

Report Highlights

The Impact of Tavern Gaming on the Pennsylvania State Lottery

Act 2013-90, an amendment to the Local Option Small Games of Chance Act, requires the LB&FC to conduct an annual study of the impact of tavern gaming on the State Lottery. Under the act, the Governor may request the General Assembly to transfer money from the General Fund to the State Lottery Fund up to the amount identified in the study. This is the first such report under this mandate.

Findings:

- **As of April 2016, the PLCB had licensed 52 establishments in 27 counties.** This is far below the Governor's Office initial estimates of 2,000 licensees. Expensive up-front license fees, intrusive background checks, and an unfavorable tax scheme have been cited as some of the reasons for low participation among tavern owners.
- **In 2015, tavern games generated \$1.42 million in state tax revenue.** In 2014, tavern games generated approximately \$153,000 in state tax revenues. These figures are far below the Governor's Office initial estimates of \$93.6 million annually.
- **Tavern gaming has not had a material impact on the State Lottery.** As the \$1.42 million in tavern revenue collected by the Commonwealth in 2015 represents only about one-tenth of 1 percent (0.12 percent) of the \$1.14 billion collected in Lottery net revenue, we concluded tavern gaming could not have a material impact on the State Lottery.