

LOTTERY – ECONOMIC DEVELOPMENT?

By Forrest Claunch

Lottery revenues are not dependable. When lottery revenues are used to support education, senior issues, roads or other government expenditures, results seldom match promises.

“Declining public interest has forced lottery officials to come up with new ways to try to convince people to play,” is the first stated “storm cloud” over the Texas lottery in a recent editorial. “Even if lottery operations are improved, it may be impossible to generate the income games did in the initial years. Participation in lotteries almost always fades when the public realizes how difficult it is to win.”¹

The historical pattern in legalization has been for state governments to begin by legalizing a lottery and then, as gambling revenues decline over time, to legalize more ventures.² California saw a \$500 million decrease in lottery revenue after four years.

In the conclusion and recommendations of the most comprehensive study in the past decade of gambling in America, states are warned that lotteries are not generators of good economic development. “The Commission recommends to state, local and tribal governments that (when considering the legalization of gambling or the repeal of gambling that is already legal) they should recognize that lotteries, Internet gambling, and non-casino electronic gambling devices do not create a concentration of good quality jobs and do not generate significant economic development.”³

While gamblers and gambling proponents boast of economic gains and revenue enhancement, they never seem to factor the cost to taxpayers and society. The first International Conference on gambling included among speakers the Attorney General of Michigan, Frank J. Kelley. Mr. Kelley stated, “The issue of gambling has been the most troubling of my 33-year term.”⁴ John Kindt, commerce and legal policy professor at the University of Illinois in Champaign-Urbana, citing field research said “legalized gambling activities are directly and indirectly subsidized by the taxpayers. For every dollar the legalized gambling interests indicate is being contributed to taxes, it really costs the taxpayers at least three dollars – and a more reasonable number is seven dollars.”⁵

The lack of net economic impact of a lottery should always be the concern. “The perceived lure of enormous economic benefits and tax revenues leads some to disregard potential economic and social costs. And sadly, today’s political environment places more emphasis on ‘spin’ than it does on facts, and too many of these decisions are turned into high-priced ballot issues.”⁶

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¹ *The Dallas Morning News*, Editorial, October 1, 2002. p.12A

² *Legalized Gambling As A Strategy For Economic Development*, Robert Goodman, Director United States Gambling Study March, 1994, p.23

³ National Gambling Impact Study Commission report, June 1999, p. 7-30, item 7.4

⁴ *WORD & WAY*, February 24, 1994, p.3, Cost of gambling a high-stakes loss to citizens

⁵ IBID

⁶ National Gambling Impact Study Commission report, June 1999, Conclusion, p.7-29