



Dr. Peter Zaleski – Meadows Metrics

Thank you, Rick. And thank you Senators Gebhardt and Williams for hosting this hearing today on the important topic of skill games.

As Paul mentioned, my name is Peter Zaleski. I am a professor of economics at Villanova University, and I also serve as an economist with Meadows Metrics, an economic consulting firm. I have studied the interaction between the state lottery, casinos, and skill games in Pennsylvania for the past five years.

One of the arguments we often hear from those pushing for a ban on skill games is the false notion that skill games harm the lottery and casinos. These claims are not supported by the data. I have looked at the publicly available data several different ways over the years and have found clear evidence that skill games do not harm – but rather help – lottery sales.

My analyses can be summarized as follows:

- The growth rate in lottery sales since skill games entered the market has increased. In fact, lottery sales have been record-setting.
- Lottery sales are higher in Pennsylvania counties with a higher number of skill games.
- The growth rate of lottery sales is higher in Pennsylvania than that of nearby states without skill games.
- In a 2019 survey of Pennsylvania lottery players, just 2.2% of lottery players reported that skill games had an impact on their lottery play, with an increase in lottery play being twice as likely as a decrease. And, more importantly, the increase in lottery play was more likely to be from frequent lottery players as opposed to occasional players.

Also my research found that casino revenue growth in Pennsylvania was higher after the introduction of skill games versus before. And currently, Pennsylvania casino revenue growth exceeds the national average. In general, in states where skill games are operating, casino revenue growth far exceeds the national average.

I have also studied the impact that skill games have had on local economies. Small business owners, volunteer fire companies, fraternal groups, and VFW posts continually praise skill games for saving their businesses and organizations.

Lastly, the impact of skill games on state tax revenue is estimated to exceed \$220 million annually in 2024 if regulated and taxed. Over time, tax revenue from skill games could reach \$628 million annually without injuring any existing state revenue sources.

I am happy to provide you with more detailed research on this topic, but the gist is this -- skill games have a positive impact on the state economy. Thank you. Now I will turn it over to Brian Carr.