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July 13, 2022

Allegheny Institute Op-Ed

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675 words

### Gaming is robust in Pa. -- but issues lie in wait

Gaming in Pennsylvania continues to be strong. But there remain cautionary examples of how existing robust state income from gambling might not end up as the be-all and end-all that some portray it down the road, warns a new analysis by the Allegheny Institute for Public Policy.

“(K)eep in mind that for every dollar in revenue brought in by the casinos it represents a dollar lost from other areas of the economy,” says Frank Gamrat, executive director of the Pittsburgh think tank (in *Policy Brief Vol. 22, No. 25*).

Pennsylvania’s gaming industry was quick to rebound from the COVID lockdowns of 2020. Internet gaming led the way during the pandemic year when virtual gaming provided an alternative to mingling with casino floor crowds.

In addition, Pennsylvania welcomed three new mini casinos in 2021. Total gaming revenues quickly increased, surpassing pre-pandemic levels.

For slot machines in 2021, casinos across the state realized \$2.29 billion in gross terminal revenues (GTR). While 68 percent higher than 2020’s pandemic-year total, it remains 3 percent behind 2019’s total of \$2.36 billion. The high-water mark for slot machine GTR occurred in 2012 when 11 casinos garnered \$2.47 billion.

For internet gaming, which bowed in the Keystone State in August 2019 and includes both slots and table games, that first full month garnered \$3.4 million in total statewide revenues.

From August 2019 through February 2020, the monthly average was \$9.5 million. In April 2020, the first full month of the lockdown, that number jumped to \$43.1 million and rose steadily throughout the year; December’s revenues topped \$71.6 million.

In 2021, average monthly gambling revenues topped \$92.7 million and the annual total topped \$1.1 billion. Thus far in 2022, revenues are \$111.1 million per month, on pace to exceed \$1.3 billion.

Total table games revenues had their best year in 2021 when they reached \$924.9 million. With the exception of the pandemic year, table games revenues have steadily increased since the first full year of 2011 (\$619.9 million).

Through the first five months of 2022, table games revenues, averaging \$85.4 million, are on pace to surpass \$1 billion for the first time.

And as with slot machines, more tables are in play as the number of casinos has expanded.

All this said, through the first five months of 2022, total revenues from all sources of gaming are projected to hit \$5.13 billion in Pennsylvania.

Great news, right? For state coffers, indeed, and *some* taxpayers.

“Each method of gaming is taxed at a different rate with tax revenues going to different coffers (*Vol. 20, No. 7*),” Gamrat reminds.

“For example, taxes on slot gaming, both casino-based and internet-based, primarily benefit property tax relief efforts. Table games tax proceeds go into the general fund,” the Ph.D. economist recounts.

But not only is the state’s gain by and large the economy’s loss (property tax relief is far lower than gaming proponents’ initial claims), other government interventions have serious ramifications, he says.

“Stimulus money pumped into the economy by the federal government, and the resulting and current inflationary crisis which has pushed up wages, most likely made its way to the casinos as people had more discretionary spending available,” Gamrat says.

“While the local governments that rely on gaming tax revenues are reaping the rewards, what will happen when the economy has a serious downturn and this wave of discretionary spending grinds to a halt?”

“Politicians may be running out of ways to expand gaming options,” the think tank scholar cautions.

And gaming as a recreational outlet must be kept in perspective.

“State and local governments should not count on the gaming industry to sustain its economy or keep its tax coffers full,” Gamrat warns.

“And, certainly, it cannot afford to ignore the social ills and costs that can accompany gaming addiction,” he concludes.

*Colin McNickle is communications and marketing director at the Allegheny Institute for Public Policy ([cmcnickle@alleghenyinstitute.org](mailto:cmcnickle@alleghenyinstitute.org)).*

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Allegheny Institute for Public Policy  
305 Mt. Lebanon Blvd.\* Suite 208\* Pittsburgh PA 15234  
Phone (412) 440-0079  
E-mail: [aipp@alleghenyinstitute.org](mailto:aipp@alleghenyinstitute.org)  
Website: [www.alleghenyinstitute.org](http://www.alleghenyinstitute.org)  
Twitter: [AlleghenyInsti1](https://twitter.com/AlleghenyInsti1)