

REPORT HIGHLIGHTS

The Impact of Tavern Gaming on the Pennsylvania State Lottery for CY 2021

Released: 04/13/2022

Act 2013-90, an amendment to the Local Option Small Games of Chance Act, requires the Legislative Budget and Finance Committee (LBFC) 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 appropriate money from the General Fund to the State Lottery Fund up to the amount identified in the study. This is the seventh report under this mandate.

Findings:

- ❖ **As of February 2022, the PLCB had approved 71 tavern gaming establishments, 45 of which are active.** This is far below the initial Governor's Office estimate 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 2021, tavern games generated \$1.27 million in state and host municipality tax revenue.** This is far below the initial Governor's Office estimate of \$93.6 million annually. From 2017 through 2021, there have been only \$6.58 million in total tavern gaming tax revenues.
- ❖ **Tavern gaming has not had a material impact on the State Lottery.** The \$1.27million in tavern gaming revenue collected by the Commonwealth in 2021 represents about \$1.95 million in patron losses as compared to about \$1.86 billion in losses for persons participating in Lottery games, including iLottery play. Tavern gaming losses are one-tenth of one percent (0.10 percent) of the losses incurred in Lottery games, and tavern tax revenues are 0.07 percent of Lottery revenues. Because of this, we conclude tavern gaming did not have a material impact on State Lottery sales in 2021.

For a full copy of the report, email us at lbfcinfo@palbfc.us or download a copy at <http://lbfc.legis.state.pa.us/>.

