

## Report Highlights

### Impact of Slots Gaming on the Pennsylvania State Lottery

As a major new entrant into the state’s gaming market, many believed that slots gaming could adversely affect sales of the Pennsylvania State Lottery. Recognizing this concern, Act 2004-71 requires the LB&FC to issue annual reports to the General Assembly analyzing the impact, if any, of implementing slots gaming on the Pennsylvania State Lottery. We found:

- **Twelve slots gaming facilities are now operating in the Commonwealth.**

The first slots parlor opened in November 2006, the most recent in July 2013. All 12 gaming facilities offer table games.

- **Despite rapid growth in casino wagering, Lottery sales remained stable during the initial years and have increased significantly in recent years.**

Part of the slowdown in Lottery sales in the years following the introduction of casinos can be attributed to the rapid growth of sales in the early 2000s. This growth was due to the substantial expansion of the Lottery retailer network and Pennsylvania’s entry into the multi-state Powerball jackpot game.

Lottery sales increased by 5.3% in 2011, 9.9% in 2012, and 4.4% in 2013 before dropping slightly (-0.6%) in 2014. Casino revenues also dropped slightly in 2014, suggesting that the downturn in Lottery sales cannot be attributed to Lottery players abandoning Lottery games for slots or table wagering.

- **A strong positive correlation exists between Lottery sales and casino revenues.**

While it would seem unlikely that increased casino revenues would be a factor causing increased Lottery sales, the strong positive correlation (.80) would at least suggest that increased casino revenues are not negatively affecting Lottery sales to any significant degree.

