

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 LBFC to issue annual reports to the General Assembly analyzing the impact, if any, of implementing slots gaming on the Pennsylvania State Lottery. We found:

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

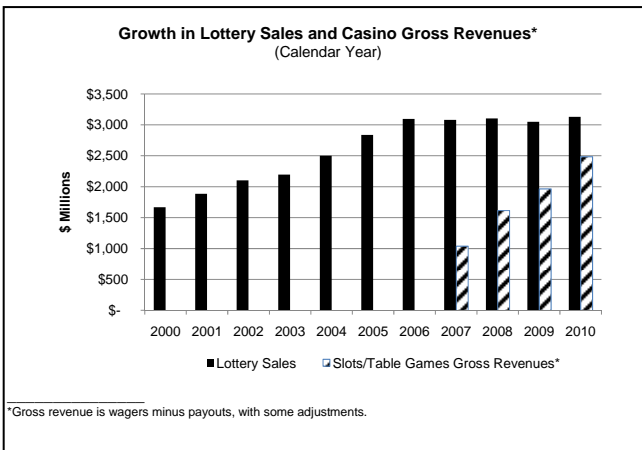
The first slots parlor opened in November 2006. As of October 2010, all ten gaming facilities were also offering table games.

- **Lottery sales have remained stable despite rapid growth in casino wagering.**

Part of the slowdown in Lottery sales in recent years 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.

- **Casino gaming does appear to have suppressed Lottery sales in counties that host casinos.**

As shown below, in every year since slots gaming began, host counties have underperformed the statewide growth in Lottery sales, counties adjacent to host counties have performed at levels very close to the statewide average, and non-host/non-adjacent counties have performed at substantially higher levels than the statewide average.



Increase/Decrease in Lottery Sales From	Host Counties	Adjacent Counties	Non-Adjacent Counties	Statewide
2006 to 2007	-5.4%	-0.6%	2.0%	-0.5%
2007 to 2008	-1.7	0.8	1.7	0.7
2008 to 2009	-2.6	-1.7	-1.0	-1.7
2009 to 2010	1.0	3.1	5.8	2.9