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NEWS MEDIA CONTACT

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Study: Maryland Casino Law Leaves Big Money on the Table

(Rockville, MD) — A new study reveals that the State of Maryland could be leaving \$482 million on the table by setting low license fee requirements to operate a casino in Prince George’s County. The findings shed light on the State’s flawed model for awarding a license to operate what could be Maryland’s most lucrative casino.

The study, conducted by the nonpartisan Maryland Public Policy Institute and the Maryland Tax Education Foundation, seeks to identify the proper market value for the right to operate a casino at National Harbor, the most likely site for a casino in Prince George’s County. Under current law, prospective operator MGM Resorts International is expected to pay only \$18 million for a license to operate at National Harbor. However, the Institute’s study concludes that MGM could pay the State a \$500 million license fee and still enjoy a 17% rate of return on its investment. Read the study online at mdpolicy.org or marylandtaxeducation.org.

“As this study demonstrates, Maryland’s current license fee model constitutes a massive giveaway to multibillion dollar corporations at a time of budgetary constraints,” said Christopher B. Summers, President of the Maryland Public Policy Institute. “A reasonable increase in license fee requirements will not only generate new funds for public education but also help dispel the perception that Maryland lawmakers side with well-heeled casino owners over the interests of everyday citizens.”

The study, conducted by investment banker Jeff Hooke, analyzes the casino’s upfront construction and startup costs, projected income, and the affordability of a \$500 million license fee. The study assumes the license will be awarded to MGM Resorts International to operate at National Harbor.

“National Harbor’s optimal location and lack of competition make it a potentially lucrative gaming destination, yet lawmakers are giving away its license on the cheap,” said Hooke, the study’s author. “To put this flawed model in perspective, the additional \$482 million the State could collect at proper market value equates to nearly 21,000 four-year scholarships to the University of Maryland, College Park, or a new hospital in Prince George’s County.”

MGM Resorts International and its allies spent nearly \$50 million this year in support of a ballot question to legalize casino gambling in Prince George’s County. Maryland voters adopted the measure 52% to 48% in November. The State’s Video Lottery Terminal Facility Location Commission could award the Prince George’s County license as early as January 2013. Note that the State of Ohio renegotiated casino up-front license fees after a referendum was passed by voters.

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