

## 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 second such report under this mandate.

#### Findings:

- **As of April 2017, the PLCB had licensed 56 tavern gaming establishments.** 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 structure have been cited as some of the reasons for low participation among tavern owners.
- **In 2016, tavern games generated \$1.48 million in state tax revenue.** In 2016, tavern games generated \$1.48 million 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.** The \$1.48 million in tavern gaming revenue collected by the Commonwealth in 2016 represents about \$2.46 million in patron losses (gross sales minus prizes), as compared to about \$1.48 billion in losses for persons participating in Lottery games. Because tavern gaming losses are less than two-tenths of 1 percent (0.17 percent) of the losses incurred in Lottery games, we concluded tavern gaming could not have a material impact on State Lottery sales.