



Gaming dollars for sporting events: good public policy?

Introduction: As part of the Fiscal Year (FY) 2025-26 state budget deal, \$10 million in gaming money will go toward the NFL Draft being held in Pittsburgh next month. The state has made policy decisions in recent years to direct tax revenue from gaming to incentivize sports-related events in Pennsylvania in the hopes of boosting tourism and economic development.

Act 45 of 2025 transferred \$50 million from the state gaming fund to the tourism promotion fund. Of that, “no less than \$10,000,000 to a designated tourism promotion agency located in a county of the second class that has been designated to manage and organize a professional sports league draft event.” That translates to VisitPittsburgh and the NFL Draft.

The City of Pittsburgh and Allegheny County have committed \$1 million and \$3 million in public dollars, respectively, to the event. Along with VisitPittsburgh (\$2 million) and corporate donations (\$5 million), the “host community” total is \$11 million—the \$10 million nearly doubles the pot. Pittsburgh Regional Transit’s performance and stakeholder relations committee approved a “Contribution and Cooperation Agreement for 2026 NFL Draft Service” on March 19. A news article that same day indicated the transit agency will be paid \$350,000 from VisitPittsburgh (specifically its nonprofit educational foundation) for park and ride locations and increased light-rail service during the draft.

Gaming and tourism have been linked since the General Assembly legalized slot machines through Act 71 of 2004. The act included the Gaming Economic Development and Tourism Fund (GEDTF). Casino license holders pay 5.5 percent or 6 percent (depending on category of license) of gross slot machine terminal revenue to the fund. Philadelphia and Allegheny County were beneficiaries of GEDTF allocations from a 2007 act on capital projects.

The SEA's regional sports commission

Act 42 of 2017 expanded gaming options in the state and extended the life of several of those GEDTF distributions beyond what was to be a decade-long arrangement (see *Policy Brief Vol. 18, No. 16*). The Sports & Exhibition Authority (SEA) received \$1.7 million per year for the operating deficit at the David L. Lawrence Convention Center (\$20 million total from FY 2006-07 to FY 2017-18). The distribution was extended and repurposed to create a Regional Sports Commission (RSC) and a restricted account within the SEA.

The SEA created the RSC in August 2020. By-laws and guidelines for how the annual allocation would be divided were adopted soon after. Sports event funding (70 percent), capital repairs to SEA facilities (25 percent) and administration (5 percent) are the spending areas. One stated intent of the account in its programs and procedures document is to “[assist] the region in maintaining and growing its competitive position in the sports event market.”

Based on RSC and SEA meeting agendas and minutes from March 2022 through September 2025, 100 awards totaling \$4.95 million were recommended by the RSC and approved by the SEA. In 2025, there were 29 grants approved while nine were denied. Of the approvals, only four applicants said that the grant was critical for the event to go forward and it would not occur if the application was denied. At the beginning of March the RSC recommended \$727,000 to 19 events, many of them repeat awardees.

The RSC’s guidelines state “[e]conomic impact may be calculated as total estimated attendance, multiplied by daily attendee spending, multiplied by average length of Allegheny County hotel stay. If an applicant wishes that an alternative formula for calculating economic impact be considered, the applicant shall supply a credible source for using such alternative formula.” Where applicants have returned for subsequent funding, meeting minutes note hotel nights and economic impact of previous funding and whether the event fell short, met or exceeded the projection.

The sports marketing and tourism account

Act 54 of 2022 created the Sports Marketing and Tourism Account (sports account) within the GEDTF “to attract high-quality, amateur and professional sporting and esports events to this Commonwealth for the purposes of advancing and promoting year-round tourism, economic impact and quality of life through sport.” Money for the sports account comes from the tax applied to sports wagering—5 percent of revenue or \$2.5 million annually, whichever is greater, not to exceed \$5 million annually, is transferred. Act 34 of 2023 made amendments to the sports account such as expanding the definition of an eligible applicant and directed a \$25 million transfer from the GEDTF to the sports account in FY 2023-24.

Based on press releases from the Department of Community and Economic Development, the first awards were announced in September 2023. In all, 30 sporting

events across the state have received close to \$15 million in awards. Some events have been funded in more than one group of awards. High-profile events this year include the MLB All-Star Game and the FIFA World Cup. In Allegheny County, the 2025 U.S. Men's Open (golf) received two grants from the sports account totaling \$2.2 million. In the most recent announcement of awards in February, VisitPittsburgh was awarded \$120,000 in its efforts to attract the Rugby World Cup in the next decade.

The act requires the Independent Fiscal Office (IFO) to “complete a report analyzing the direct and indirect economic impact the event had on the Commonwealth, the county and geographic region in which the event was conducted.” To date, economic impact reports for eight events are published on the IFO's website.

Conclusion

Backers of sports-event funding would no doubt point out that the gaming dollars used for sporting events are worthwhile endeavors. Just as many would defend the benefits of gaming money going to school property tax relief, the horse racing industry and development and infrastructure projects.

There is an opportunity cost—the next best alternative for using the money given in a sports event grant or sports account award. This is especially true in light of the money spent on professional sports stadiums, arenas and convention centers in the state that were to be the catalysts of spinoff economic activity.

If subsidizing sports events brings businesses to the state and then gets them interested in investing and locating or relocating in Pennsylvania, does that happen without additional subsidies? If there is an additional incentive package beyond what was spent on the event it calls into question the effectiveness of the event funding. Despite the amount of money spent on economic development, Pennsylvania is still lagging other states in job growth.

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