

**Legislative Budget and Finance Committee**

**The Impact of Tavern Gaming on the  
Pennsylvania State Lottery**

**Report Presentation by Philip Durgin,  
Executive Director, at May 24, 2017, Meeting**

Good morning. Act 90 of 2013 allowed Pennsylvania taverns to offer gaming in the form of pull-tabs, daily drawings, and raffles. Included in the act was a requirement that our Committee conduct an annual assessment of the impact of this type of gaming on the State Lottery. This is our second such review under that act.

Tavern gaming has not taken hold in the way originally envisioned, and therefore has generated only a small portion of the revenue that was anticipated. To be specific, in 2016 tavern gaming generated only \$1.48 million in state tax revenue, a far cry from the \$93.6 million that was projected would be generated when the bill passed in 2013.

The \$1.48 million in state taxes generated by tavern games equates to about \$2.46 million in patron losses (gross sales minus winnings). This is less than two-tenths of 1 percent (0.12 percent) of the losses incurred in Lottery games, so we concluded that tavern gaming could not have a material impact on State Lottery sales.