sales	Retail Sales	Hotel Sales
Year 1	\$ -	\$ -	\$ -	\$ -
Year 2	13,931,339	9,287,560	-	11,609,449
Year 3	16,531,319	11,020,879	-	13,776,099
Year 4	16,861,945	11,241,297	-	14,051,621
Year 5	17,199,184	11,466,123	-	14,332,654

Source: Developer matrix and Appendix 1.

- Sales tax revenue for the State is estimated using the following tax rates

Sales tax	6.00%	
Alcoholic beverage tax	9.00%	Source: Comptroller of Maryland, "Sales and Use Tax."

**APPENDIX 4-HOLLYWOOD CASINO RESORT AT ROSECROFT RACEWAY
ESTIMATED GAMING TAX REVENUE**

<u>YEAR</u>	<u>ESTIMATED SLOT MACHINE REVENUE</u>	<u>ESTIMATED TABLE GAME REVENUE</u>	<u>EDUCATION FUND REVENUE</u>	<u>PRINCE GEORGE'S CO. REVENUE</u>	<u>STATE REVENUE</u>	<u>OTHER SOURCE REVENUE</u>
Year 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year 2	327,509,110	122,535,609	172,309,623	21,897,441	3,275,091	30,080,615
Year 3	388,631,521	145,404,200	204,467,445	25,797,492	3,886,315	35,881,131
Year 4	396,404,151	148,312,284	208,556,794	26,293,441	3,964,042	36,618,754
Year 5	404,332,234	151,278,529	212,727,929	26,799,310	4,043,322	37,371,129
TOTAL	\$ 1,516,877,015	\$ 567,530,621	\$ 798,061,790	\$ 100,787,684	\$ 15,168,770	\$ 139,951,629

APPENDIX 4, ASSUMPTIONS:

1. Gross Gaming Revenue (GGR) for slot machines is estimated by Cummings Associates and Custom Consulting for Year 5, adjusted for inflation by 2% for previous years.

	Year 1	Year 2	Year 3	Year 4	Year 5
Cummings Assoc.	\$ -	\$ 313,668,076	\$ 372,207,361	\$ 379,651,508	\$ 387,244,538
Custom Consulting	-	341,350,143	405,055,681	413,156,794	421,419,930
Average	\$ -	\$ 327,509,110	\$ 388,631,521	\$ 396,404,151	\$ 404,332,234

Gross Gaming Revenue (GGR) for table games is estimated by Cummings Associates and Custom Consulting for Year 5, adjusted for inflation by 2% for previous years.

	Year 1	Year 2	Year 3	Year 4	Year 5
Cummings Assoc.	\$ -	\$ 139,861,780	\$ 165,963,922	\$ 169,283,200	\$ 172,668,864
Custom Consulting	-	105,209,437	124,844,477	127,341,367	129,888,194
Average	\$ -	\$ 122,535,609	\$ 145,404,200	\$ 148,312,284	\$ 151,278,529

2. Tax revenue is estimated using the following rates

For slot machine revenues:		
Proposed Tax Amount	62.0%	of GGR
Credit for Slot Ownership	0.0%	
Total Proposed Tax Amount	62.0%	to be distributed as follows:
Education Fund	47.0%	
Local Impacts Grants	5.5%	Prince George's County receives 82% of revenue generated by this rate, plus \$1 million for public safety projects.
MLGCA	1.0%	Maryland State Lottery & Gaming Control Agency
Other Sources	8.5%	Includes purse dedication account, racetrack facility renewal account, and small minority/women-owned businesses account revenue
For table game revenues		
Proposed Tax Amount	20.0%	of GGR, to be distributed as follows:
Education Fund	15.0%	
Local Government	5.0%	Prince George's County receives 100% of revenue generated by this rate

Source: Maryland State Lottery and Gaming Control Agency

**APPENDIX 5-HOLLYWOOD CASINO RESORT AT ROSECROFT RACEWAY
ESTIMATED CORPORATE INCOME TAX REVENUE**

<u>YEAR</u>	<u>ESTIMATED TAXABLE INCOME</u>	<u>STATE REVENUE</u>	<u>PRINCE GEORGE'S CO. REVENUE</u>
Year 1	\$ -	\$ -	\$ -
Year 2	-	-	-
Year 3	-	-	-
Year 4	-	-	-
Year 5	-	-	-
TOTAL	\$ -	\$ -	\$ -

APPENDIX 5, ASSUMPTIONS:

1. The following taxable income was provided by the Developer on December 13, 2013, based on gaming revenue estimates of Cummings and Custom:

	Developer Estimate
Estimated Revenue \$	633,747,861
Operating Costs	<u>571,665,888</u>
EBITDA \$	62,081,973
Depreciation \$	22,200,000
Interest	<u>25,451,193</u>
Taxable Income \$	14,430,780

Source: "Expected Charitable Contribution Calculations," Penn National, December 13, 2013
As the Developer promised to donate all excess income to various public uses, the analysis does not estimate any income tax revenue.

**APPENDIX 6-HOLLYWOOD CASINO RESORT AT ROSECROFT RACEWAY
ESTIMATED PERSONAL INCOME TAX REVENUE**

<u>YEAR</u>		<u>ESTIMATED PAYROLL EXPENDITURES</u>	<u>ESTIMATED PAYROLL/ EMPLOYEE</u>	<u>STATE REVENUE</u>	<u>PRINCE GEORGE'S CO. REVENUE</u>
Year 1	Construction	\$ 156,180,960	\$ 57,845	\$ 7,276,846	\$ 4,997,791
	Operating	-	-	-	-
Subtotal		156,180,960		7,276,846	4,997,791
Year 2	Construction	-	-	-	-
	Operating	50,190,110	28,993	2,293,148	1,606,084
Subtotal		50,190,110		2,293,148	1,606,084
Year 3	Construction	-	-	-	-
	Operating	59,738,562	29,573	2,731,531	1,911,634
Subtotal		59,738,562		2,731,531	1,911,634
Year 4	Construction	-	-	-	-
	Operating	60,933,334	30,165	2,788,282	1,949,867
Subtotal		60,933,334		2,788,282	1,949,867
Year 5	Construction	-	-	-	-
	Operating	62,152,000	30,768	2,846,169	1,988,864
Subtotal		62,152,000		2,846,169	1,988,864
TOTAL		\$ 389,194,966		\$ 17,935,975	\$ 12,454,239

APPENDIX 6, ASSUMPTIONS:

1. Estimated construction payroll and employment data is provided by the Developer

Estimated Employees	2,700
Average Employee Wage \$	27.81
Estimated Payroll \$	156,180,960

Source: Developer's matrix.

2. Estimated operating payroll is provided by the Developer for Year 5, adjusted by 2% for previous year:

	Year 2	Year 3	Year 4	Year 5
Proposed Payroll \$	37,269,500	44,359,862	45,247,059	46,152,000
Adjusted Payroll	50,190,110	59,738,562	60,933,334	62,152,000
Ave. Payroll/Employee \$	28,993	29,573	30,165	30,768
Average Employees	1,731	2,020	2,020	2,020

Source: Developer's matrix.

3. Personal income tax revenue for the State is estimated as follows, using a 2012 schedule, assuming filing as Single, Married

Filing Separately, Dependent Taxpayers or Fiduciaries, with no exemptions or deductions
Taxable income between \$3,000 to \$100,000 is taxed at 4.75% over all revenue over \$3,000, plus \$90

Source: Comptroller of Maryland "Maryland Income Tax Rates and Brackets."

4. Personal income tax revenue for Prince George's County is estimated a **3.20%** of taxable income.

Source: Comptroller of Maryland "Local Income Tax Rates."

**APPENDIX 7-HOLLYWOOD CASINO RESORT AT ROSECROFT
ESTIMATED HOTEL TAX REVENUE**

<u>YEAR</u>	<u>ESTIMATED ROOM REVENUE</u>	<u>PRINCE GEORGE'S CO. REVENUE</u>
Year 1	\$ -	\$ -
Year 2	11,609,450	580,473
Year 3	13,776,099	688,805
Year 4	14,051,621	702,581
Year 5	14,332,654	716,633
TOTAL	\$ 53,769,824	\$ 2,688,491

APPENDIX 7, ASSUMPTIONS:

- The following hotel revenue was provided by the Developer, adjusted as discussed in Appendix 1

	Year 2		Year 3		Year 4		Year 5
Hotel Revenue	\$ 11,609,450	\$	13,776,099	\$	14,051,621	\$	14,332,654

Source: Developer matrix and Appendix 1.
- Prince George's County is to receive **5.0%** of estimated hotel revenue.
 Source: Prince George's County Questionnaire

**APPENDIX 8-HOLLYWOOD CASINO RESORT AT ROSECROFT RACEWAY
SUMMARY OF ESTIMATED REVENUE**

PRINCE GEORGE'S COUNTY

<u>YEAR</u>	<u>REAL PROPERTY TAX REVENUE</u>	<u>PERSONAL PROP. TAX REVENUE</u>	<u>GAMING REVENUE</u>	<u>PERS. TAX TAX REVENUE</u>	<u>HOTEL TAX REVENUE</u>	<u>TOTAL REVENUE</u>
Year 1	\$ -	\$ -	\$ -	\$ 4,997,791	\$ -	\$ 4,997,791
Year 2	5,102,804	3,106,990	21,897,441	1,606,084	580,473	32,293,791
Year 3	5,102,804	3,106,990	25,797,492	1,911,634	688,805	36,607,725
Year 4	5,102,804	3,106,990	26,293,441	1,949,867	702,581	37,155,683
Year 5	5,102,804	3,106,990	26,799,310	1,988,864	716,633	37,714,601
TOTAL	\$ 20,411,216	\$ 12,427,960	\$ 100,787,684	\$ 12,454,239	\$ 2,688,491	\$ 148,769,591

STATE OF MARYLAND

<u>YEAR</u>	<u>REAL PROP. TAX REVENUE</u>	<u>SALES TAX REVENUE</u>	<u>ALCOHOL TAX REVENUE</u>	<u>GAMING REVENUE</u>	<u>CORP. INCOME TAX REVENUE</u>	<u>PERS. INCOME TAX REVENUE</u>	<u>TOTAL REVENUE</u>
Year 1	\$ -	\$ 9,092,061	\$ -	\$ -	\$ -	\$ 7,276,846	\$ 16,368,907
Year 2	595,327	9,299,922	835,880	3,275,091	-	2,293,148	16,299,369
Year 3	595,327	1,818,445	991,879	3,886,315	-	2,731,531	10,023,497
Year 4	595,327	1,854,814	1,011,717	3,964,042	-	2,788,282	10,214,182
Year 5	595,327	1,891,910	1,031,951	4,043,322	-	2,846,169	10,408,680
TOTAL	\$ 2,381,309	\$ 23,957,153	\$ 3,871,427	\$ 15,168,770	\$ -	\$ 17,935,975	\$ 63,314,634

OTHER SOURCES

<u>YEAR</u>	<u>EDUCATION FUND GAMING REVENUE</u>	<u>OTHER GAMING REVENUE</u>	<u>CHARITABLE CONTRIBUTIONS</u>	<u>TOTAL REVENUE</u>
Year 1	\$ -	\$ -	\$ -	\$ -
Year 2	172,309,623	30,080,615	26,713,690	229,103,927
Year 3	204,467,445	35,881,131	34,172,334	274,520,910
Year 4	208,556,794	36,618,754	35,389,141	280,564,688
Year 5	212,727,929	37,371,129	36,630,780	286,729,839
TOTAL	\$ 798,061,790	\$ 139,951,629	\$ 132,905,945	\$ 1,070,919,364

**APPENDIX 8-HOLLYWOOD CASINO RESORT AT ROSECROFT RACEWAY
SUMMARY OF ESTIMATED REVENUE**

APPENDIX 8, ASSUMPTIONS:

1. Revenues by source are estimated in Appendices 2-7 of this report.
2. Penn National announced it will donate all profits to the community through the Teacher's Supplemental Retirement Fund and Prince George's Count Hospital System. Penn's profits are estimated as follows, given data provided by Penn National in the Developer's applicator

	Developer Estimate	Adjusted Estimate
Net Revenue	\$ 470,600,000	\$ 633,747,861
Operating Expenses	424,500,000	571,665,888
EBITDA	\$ 46,100,000	\$ 62,081,973
Interest Expense	25,451,193	25,451,193
Charitable Contribution	\$ 20,648,807	\$ 36,630,780

Using this methodology, the Developer estimated charitable contributions as follows

	Year 1	Year 2	Year 3	Year 4	Year 5
Net Revenue	\$ -	\$ 483,147,518	\$ 608,651,446	\$ 621,072,904	\$ 633,747,861
Management Fee	-	16,390,255	20,647,839	21,069,223	21,499,208
License Fee	-	9,662,950	12,173,029	12,421,458	12,674,957
Other Expenditures	-	409,765,157	516,207,051	526,741,889	537,491,723
EBITDA	\$ -	\$ 47,329,156	\$ 59,623,527	\$ 60,840,334	\$ 62,081,973
Interest Expense	-	20,615,466	25,451,193	25,451,193	25,451,193
Charitable Contribution	\$ -	\$ 26,713,690	\$ 34,172,334	\$ 35,389,141	\$ 36,630,780

It should be noted that no revenue is shown for Year 1 as no operations are assumed in that year, and Year 2 amount is adjusted to reflect partial year operations.
Source: "Expected Charitable Contribution Calculations," Penn National, December 13, 2013

3. The project may generate other revenue for the Prince George's County, State, and other sources. These revenues (transfer/recording tax, energy tax telecommunications tax, admissions and amusement tax, etc.) are difficult to estimate given the preliminary nature of the data available

**SECTION 2:
FISCAL IMPACT ANALYSIS**

PARX CASINO, HOTEL & SPA

**APPENDIX 1-PARX CASINO, HOTEL & SPA
OVERALL ANALYSIS ASSUMPTIONS**

1. *Visitors:* Cummings Associates estimates approximately **6,562,877** annual visitors to the development from outside of Prince George's County. Custom Consulting estimates approximately **5,572,987** annual visitors to the development from outside of Prince George's County. The analysis estimates an average of **6,067,932** annual visitors or **16,624** daily visitors with a peak of **29,093** daily visitors expected for Friday and Saturdays during summer months.
2. *Employees:* The project is expected to generate **2,985** direct employees. Source: Developer, adjusted as shown in Appendix 6.
3. *Residents:* Analysis assumes no significant number of new residents to the County resulting from the project. The analysis for this assumption is below:
There were approximately **32,174** unemployed workers in Prince George's County between January and August 2013, with an unemployment rate of 6.9%. Estimated project employment and available County resident employees are summarized below:

	Available County Residents	Estimated Operating Jobs
Professionals, Managers, Executives and Technicians	3,925	221
Clerical Workers, Sales and Service Workers	1,834	1,184
Line Employees and Laborers	<u>1,834</u>	<u>1,579</u>
Total Operating Employees	5,759	2,985

- Source: Employee data from Developer matrix, Available County Residents are estimated unemployed Prince George's County residents in the "Professional and Technical Services" industry (for Professional, Managers, Executives and Technicians and Clerical Workers, Sales and Service Workers positions) and "Accommodation and Food Services" industry (for Line Employees and Laborers) from "Prince George's County WIA, Labor Force, Demographic and Jobs Overview, September 2013." Maryland Department of Labor, Licensing and Regulation. Approximately 63% of all Prince George's employees live outside of the County (mainly Montgomery, Anne Arundel, Howard, Baltimore, and Charles counties, and District of Columbia). Project employees are expected to come from existing unemployed residents and commuting residents of surrounding counties.
4. *Analysis Timing :* To be consistent and allow for easier comparison of findings, for all three projects, Year 1 refers to the construction period (this period is closer to two years for all three projects). Years 2-5 correspond to 2016 through 2019, with 2016 being the first year of operations. Data for Years 3 and 4 is estimated based on data for Year 5, adjusted for inflation by 2% annually. This is because Developer operating data is provided for 2016 and 2019 only, and this analysis attempts to provide some continuity between these years.
5. *Operating Data :* Project revenue impacts are estimated based on construction and operating data for each project. Construction data is used as provided by the Developer. Developer-estimated operating revenue, including food, beverage, retail, hotel and other, are adjusted by the ratio difference between Developer-estimated gaming revenue and average gaming revenue estimated by Cumming Associates and Custom Consulting as follows:

Estimated Gaming Revenue: Developer	\$	808,990,000
Estimated Gaming Revenue: Cummings Associates	\$	682,197,757
Estimated Gaming Revenue: Custom Consulting	\$	617,327,005
Average of Cummings and Custom	\$	649,762,381
Ratio: Average to Applicant		0.80

Estimated adjusted non-gaming revenues are as follows:

Year 5 (2019)	Developer Estimate	Adjusted Estimate
Hotel	\$ 23,421,000	\$ 18,811,215
Food & Beverage	\$ 77,500,000	\$ 62,246,239
Retail	\$ 3,341,913	\$ 2,684,149
Entertainment	\$ 10,400,000	\$ 8,353,044
Other	\$ 7,626,087	\$ 6,125,100

**APPENDIX 2-PARX CASINO, HOTEL & SPA
ESTIMATED REAL ESTATE AND PERSONAL PROPERTY TAX REVENUE**

<u>YEAR</u>	<u>EST. REAL PROPERTY VALUE</u>	<u>EST. PERSONAL PROPERTY VALUE</u>	<u>COUNTY REAL PROP. TAX REVENUE</u>	<u>STATE REAL PROP. TAX REVENUE</u>	<u>PERSONAL PROPERTY TAX REVENUE</u>	<u>TOTAL COUNTY PROPERTY TAX REVENUE</u>
Year 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year 2	504,000,000	164,000,000	4,838,400	564,480	3,936,000	8,774,400
Year 3	504,000,000	164,000,000	4,838,400	564,480	3,936,000	8,774,400
Year 4	504,000,000	164,000,000	4,838,400	564,480	3,936,000	8,774,400
Year 5	504,000,000	164,000,000	4,838,400	564,480	3,936,000	8,774,400
TOTAL			\$ 19,353,600	\$ 2,257,920	\$ 15,744,000	\$ 35,097,600

APPENDIX 2, ASSUMPTIONS:

- The land on which the project is proposed to be constructed is currently generating taxes for the County. Improvements to the property will generate new real and personal property tax revenue. This analysis includes only the additional, incremental, revenue generated by these improvements.
- According to the Developer, the following expenditures will be made for the project. It should be noted the analysis includes the original construction and construction expenditures for expansion in Year 1 for easier comparison to other projects

Cost Item	Estimated Cost	Taxation Type
Buildings	\$ 425,000,000	Real Property
Land Purchase	-	Not included
Land Improvements	5,000,000	Real Property
Soft Costs	24,000,000	Real Property
Financing Costs	9,000,000	Real Property
Public Sector Infrastructure	10,000,000	Not included
Furniture, Fixtures, Equipment	50,000,000	Personal Property
Gaming Equipment	114,000,000	Personal Property
Contingency	25,000,000	Real Property
Other Costs	16,000,000	Real Property
Total	\$ 678,000,000	

Items not included in the real property tax valuation are those which are not expected to impact the value of the property. Land purchase values are excluded as the property is already generating revenue for the public sector through its land values. Public sector infrastructure is not included as it is not taxable. Real and personal property values are not inflated as any inflation is expected to be offset by property depreciation.

- Real property improvements are expected to be made in Year 1 and personal property purchased in Year 2. Real property values are expected to go on the rolls in the year following construction to account for work in progress and assessment dates
- Real and personal property tax revenue is estimated using the following tax rates per \$100 of value

	FY 2013-14	County	State	Total Rate
Real Property		\$0.960	\$0.112	\$1.072
Personal Property		\$2.400	\$0.000	\$2.400

Tax rate amount is not assumed to change during the analysis period. Source: Maryland Department of Assessment and Taxations. 2013-2014 County Tax Rates and Prince George's County Questionnaire

**APPENDIX 3-PARX CASINO, HOTEL & SPA
ESTIMATED SALES TAX REVENUE**

<u>YEAR</u>	<u>CONSTR. MATERIALS</u>	<u>FF&E PURCHASES</u>	<u>FOOD REVENUE</u>	<u>BEVERAGE REVENUE</u>	<u>RETAIL REVENUE</u>	<u>HOTEL REVENUE</u>	<u>STATE TAX REVENUE</u>
Year 1	\$ 212,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,750,000
Year 2	-	164,000,000	33,127,850	17,914,066	912,611	-	13,494,694
Year 3	-	-	38,831,043	20,998,099	2,579,920	-	4,374,487
Year 4	-	-	39,607,663	21,418,061	2,631,518	-	4,461,976
Year 5	-	-	40,399,817	21,846,422	2,684,149	18,811,215	5,679,889
TOTAL	\$ 212,500,000	\$ 164,000,000	\$ 151,966,373	\$ 82,176,647	\$ 8,808,197	\$ 18,811,215	\$ 40,761,045

APPENDIX 3, ASSUMPTIONS:

- Construction materials purchases are estimated at **50%** of building costs shown in Appendix 2. Source: Industry data.
FF&E purchases are also shown in Appendix 2.
- The project is estimated by the Developer to generate food, beverage, and retail revenue in the following amounts, adjusted as discussed in Appendix :

	Food Sales	Beverage Sales	Retail Sales	Hotel Sales
Year 1	\$ -	\$ -	\$ -	\$ -
Year 2	33,127,850	17,914,066	912,611	-
Year 3	38,831,043	20,998,099	2,579,920	-
Year 4	39,607,663	21,418,061	2,631,518	-
Year 5	40,399,817	21,846,422	2,684,149	18,811,215

Source: Developer matrix and Appendix 1.

- Sales tax revenue for the State is estimated using the following tax rates

Sales tax	6.00%
Alcoholic beverage tax	9.00%

Source: Comptroller of Maryland, "Sales and Use Tax."

**APPENDIX 4-PARX CASINO, HOTEL & SPA
ESTIMATED GAMING TAX REVENUE**

<u>YEAR</u>	<u>ESTIMATED SLOT MACHINE REVENUE</u>	<u>ESTIMATED TABLE GAME REVENUE</u>	<u>EDUCATION FUND REVENUE</u>	<u>PRINCE GEORGE'S CO. REVENUE</u>	<u>STATE REVENUE</u>	<u>OTHER SOURCE REVENUE</u>
Year 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year 2	397,175,431	135,629,721	203,045,157	25,694,098	3,971,754	36,691,948
Year 3	465,551,982	158,979,334	238,000,812	29,945,361	4,655,520	43,180,883
Year 4	474,863,022	162,158,920	242,760,828	30,524,268	4,748,630	44,064,501
Year 5	484,360,282	165,402,099	247,616,045	31,114,754	4,843,603	44,965,791
TOTAL	\$ 1,821,950,718	\$ 622,170,074	\$ 931,422,841	\$ 117,278,481	\$ 18,219,507	\$ 168,903,123

APPENDIX 4, ASSUMPTIONS:

1. Gross Gaming Revenue (GGR) for slot machines is estimated by Cummings Associates and Custom Consulting for Year 5, adjusted for inflation by 2% for previous years.

	Year 1	Year 2	Year 3	Year 4	Year 5
Cummings Assoc.	\$ -	\$ 402,647,001	\$ 471,965,521	\$ 481,404,831	\$ 491,032,928
Custom Consulting	-	391,703,862	459,138,443	468,321,212	477,687,637
Average	\$ -	\$ 397,175,431	\$ 465,551,982	\$ 474,863,022	\$ 484,360,282

Gross Gaming Revenue (GGR) for table games is estimated by Cummings Associates and Custom Consulting for Year 5, adjusted for inflation by 2% for previous years.

	Year 1	Year 2	Year 3	Year 4	Year 5
Cummings Assoc.	\$ -	\$ 156,755,160	\$ 183,741,666	\$ 187,416,499	\$ 191,164,829
Custom Consulting	-	114,504,282	134,217,002	136,901,342	139,639,369
Average	\$ -	\$ 135,629,721	\$ 158,979,334	\$ 162,158,920	\$ 165,402,099

2. Tax revenue is estimated using the following rates

For slot machine revenues:		
Proposed Tax Amount	67.0%	of GGR
Credit for Slot Ownership	6.0%	
Total Proposed Tax Amount	61.0%	to be distributed as follows:
Education Fund	46.0%	
Local Impacts Grants	5.5%	Prince George's County receives 82% of revenue generated by this rate, plus \$1 million for public safety projects.
MLGCA	1.0%	Maryland State Lottery & Gaming Control Agency
Other Sources	8.50%	Includes purse dedication account, racetrack facility renewal account, and small minority/women-owned businesses account revenue
For table game revenues		
Proposed Tax Amount	20.0%	of GGR, to be distributed as follows:
Education Fund	15.0%	
Local Government	5.0%	Prince George's County receives 100% of revenue generated by this rate

Source: Maryland State Lottery and Gaming Control Agency

**APPENDIX 5-PARX CASINO, HOTEL & SPA
ESTIMATED CORPORATE INCOME TAX REVENUE**

<u>YEAR</u>	<u>ESTIMATED TAXABLE INCOME</u>	<u>STATE REVENUE</u>	<u>PRINCE GEORGE'S CO. REVENUE</u>
Year 1	\$ -	\$ -	\$ -
Year 2	39,885,799	3,290,578	-
Year 3	46,752,421	3,857,075	-
Year 4	47,687,469	3,934,216	-
Year 5	48,641,219	4,012,901	-
TOTAL	\$ 182,966,908	\$ 15,094,770	\$ -

APPENDIX 5, ASSUMPTIONS:

1. The following taxable income was provided by the Developer and adjusted as discussed in Appendix 1 for Year 5 (2019):

	Developer Estimate	Adjusted Estimate
Estimated Revenue	\$ 888,309,000	\$ 713,469,599
Operating Costs	<u>745,691,000</u>	<u>598,922,063</u>
EBITDA	\$ 142,618,000	\$ 114,547,536
Depreciation	\$ 57,057,000	\$ 45,826,886
Interest	<u>25,000,000</u>	<u>20,079,432</u>
Taxable Income	\$ 60,561,000	\$ 48,641,219

Source: Developer's Exhibit 3.1.6.4.
Income tax revenue may be overestimated as it excludes the interest expense deduction, which was not provided by the Developer. Also, no deduction or exemptions are assumed

2. State and local income tax revenue is estimated using the following rates

State Rate	8.25%
Prince George's Co. Rate	0.00%

Source: Source: Comptroller of Maryland "Title 03 - Subtitle 04 - Income Tax."

**APPENDIX 6-PARX CASINO, HOTEL & SPA
ESTIMATED PERSONAL INCOME TAX REVENUE**

<u>YEAR</u>		<u>ESTIMATED PAYROLL EXPENDITURES</u>	<u>ESTIMATED PAYROLL/ EMPLOYEE</u>	<u>STATE REVENUE</u>	<u>PRINCE GEORGE'S CO. REVENUE</u>
Year 1	Construction	\$ 327,874,560	\$ 66,560	\$ 15,315,427	\$ 10,491,986
	Operating	-	-	-	-
Subtotal		327,874,560		15,315,427	10,491,986
Year 2	Construction	-	-	-	-
	Operating	82,511,395	31,766	3,782,925	2,640,365
Subtotal		82,511,395		3,782,925	2,640,365
Year 3	Construction	-	-	-	-
	Operating	96,716,313	32,402	4,437,316	3,094,922
Subtotal		96,716,313		4,437,316	3,094,922
Year 4	Construction	-	-	-	-
	Operating	98,650,639	33,050	4,529,197	3,156,820
Subtotal		98,650,639		4,529,197	3,156,820
Year 5	Construction	-	-	-	-
	Operating	100,623,652	33,711	4,622,915	3,219,957
Subtotal		100,623,652		4,622,915	3,219,957
TOTAL		\$ 706,376,559		\$ 32,687,780	\$ 22,604,050

APPENDIX 6, ASSUMPTIONS:

1. Estimated construction payroll and employment data is provided by the Developer

Estimated Employees	4,926
Average Employee Wage	\$66,560
Estimated Payroll	\$ 327,874,560

Source: Developer's matrix.

2. Estimated operating payroll is provided by the Developer for Year 5, adjusted by 2% for previous year:

	Year 2	Year 3	Year 4	Year 5
Proposed Payroll \$	102,731,237	\$ 120,417,144	\$ 122,825,487	\$ 125,281,996
Adjusted Payroll	82,511,395	96,716,313	98,650,639	100,623,652
Ave. Payroll/Employee \$	31,766	\$ 32,402	\$ 33,050	\$ 33,711
Average Employees	2,597	2,985	2,985	2,985

Source: Developer's matrix.

3. Personal income tax revenue for the State is estimated as follows, using a 2012 schedule, assuming filing as Single, Married

Filing Separately, Dependent Taxpayers or Fiduciaries, with no exemptions or deductions
Taxable income between \$3,000 to \$100,000 is taxed at 4.75% over all revenue over \$3,000, plus \$90

Source: Comptroller of Maryland "Maryland Income Tax Rates and Brackets."

4. Personal income tax revenue for Prince George's County is estimated a **3.20%** of taxable income.

Source: Comptroller of Maryland "Local Income Tax Rates."

**APPENDIX 7-PARX CASINO, HOTEL & SPA
ESTIMATED HOTEL TAX REVENUE**

<u>YEAR</u>	<u>ESTIMATED ROOM REVENUE</u>	<u>PRINCE GEORGE'S CO. REVENUE</u>
Year 1	\$ -	\$ -
Year 2	-	-
Year 3	-	-
Year 4	-	-
Year 5	18,811,215	940,561
TOTAL	\$ 18,811,215	\$ 940,561

APPENDIX 7, ASSUMPTIONS:

1. The following hotel revenue was provided by the Developer, adjusted as discussed in Appendix 1

	Year 2	Year 3	Year 4	Year 5
Hotel Revenue \$	-	-	-	18,811,215

Source: Developer matrix and Appendix 1.

2. Prince George's County is to receive **5.0%** of estimated hotel revenue.
 Source: Prince George's County Questionnaire

**APPENDIX 8-PARX CASINO, HOTEL & SPA
SUMMARY OF ESTIMATED REVENUE**

PRINCE GEORGE'S COUNTY

<u>YEAR</u>	<u>REAL PROPERTY TAX REVENUE</u>	<u>PERSONAL PROP. TAX REVENUE</u>	<u>GAMING REVENUE</u>	<u>PERS. TAX TAX REVENUE</u>	<u>HOTEL TAX REVENUE</u>	<u>TOTAL REVENUE</u>
Year 1	\$ -	\$ -	\$ -	\$ 10,491,986	\$ -	\$ 10,491,986
Year 2	4,838,400	3,936,000	25,694,098	2,640,365	-	37,108,863
Year 3	4,838,400	3,936,000	29,945,361	3,094,922	-	41,814,683
Year 4	4,838,400	3,936,000	30,524,268	3,156,820	-	42,455,489
Year 5	4,838,400	3,936,000	31,114,754	3,219,957	940,561	44,049,671
TOTAL	\$ 19,353,600	\$ 15,744,000	\$ 117,278,481	\$ 22,604,050	\$ 940,561	\$ 175,920,692

STATE OF MARYLAND

<u>YEAR</u>	<u>REAL PROP. TAX REVENUE</u>	<u>SALES TAX REVENUE</u>	<u>ALCOHOL TAX REVENUE</u>	<u>GAMING REVENUE</u>	<u>CORP. INCOME TAX REVENUE</u>	<u>PERS. INCOME TAX REVENUE</u>	<u>TOTAL REVENUE</u>
Year 1	\$ -	\$ 12,750,000	\$ -	\$ -	\$ -	\$ 15,315,427	\$ 28,065,427
Year 2	564,480	11,882,428	1,612,266	3,971,754	3,290,578	3,782,925	25,104,431
Year 3	564,480	2,484,658	1,889,829	4,655,520	3,857,075	4,437,316	17,888,878
Year 4	564,480	2,534,351	1,927,625	4,748,630	3,934,216	4,529,197	18,238,500
Year 5	564,480	3,713,711	1,966,178	4,843,603	4,012,901	4,622,915	19,723,787
TOTAL	\$ 2,257,920	\$ 33,365,147	\$ 7,395,898	\$ 18,219,507	\$ 15,094,770	\$ 32,687,780	\$ 109,021,022

OTHER SOURCES

<u>YEAR</u>	<u>EDUCATION FUND GAMING REVENUE</u>	<u>OTHER GAMING REVENUE</u>	<u>ROAD IMPROVEMENT CONTRIBUTION</u>	<u>TOTAL REVENUE</u>
Year 1	\$ -	\$ -	\$ 100,000,000	\$ 100,000,000
Year 2	203,045,157	36,691,948	-	239,737,105
Year 3	238,000,812	43,180,883	-	281,181,695
Year 4	242,760,828	44,064,501	-	286,825,329
Year 5	247,616,045	44,965,791	-	292,581,835
TOTAL	\$ 931,422,841	\$ 168,903,123	\$ 100,000,000	\$ 1,200,325,964

**APPENDIX 8-PARX CASINO, HOTEL & SPA
SUMMARY OF ESTIMATED REVENUE**

APPENDIX 8, ASSUMPTIONS:

1. Revenues by source are estimated in Appendices 2-7 of this report.
2. Parx Casino proposes to contribute funding for necessary road improvements surrounding the project. Of the proposed contribution, up to **\$ 100,000,000** is expected to be dedicated to the State/County for these improvements. The remaining amount is expected to be paid back to Parx through revenue generated for local grant uses. As a result, this amount is not included in the study.
3. The project may generate other revenue for the Prince George's County, State, and other sources. These revenues (transfer/recordation tax, energy tax, telecommunications tax, admissions and amusement tax, etc.) are difficult to estimate given the preliminary nature of the data available.

**SECTION 3:
FISCAL IMPACT ANALYSIS**

MGM NATIONAL HARBOR

**APPENDIX 1-MGM NATIONAL HARBOR
OVERALL ANALYSIS ASSUMPTIONS**

1. *Visitors:* Cummings Associates estimates approximately **6,317,743** annual visitors to the development from outside of Prince George's County. Custom Consulting estimates approximately **6,418,719** annual visitors to the development from outside of Prince George's County. The analysis estimates an average of **6,368,231** annual visitors or **17,447** daily visitors with a peak of **30,533** daily visitors expected for Friday and Saturdays during summer months.
2. *Employees:* The project is expected to generate **2,726** direct employees. Source: Developer, adjusted as shown in Appendix 6.
3. *Residents:* Analysis assumes no significant number of new residents to the County resulting from the project. The analysis for this assumption is below:
There were approximately **32,174** unemployed workers in Prince George's County between January and August 2013, with an unemployment rate of 6.9%. Estimated project employment and available County resident employees are summarized below:

	Available County Residents	Estimated Operating Jobs
Professionals, Managers, Executives and Technicians	3,925	338
Clerical Workers, Sales and Service Workers	1,834	1,610
Line Employees and Laborers	<u>1,834</u>	<u>778</u>
Total Operating Employees	5,759	2,726

Source: Employee data from Developer matrix, Available County Residents are estimated unemployed Prince George's County residents in the "Professional and Technical Services" industry (for Professional, Managers, Executives and Technicians and Clerical Workers, Sales and Service Workers positions) and "Accommodation and Food Services" industry (for Line Employees and Laborers) from "Prince George's County WIA, Labor Force, Demographic and Jobs Overview, September 2013." Maryland Department of Labor, Licensing and Regulation. Approximately 63% of all Prince George's employees live outside of the County (mainly Montgomery, Anne Arundel, Howard, Baltimore, and Charles counties, and District of Columbia). Project employees are expected to come from existing unemployed residents and commuting residents of surrounding counties.

4. *Analysis Timing :* To be consistent and allow for easier comparison of findings, for all three projects, Year 1 refers to the construction period (this period is closer to two years for all three projects). Years 2-5 correspond to 2016 through 2019, with 2016 being the first year of operations. Data for Years 3 and 4 is estimated based on data for Year 5, adjusted for inflation by 2% annually. This is because Developer operating data is provided for 2016 and 2019 only, and this analysis attempts to provide some continuity between these years.
5. *Operating Data :* Project revenue impacts are estimated based on construction and operating data for each project. Construction data is used as provided by the Developer. Developer-estimated operating revenue, including food, beverage, retail, hotel and other, are adjusted by the ratio difference between Developer-estimated gaming revenue and average gaming revenue estimated by Cumming Associates and Custom Consulting as follows:

Estimated Gaming Revenue: Developer	\$ 688,275,000
Estimated Gaming Revenue: Cummings Associates	\$ 712,623,827
Estimated Gaming Revenue: Custom Consulting	\$ 719,190,765
Average of Cummings and Custom	\$ 715,907,296
Ratio: Average to Applicant	1.04

Estimated adjusted non-gaming revenues are as follows:

Year 5 (2019)	Developer Estimate	Adjusted Estimate	
Hotel	\$ 28,089,848	\$ 29,217,576	
Food & Beverage	\$ 75,561,996	\$ 78,595,597	
Retail	\$ 24,197,500	\$ 25,168,961	includes \$20 million in retail sales from leased operations.
Entertainment	\$ 4,887,500	\$ 5,083,719	
Other	\$ 10,006,425	\$ 10,408,155	

**APPENDIX 2-MGM NATIONAL HARBOR
ESTIMATED REAL ESTATE AND PERSONAL PROPERTY TAX REVENUE**

<u>YEAR</u>	<u>EST. REAL PROPERTY VALUE</u>	<u>EST. PERSONAL PROPERTY VALUE</u>	<u>COUNTY REAL PROP. TAX REVENUE</u>	<u>STATE REAL PROP. TAX REVENUE</u>	<u>PERSONAL PROPERTY TAX REVENUE</u>	<u>TOTAL COUNTY PROPERTY TAX REVENUE</u>
Year 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year 2	755,783,000	161,000,000	7,255,517	846,477	3,864,000	11,119,517
Year 3	755,783,000	161,000,000	7,255,517	846,477	3,864,000	11,119,517
Year 4	755,783,000	161,000,000	7,255,517	846,477	3,864,000	11,119,517
Year 5	755,783,000	161,000,000	7,255,517	846,477	3,864,000	11,119,517
TOTAL			\$ 29,022,067	\$ 3,385,908	\$ 15,456,000	\$ 44,478,067

APPENDIX 2, ASSUMPTIONS:

- The land on which the project is proposed to be constructed is currently generating taxes for the County. Improvements to the property will generate new real and personal property tax revenue. This analysis includes only the additional, incremental, revenue generated by these improvements.
- According to the Developer, the following expenditures will be made for the project

Cost Item	Estimated Cost	Taxation Type
Buildings	\$ 548,063,000	Real Property
Land Purchase	8,217,000	Not included
Land Improvements	26,220,000	Real Property
Soft Costs	39,000,000	Real Property
Financing Costs	50,000,000	Real Property
Public Sector Infrastructure	3,676,571	Not included
Furniture, Fixtures, Equipment	70,000,000	Personal Property
Gaming Equipment	91,000,000	Personal Property
Other Costs	92,500,000	Real Property
Total	\$ 928,676,571	

Items not included in the real property tax valuation are those which are not expected to impact the value of the property. Land purchase values are excluded as the property is already generating revenue for the public sector through its land values. Public sector infrastructure is not included as it is not taxable. Real and personal property values are not inflated as any inflation is expected to be offset by property depreciation.

- Real property improvements are expected to be made in Year 1 and personal property purchased in Year 2. Real property values are expected to go on the rolls in the year following construction to account for work in progress and assessment dates.
- Real and personal property tax revenue is estimated using the following tax rates per \$100 of value

FY 2013-14	County	State	Total Rate
Real Property	\$0.960	\$0.112	\$1.072
Personal Property	\$2.400	\$0.000	\$2.400

Tax rate amount is not assumed to change during the analysis period. Source: Maryland Department of Assessment and Taxations, 2013-2014 County Tax Rates and Prince George's County Questionnaire

- This project will be located in the National Harbor Special Taxing District, though no additional tax rate has not been levied in the District on all excess revenues are generated for the County. The analysis assumes this will continue for the entire analysis period. Source: Prince George's County Questionnaire.

**APPENDIX 3-MGM NATIONAL HARBOR
ESTIMATED SALES TAX REVENUE**

<u>YEAR</u>	<u>CONSTR. MATERIALS</u>	<u>FF&E PURCHASES</u>	<u>FOOD REVENUE</u>	<u>BEVERAGE REVENUE</u>	<u>RETAIL REVENUE</u>	<u>HOTEL REVENUE</u>	<u>STATE TAX REVENUE</u>
Year 1	\$ 274,031,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,441,890
Year 2	-	161,000,000	41,026,902	27,351,268	21,896,996	25,419,291	17,422,205
Year 3	-	-	45,326,180	30,217,454	24,191,620	28,083,022	8,575,620
Year 4	-	-	46,232,704	30,821,803	24,675,452	28,644,682	8,747,133
Year 5	-	-	47,157,358	31,438,239	25,168,961	29,217,576	8,922,075
TOTAL	\$ 274,031,500	\$ 161,000,000	\$ 179,743,144	\$ 119,828,763	\$ 95,933,029	\$ 111,364,570	\$ 60,108,923

APPENDIX 3, ASSUMPTIONS:

- Construction materials purchases are estimated at **50%** of building costs shown in Appendix 2. Source: Industry data.
FF&E purchases are also shown in Appendix 2.
- The project is estimated by the Developer to generate food, beverage, and retail revenue in the following amounts, adjusted as discussed in Appendix 1:

	Food Sales	Beverage Sales	Retail Sales	Hotel Sales
Year 1	\$ -	\$ -	\$ -	\$ -
Year 2	41,026,902	27,351,268	21,896,996	25,419,291
Year 3	45,326,180	30,217,454	24,191,620	28,083,022
Year 4	46,232,704	30,821,803	24,675,452	28,644,682
Year 5	47,157,358	31,438,239	25,168,961	29,217,576

Source: Developer matrix and Appendix 1.

- Sales tax revenue for the State is estimated using the following tax rates

Sales tax	6.00%
Alcoholic beverage tax	9.00%

Source: Comptroller of Maryland, "Sales and Use Tax."

**APPENDIX 4-MGM NATIONAL HARBOR
ESTIMATED GAMING TAX REVENUE**

<u>YEAR</u>	<u>ESTIMATED SLOT MACHINE REVENUE</u>	<u>ESTIMATED TABLE GAME REVENUE</u>	<u>EDUCATION FUND REVENUE</u>	<u>PRINCE GEORGE'S CO. REVENUE</u>	<u>STATE REVENUE</u>	<u>OTHER SOURCE REVENUE</u>
Year 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year 2	458,964,645	163,874,702	212,756,710	29,893,041	4,589,646	42,555,745
Year 3	507,060,332	181,047,411	235,051,848	32,920,792	5,070,603	47,120,025
Year 4	517,201,538	184,668,360	239,752,885	33,559,207	5,172,015	48,082,426
Year 5	527,545,569	188,361,727	244,547,942	34,210,392	5,275,456	49,064,074
TOTAL	\$ 2,010,772,084	\$ 717,952,200	\$ 932,109,384	\$ 130,583,431	\$ 20,107,721	\$ 186,822,271

APPENDIX 4, ASSUMPTIONS:

1. Gross Gaming Revenue (GGR) for slot machines is estimated by Cummings Associates and Custom Consulting for Year 5, adjusted for inflation by 2% for previous years.

	Year 1	Year 2	Year 3	Year 4	Year 5
Cummings Assoc.	\$ -	\$ 436,143,397	\$ 481,847,606	\$ 491,484,558	\$ 501,314,249
Custom Consulting	-	481,785,893	532,273,057	542,918,519	553,776,889
Average	\$ -	\$ 458,964,645	\$ 507,060,332	\$ 517,201,538	\$ 527,545,569

Gross Gaming Revenue (GGR) for table games is estimated by Cummings Associates and Custom Consulting for Year 5, adjusted for inflation by 2% for previous years.

	Year 1	Year 2	Year 3	Year 4	Year 5
Cummings Assoc.	\$ -	\$ 183,839,333	\$ 203,104,169	\$ 207,166,253	\$ 211,309,578
Custom Consulting	-	143,910,072	158,990,653	162,170,467	165,413,876
Average	\$ -	\$ 163,874,702	\$ 181,047,411	\$ 184,668,360	\$ 188,361,727

2. Tax revenue is estimated using the following rates

For slot machine revenues:		
Proposed Tax Amount	62.0%	of GGR
Credit for Slot Ownership	6.0%	
Total Proposed Tax Amount	56.0%	to be distributed as follows:
Education Fund	41.0%	
Local Impacts Grants	5.5%	Prince George's County receives 82% of revenue generated by this rate, plus \$1 million for public safety projects.
MLGCA	1.0%	Maryland State Lottery & Gaming Control Agency
Other Sources	8.500%	Includes purse dedication account, racetrack facility renewal account, and small minority/women-owned businesses account revenue
For table game revenues		
Proposed Tax Amount	20.0%	of GGR, to be distributed as follows:
Education Fund	15.0%	
Local Government	5.0%	Prince George's County receives 100% of revenue generated by this rate

Source: Maryland State Lottery and Gaming Control Agency

**APPENDIX 5-MGM NATIONAL HARBOR
ESTIMATED CORPORATE INCOME TAX REVENUE**

<u>YEAR</u>	<u>ESTIMATED TAXABLE INCOME</u>	<u>STATE REVENUE</u>	<u>PRINCE GEORGE'S CO. REVENUE</u>
Year 1	\$ -	\$ -	\$ -
Year 2	99,095,955	8,175,416	-
Year 3	109,480,389	9,032,132	-
Year 4	111,669,997	9,212,775	-
Year 5	113,903,397	9,397,030	-
TOTAL	\$ 434,149,737	\$ 35,817,353	\$ -

APPENDIX 5, ASSUMPTIONS:

1. The following taxable income was provided by the Developer and adjusted as discussed in Appendix 1 for Year 5 (2019):

	Developer Estimate	Adjusted Estimate
Estimated Revenue	\$ 769,518,000	\$ 800,411,973
Operating Costs	<u>598,375,000</u>	<u>622,398,065</u>
EBITDA	\$ 171,143,000	\$ 178,013,908
Depreciation	\$ 61,636,000	\$ 64,110,511
Interest	<u>-</u>	<u>-</u>
Taxable Income	\$ 109,507,000	\$ 113,903,397

Source: Developer's Exhibit 3.1.6.4.

Income tax revenue may be overestimated as it excludes the interest expense deduction, which was not provided by the Developer. Also, no other deductions or exemptions are assumed

2. State and local income tax revenue is estimated using the following rates

State Rate	8.25%
Prince George's Co. Rate	0.00%

Source: Source: Comptroller of Maryland "Title 03 - Subtitle 04 - Income Tax."

**APPENDIX 6-MGM NATIONAL HARBOR
ESTIMATED PERSONAL INCOME TAX REVENUE**

<u>YEAR</u>		<u>ESTIMATED PAYROLL EXPENDITURES</u>	<u>ESTIMATED PAYROLL/ EMPLOYEE</u>	<u>STATE REVENUE</u>	<u>PRINCE GEORGE'S CO. REVENUE</u>
Year 1	Construction	\$ 101,392,000	\$ 55,405	\$ 4,720,045	\$ 3,244,544
	Operating	-	-	-	-
Subtotal		101,392,000		4,720,045	3,244,544
Year 2	Construction	-	-	-	-
	Operating	88,592,141	35,195	4,075,975	2,834,949
Subtotal		88,592,141		4,075,975	2,834,949
Year 3	Construction	-	-	-	-
	Operating	97,875,863	35,899	4,505,966	3,132,028
Subtotal		97,875,863		4,505,966	3,132,028
Year 4	Construction	-	-	-	-
	Operating	99,833,380	36,617	4,598,948	3,194,668
Subtotal		99,833,380		4,598,948	3,194,668
Year 5	Construction	-	-	-	-
	Operating	101,830,048	37,349	4,693,790	3,258,562
Subtotal		101,830,048		4,693,790	3,258,562
TOTAL		\$ 489,523,432		\$ 22,594,724	\$ 15,664,750

APPENDIX 6, ASSUMPTIONS:

1. Estimated construction payroll and employment data is provided by the Developer

Estimated Employees	1,830
Average Employee Wage	\$55,405
Estimated Payroll	\$ 101,392,000

Source: Developer's matrix.

2. Estimated operating payroll is provided by the Developer for Year 5, adjusted by 2% for previous year:

	Year 2	Year 3	Year 4	Year 5
Proposed Payroll \$	85,172,698	\$ 94,098,090	\$ 95,980,052	\$ 97,899,653
Adjusted Payroll	88,592,141	97,875,863	99,833,380	101,830,048
Ave. Payroll/Employee \$	35,195	\$ 35,899	\$ 36,617	\$ 37,349
Average Employees	2,517	2,726	2,726	2,726

Source: Developer's matrix.

3. Personal income tax revenue for the State is estimated as follows, using a 2012 schedule, assuming filing as Single, Married

Filing Separately, Dependent Taxpayers or Fiduciaries, with no exemptions or deductions
Taxable income between \$3,000 to \$100,000 is taxed at 4.75% over all revenue over \$3,000, plus \$90

Source: Comptroller of Maryland "Maryland Income Tax Rates and Brackets."

4. Personal income tax revenue for Prince George's County is estimated a **3.20%** of taxable income.

Source: Comptroller of Maryland "Local Income Tax Rates."

**APPENDIX 7-MGM NATIONAL HARBOR
ESTIMATED HOTEL TAX REVENUE**

<u>YEAR</u>	<u>ESTIMATED ROOM REVENUE</u>	<u>PRINCE GEORGE'S CO. REVENUE</u>
Year 1	\$ -	\$ -
Year 2	25,419,291	2,541,929
Year 3	28,083,022	2,808,302
Year 4	28,644,682	2,864,468
Year 5	29,217,576	2,921,758
TOTAL	\$ 111,364,570	\$ 11,136,457

APPENDIX 7, ASSUMPTIONS:

- The following hotel revenue was provided by the Developer, adjusted as discussed in Appendix 1

	Year 2	Year 3	Year 4	Year 5
Hotel Revenue \$	25,419,291	28,083,022	28,644,682	29,217,576

Source: Developer matrix and Appendix 1.
- Prince George's County is to receive **5.0%** of estimated hotel revenue. Additionally, the development is located within a Special Taxing District with a special hotel rental tax of **5%**. Revenue generated by this tax rate is used to pay off existing bonds, which are expected to last through the analysis period.
Source: Prince George's County Questionnaire

**APPENDIX 8-MGM NATIONAL HARBOR
SUMMARY OF ESTIMATED REVENUE**

PRINCE GEORGE'S COUNTY

<u>YEAR</u>	<u>REAL PROPERTY TAX REVENUE</u>	<u>PERSONAL PROP. TAX REVENUE</u>	<u>GAMING REVENUE</u>	<u>PERS. TAX TAX REVENUE</u>	<u>HOTEL TAX REVENUE</u>	<u>TOTAL REVENUE</u>
Year 1	\$ -	\$ -	\$ -	\$ 3,244,544	\$ -	\$ 3,244,544
Year 2	7,255,517	3,864,000	29,893,041	2,834,949	2,541,929	46,389,435
Year 3	7,255,517	3,864,000	32,920,792	3,132,028	2,808,302	49,980,638
Year 4	7,255,517	3,864,000	33,559,207	3,194,668	2,864,468	50,737,861
Year 5	7,255,517	3,864,000	34,210,392	3,258,562	2,921,758	51,510,227
TOTAL	\$ 29,022,067	\$ 15,456,000	\$ 130,583,431	\$ 15,664,750	\$ 11,136,457	\$ 201,862,705

STATE OF MARYLAND

<u>YEAR</u>	<u>REAL PROP. TAX REVENUE</u>	<u>SALES TAX REVENUE</u>	<u>ALCOHOL TAX REVENUE</u>	<u>GAMING REVENUE</u>	<u>CORP. INCOME TAX REVENUE</u>	<u>PERS. INCOME TAX REVENUE</u>	<u>TOTAL REVENUE</u>
Year 1	\$ -	\$ 16,441,890	\$ -	\$ -	\$ -	\$ 4,720,045	\$ 21,161,935
Year 2	846,477	14,960,591	2,461,614	4,589,646	8,175,416	4,075,975	35,109,720
Year 3	846,477	5,856,049	2,719,571	5,070,603	9,032,132	4,505,966	28,030,799
Year 4	846,477	5,973,170	2,773,962	5,172,015	9,212,775	4,598,948	28,577,348
Year 5	846,477	6,092,634	2,829,441	5,275,456	9,397,030	4,693,790	29,134,828
TOTAL	\$ 3,385,908	\$ 49,324,335	\$ 10,784,589	\$ 20,107,721	\$ 35,817,353	\$ 22,594,724	\$ 142,014,629

OTHER SOURCES

<u>YEAR</u>	<u>EDUCATION FUND GAMING REVENUE</u>	<u>OTHER GAMING REVENUE</u>	<u>TOTAL REVENUE</u>
Year 1	\$ -	\$ -	\$ -
Year 2	212,756,710	42,555,745	255,312,455
Year 3	235,051,848	47,120,025	282,171,873
Year 4	239,752,885	48,082,426	287,835,311
Year 5	244,547,942	49,064,074	293,612,017
TOTAL	\$ 932,109,384	\$ 186,822,271	\$ 1,118,931,655

**APPENDIX 8-MGM NATIONAL HARBOR
SUMMARY OF ESTIMATED REVENUE**

APPENDIX 8, ASSUMPTIONS:

1. Revenues by source are estimated in Appendices 2-7 of this report.
2. The project may generate other revenue for the Prince George's County, State, and other sources. These revenues (transfer/recording tax, energy tax, telecommunications tax, admissions and amusement tax, etc.) are difficult to estimate given the preliminary nature of the data available.