

Legislative Budget and Finance Committee

The Impact of Tavern Gaming on the Pennsylvania State Lottery

Report Presentation by Anne Witkonis, Project Manager

March 20, 2024

Good morning, Madam Chair and members of the committee. Act 90 of 2013 authorized 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 ninth such review under that act.

The PLCB has licensed 79 establishments to sell tavern games (out of 97 applications), 39 of which are active.

Tavern gaming has not taken hold as initially expected and has generated only a small portion of the anticipated revenue. Total revenues since tavern gaming began have only been \$11.3 million.

The \$1.1 million in taxes generated by tavern games in 2023 equates to about \$1.7 million in patron losses. This is 0.09 percent of the losses incurred in lottery games. Tavern tax revenues were less than one-tenth of one percent (0.06 percent) of lottery revenues. Both percentages have

remained relatively the same over the five years of this report, so we concluded that tavern gaming did not have a material impact on State Lottery sales in 2023.

Costs to two of three state agencies responsible for tavern game administration, the PA Liquor Control Board (LCB) and the Department of Revenue (DOR), are minimal. The PLCB estimates its costs to be \$36 per application, and the DOR estimates its costs to be \$1,157 per year. The Pennsylvania Gaming Control Board did not provide specific costs but believes they are offset by the \$1,000 fee it receives.

Finally, I would like to thank the Department of Revenue, the Pennsylvania Liquor Control Board, and the Pennsylvania Gaming Control Board for their continued assistance with this report.

Thank you.