

THE CAPITAL GAZETTE

Think Tank: Taxpayers dealt bad hand for casino fees

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By EARL KELLY, Staff Writer | [3 comments](#)

Taxpayers are being shortchanged hundreds of millions of dollars because of the low licensing fees the state is charging casinos, the founders of two think tanks said on Wednesday.

Only, state leaders appear weary of the casino debate and the topic is not likely to surface during the General Assembly session that starts on Jan. 9.

Christopher Summers of the Maryland Public Policy Institute and Jeff Hooke of the Maryland Tax Education Foundation told reporters at a press conference at the Maryland Inn the state should receive about \$500 million for licensing the new casino in Prince George's County. Under the existing state formula, the treasury will receive only about \$18 million, the two said.

"Maryland and taxpayers would have made out a whole lot better if they had just put it on eBay," Summers said.

MGM Resorts International has declared its interest in building a world-class casino at National Harbor, and spent tens of millions of dollars in ads to get voter approval for the plan on the Nov. 6 ballot.

"A lot of bills get written by lobbyists and I just don't think the due diligence was done here," Hooke said of the planning that went into the new gaming law.

"Why did MGM drop \$50 million (into advertising) — because they are getting something worth \$500 million," Hooke said.

Hooke, who holds an MBA, said he arrived at the \$500 million licensing fee by using two independent computations.

Under one method, Hooke looked at what the new casino will earn, and concluded the \$500 million fee was appropriate.

Under another computation, one that is similar to real estate appraisals, Hooke looked at what comparable casinos in other states are paying for licenses.

“This is a very free market idea,” Summers said of the methods of computing value. “It is such a foreign concept to most of those in the State House.”

The General Assembly took up gambling during its regular session early this year, and came back for a special session dedicated to gaming in August.

The state stands to receive tens of millions of dollars each year by taxing the new casino’s proceeds.

When asked if the General Assembly would be willing to reopen the casino licensing debate during the upcoming session, House Speaker Michael Busch, D-Annapolis, shook his head no.

Busch said the licensing fees are comparable to those Pennsylvania is charging for casinos.

“There are numerous different opinions out there,” Busch said. “It (the casino) has been approved, and there is a statute.”

Busch said the General Assembly had the international accounting and planning firm Pricewaterhouse Coopers analyze the proper taxes and licensing fees for the casino before lawmakers passed the legislation.

“It has always been somewhat arbitrary, what they (casinos) are worth, but we used Pricewaterhouse recommendations the best we could,” Busch said.

Senate President Thomas V. Mike Miller Jr. was at the State House on Wednesday, but he did not grant reporters a meeting to discuss whether he is willing to reconsider casino license fees.

Gov. Martin O’Malley on Tuesday expressed relief the gambling issue is behind him.

He said the expansion of gaming pushed other topics off the table all year, including an in-depth discussion on needed transportation funding.

The gaming topic even interfered with budget debates, O’Malley noted, and caused the General Assembly to have to return for a special session in May to adopt a comprehensive budget.

O’Malley said transportation, renewable energy, an assault weapons ban, improved mental health and school safety will consume much of lawmakers’ time.