

# Gambling and the Poor

by Ronald A. Reno

*Gambling is not the "painless" tax that gambling promoters like to claim. Rather, it is a highly regressive form of taxation that thrives by inducing false hopes among the financially destitute. Government's multibillion-dollar annual take from gambling activities comes disproportionately from the pockets of America's poor. This has been most clearly evidenced in numerous statewide studies of lottery behavior over the last couple of decades. However, as casinos, racetracks and the like are made more accessible, it has become increasingly clear that all forms of gambling prey heavily on those with meager financial resources.*

\* A 1996 Mississippi State University study found that poor Mississippians living in counties with casinos lost a far greater percentage of their income in the casinos than did wealthier gamblers. Gamblers earning less than \$10,000 per year lost about 10 percent of their family income to casinos, while those earning more than \$40,000 spent only about 1 percent of their earnings on casino gambling.<sup>1</sup>

\* In a 1994 survey, 50 percent of Wisconsin casino gamblers reported an annual household income below \$30,000.<sup>2</sup> (The median income in Wisconsin that year was \$35,400.<sup>3</sup>)

\* A study of 1,800 Minnesotans in state-run gambling treatment programs found that 52 percent had yearly incomes of \$20,000 or less. The study also discovered that the amount of debt, as a proportion of income, was highest among the poorest gamblers seeking treatment.<sup>4</sup>

\* University of North Florida researchers reported: "Gambling expenditures in Las Vegas indicate a regressive pattern for gambling taxes because the percentage of household income devoted to gambling falls consistently as income rises." For instance, Las Vegas casino gamblers with household annual incomes of less than \$10,000 lost 3.25 percent of their income to casino gambling. Those with annual incomes between \$50,000 and \$60,000, by comparison, lost only .8 percent of their income to the casinos.<sup>5</sup>

\* Seven percent of Illinois casino gamblers surveyed reported annual incomes below \$10,000. Half of these individuals reported losing at least \$1,900 to the casinos in the previous year.<sup>6</sup>

\* The 32 Colorado counties with the highest per-capita lottery sales all have per-capita income levels below the state average.<sup>7</sup>

\* In New York, those living in the most impoverished areas of the state spent eight times more of their income on lottery tickets than did those living in the most affluent sections.<sup>8</sup>

\* Almost half (49 percent) of California lottery players have household incomes below \$35,000.<sup>9</sup>

\* The three poorest counties in New Mexico all rank among the state's top 10 counties in per-capita lottery sales. New Mexico's wealthiest county accounts for the fewest lottery ticket purchases per resident.<sup>10</sup>

\* An Associated Press survey of Wisconsin lottery purchases found that residents living in the poorest neighborhoods in the state spent, on average, four times as much of their income on lottery tickets as did those in wealthier neighborhoods.<sup>11</sup>

\* A University of Louisville study showed that Kentuckians with annual incomes less than \$15,000 spent \$9.23 per week on lottery tickets, while those earning above \$35,000 spent only \$7.36.<sup>12</sup>

\* A Texas A&M study found that the lowest-income group of Texans, who earn only 2 percent of the state's total income, provide 10 percent of the lottery's revenue.<sup>13</sup>

\* Research among Maryland's largest counties revealed that per-capita lottery sales are highest in the state's poorest county, while the richest county has the lowest per-capita lottery sales.<sup>14</sup>

\* The 1976 U.S. federal gambling commission found that the poorest Americans spend three times as much of their income on gambling compared to the wealthiest Americans.<sup>15</sup>

#### Endnotes

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