



LEGISLATIVE BUDGET AND FINANCE COMMITTEE

EST. 1959

**THE IMPACT OF TAVERN GAMING ON THE PENNSYLVANIA STATE LOTTERY:
CALENDAR YEAR 2025**

Report Comments by Matt Thomas, Senior Analyst

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Good morning, Madam Chair and members of the committee. Act 90 of 2013 amended the Local Option Small Games of Chance Act, authorizing Pennsylvania taverns to offer gaming in the form of pull-tabs, daily drawings, and raffles. The act also required the Legislative Budget and Finance Committee to annually assess the impact of tavern gaming on the Pennsylvania State Lottery. This report is our eleventh under that mandate.

When Act 90 was passed, the Governor's Office estimated the state would license 2,000 establishments, generating an average annual tax revenue of \$93.6 million for the General Fund. However, tavern gaming has not experienced this anticipated impact on the commonwealth's finances. As of January, the Liquor Control Board had approved 86 tavern gaming licenses, of which 35 were active. These licenses generated approximately \$1.3 million of tax revenue in calendar year (CY) 2025, a nearly 21 percent increase from the revenue generated in CY 2023. From Act 90's passage through December 2025, state and host municipality taxes on tavern games generated \$13.8 million in revenue.

Further, tavern games represented only a small fraction – 0.09 percent – of the \$1.5 billion in revenue generated by the lottery in CY 2025. Tavern games' share of revenue and patron losses in relation to the lottery have not changed significantly over the last

five years; therefore, we conclude that tavern gaming did not have a material impact on State Lottery sales in 2025.

From an administrative perspective, the costs of tavern gaming to the commonwealth have also remained consistent since our last report. The Liquor Control Board estimates costs of \$36 per application, while estimated annual costs for the Department of Revenue are \$1,562. The Gaming Control Board did not provide specific figures for us, but it believes the cost to administer the required applicant background investigations is offset by the \$1,000 fee it receives.

In closing, I thank the staff of the Department of Revenue, the Pennsylvania Liquor Control Board, and the Pennsylvania Gaming Control Board for their continued assistance with this report. I would be happy to answer any of your questions at this time.