

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL & STATE AFFAIRS

The meeting was called to order by Rep. Robert H. Miller at
Chairperson

1:30 a.m./p.m. on January 23, 1986 in room 526S of the Capitol.

All members were present except:

Rep. Peterson

Committee staff present:

Lynda Hutfles, Secretary
Russ Mills, Research

Conferees appearing before the committee:

Representative Douville
Ray Body, Holton
Reverend Richard Taylor, Kansans for Life at its Best
Dr. Emory Lindquist
William Plymat, Des Moines, Iowa
Lonnie Hephner, Wichita
Marc Rogers, Scranton
Gary Doud, Wakarusa
Joe English, Topeka
Dorothy Shute, Osage County
Amy Plymat
Rick Messer, Mount Carmel Baptist Church

The meeting was called to order by Chairman Miller.

Representative Long made a motion, seconded by Representative Eckert, to approve the minutes of the January 22 meeting. The motion carried.

SCR1609 - Authorizing state-owned and operated lottery in Kansas.

Representative Douville gave testimony in opposition to SCR1609. He told the committee that in 1859 the Constitution of the State of Kansas was ratified to forever forbid lottery in Kansas. The vote was 10,000 to 5,000. Representative Douville said that he objects to lottery for a number of reasons. Gambling is not only a sin, but is also a crime. Passing of this bill would set a bad tax policy. He stated that he would rather pass a tax increase to raise the revenue needed, but some of the legislators do not have the guts to go back home and say they voted for a tax increase. Representative Douville distributed a copy of an article from the Kansas City Star, Winning Legal Loot is New American Dream. See attachment A.

Ray Boyd, Businessman from Holton, gave testimony in opposition to a state-owned and operated lottery in Kansas and explained the effects of lottery upon the business community. See attachment B.

Reverend Richard Taylor, Kansans for Life at Its Best, gave testimony in opposition to SCR1609. The issue is not revenue, economic development or public opinion polls; the issue is gambling. Reverend Taylor played a tape recording of a radio interview with Burdett Loomis of the Political Science Department at the University of Kansas aired on a Kansas radio station this morning. (KANU Radio) He referred to Article 14 and its meaning and also some news articles which were distributed to the committee. See attachments C & D.

Dr. Emory Lindquist, past president of Bethany College and Wichita State University, gave testimony in opposition to SCR 1609. Lottery is a way of life and has a life of its own. Passage of a lottery puts the State of Kansas in the position of encouraging and promoting "Hype and Hulucination"; and it is characterized by a dialectical deceit. Dr. Lindquist said that he was in favor of economic development, but not through a lottery. More

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL & STATE AFFAIRS,
room 526S, Statehouse, at 1:30 a.m./p.m. on January 23, 1986

taxes are needed and he said he was willing to pay them. We pay taxes in order to buy civilization. He asked if anyone believed that going into the business of gambling was going to improve the image of Kansas. He said this was "nonsense on stilts". He asked that we not celebrate Kansas' 125th birthday by putting Kansas in the gambling business.

William Plymat, former Senator from Des Moines, Iowa, gave testimony in opposition to the lottery in Kansas. He explained how the lottery was set up and operated in Iowa. Lottery is a complicated business. See attachments E, F, G, & H.

Lonnie Hephner, Wichita Businessman, gave testimony in opposition to SCRI609. He told the committee not to be persuaded by the Governor and his tactics to do something that is wrong for the people of Kansas. The people of Kansas would rather pay their fair share of taxes than to have the state swindle millions from the ones that can least afford it. See attachment I. A $\frac{1}{4}\%$ sales tax would do the same as having a lottery in Kansas.

Marc Rogers, Scranton, opposed the passage of SCRI609 because it violates his principles. There is a proper role for government and a proper way of raising taxes. A lottery is not the way. The state should encourage the best there is in people not exploit the worst in people. The state should raise taxes equitably. Lottery is regressive.

Gary Doud, Wakarusa farmer, gave testimony in opposition to lottery in Kansas. He felt that if there were a lottery in Kansas people, like himself who were trying to save money for a new home, would be tempted to spend it on lottery tickets instead. A man would be tempted to blow his whole paycheck.

Joe English, Topeka, gave testimony in opposition to SCRI609. He told the committee he could not imagine the condition of Kansas if lottery, liquor by the drink and gambling are permitted. Gambling is just as big a sin as robbing someone on the street.

Dorothy Shute, County Commissioner in Osage County, gave testimony in opposition to lottery in Kansas. She also brought a tape of Burdett Loomis. She talked of how difficult it is to trace ownership of retail outlets of lottery tickets to make sure they are in no way connected with organized crime.

Amy Plymat told the committee that she felt there was an over representation of older people at the meeting. She said that young people do not listen to parents and teachers and are not prepared for the real life. The suicide rate of teenagers is a result of dillusions of life. Life is not a get rich quick situation, it is finding a job and realizing the pressures of being an adult. The pressure of knowing life is long and hard.

Rick Messer, Pastor of the First Carmel Baptist Church, gave testimony in opposition to the resolution stating that many marital problems are caused by the stress of financial problems. In some cases lottery might add to this financial stress.

Hearings for opponents of SCRI609 were concluded.

The Chairman asked that if anyone had been contacted about committee bills, they needed to contact him before the meeting on Thursday, as he would like to take them up at that time.

The meeting was adjourned.



Winning legal loot is New American Dream

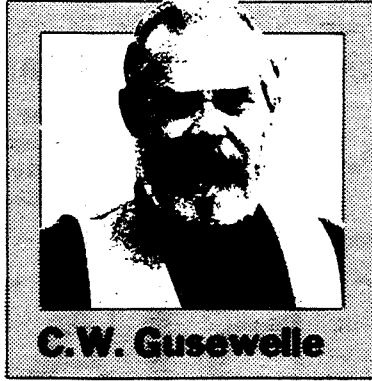
It is wrong to think of the state-sponsored lottery as just another expedient, money-grubbing ploy to fatten the public purse.

No, the lottery is idealism at its very finest. It is the embodiment of the New American Dream.

The Old American Dream was built on the rock foundation of certain now-archaic notions of thrift and industry. Work hard, tithe to your banker and in due time you would find yourself cooking marbled steaks over a grill on your patio in suburbia.

The law dealt sternly with people who visited bookies, rolled dice in alleys or played card games for money, even behind the drawn curtains of their private homes. No social good could come of such behavior; for the way to fortune lay in diligence—not handicapping ponies or drawing two cards to a royal flush.

Then, several years back, inflation hit double digits and interest rates went to 20 percent, and the Old American



C.W. Guswelle

Dream fell into disrepute.

The New American Dream, which has replaced it, proceeds from a whole different set of social assumptions. And it is more democratic. It does not limit opportunity to the thrifty, the industrious or the able. According to the New American Dream, the sweet life is not earned. It is something that just happens to someone out of the blue, like a visitation of the tooth fairy.

Some citizen of the state of New York, for example, is going to wake up one morning in the next week or so and find

that he or she is richer by \$50 million. Or it is possible two people will have gotten the right numbers. Then they will win only \$25 million each.

The beauty and the democracy of this is that it can happen to anyone. It could happen to a pimp or drug dealer, an indicted embezzler, the most feckless idler, wife-beater or cheat.

It could happen to someone who bought his lottery ticket with money from the purse of an old woman he mugged as she passed through a park. Or whose children went hungry so that he could make his gilt-edged investment.

A terrorist revolutionary building bombs in a basement might find, overnight, that he had joined the super wealthy. And instead of blowing up government offices would be able to devote the rest of his life to managing his investments in Long Island real estate and precious metals.

That is the charm of the official lottery, its perfect impartiality. And that is the essence of the New American

Dream, in which lives are transformed not by achievement but by blind, random luck.

It may be that luck, in one shape or other, has always governed—the luck of advantaged birth and social connection, the luck of race, or health, or a winning smile, the luck of holding the right contracts when a war was declared.

Maybe the Old American Dream, with its reliance on plodding virtues, was hypocrisy all along. In which case it will be interesting to observe what happens when, freed from illusion, we put our whole faith in the spin of a wheel or numbered balls drawn from a tub.

Actually, the invention is not ours. It was borrowed from those countless other governments that finance their excesses by encouraging citizens to gamble against the state. The splendid accomplishments of those societies are, of course, too well known to need reciting.

Boyd
13



BUILDING SUPPLY CENTER

401 Michigan

HOLTON, KS 66436

P.O. Box 1006

(913) 364-4104

January 22, 1986

Mr. Chairman and members of the committee:

Re: SCR 1609

I am Ray Boyd a Businessman from Holton.

I am testifying in opposition to the lottery bill presently before this committee. As an individual I have no problem with paying a fair share of tax. I do have a problem with the type of tax bill that is being heard here today. As a citizen of this state I must show strong opposition to this form of taxation because it is below my integrity. Secretary Duncan used the word "integrity" to describe in part, a properly operated state lottery. It is my observation that this word does not have a place in describing a state operated sham.

In giving consideration to the testimony of the Secretary of Revenue, I have a problem believing that the state is selling a product like we think in the normal terms of business and must be promoted to maximize revenue. I assume he means to advertise to get people to buy a piece of paper (the product), that produces little revenue for the state, is a source of monetary lose to the purchaser which in all reality is an outright swindle. Mr. Duncan claims that the state should receive net revenue from \$6 million to \$122million which is quite a variation. We know that the average return for states promoting loteries is about 40% of the gross received in the sales of the same. I do not consider this a valid method of receiving revenue when other methods return the taxing entity 100 cents on the dollar not 40 cents on the dollar.

Mr. Chairman, the information I received from your office indicates that lottery vendors could receive up to 6% in vending fees. The withholding tax and the sales tax laws require, without exemption, that everyone engaged in commerce, within the limits of these laws, are to collect and remit such monies on a timely basis of face severe penalties even to the personal liability for the tax. I will not stand for such discriminatory practice where lottery vendors are preferred above others who perform service to the state. I might add that 6% of the state sales tax would amount to more than 36 million dollars.

The business community should be concerned about the effects of lottery upon their business possition and I note as follows:

- (1) Reduced sales of necessities could have an adverse effect upon the net profits for business.
- (2) Any merchant not desiring to be a lottery vendor could be forced into it. Also the refusal of the lottery commission to disallow vendorship to a merchant could have the effect of pulling his customers right out of his store.
- (3) This could have an adverse affect upon collection of accounts even if the merchant is not a lottery vendor.

ATTACHMENT B
H.F+SA
1/22/86

- (4) Merchants have an obligation to exemplary conduct in community affairs and this is not accomplished in assisting in a state operated swindle.
- (5) According to Ann Landers, Topeka Dailey Capital, January 21, 1986, the odds are stacked against gamblers, the promoters see to that. Harry Reasoner on 60 Minutes, January 19, 1986, proved the same thing. The business community knows that the state can control the number of winners, the frequency of payments, and the amount paid out in lottery games. This is nothing short of legalized thievery.

As a citizen of Kansas I cannot give my consent to lottery by being silent on this issue nor do I wish for what I have said to be a personal attack on anyone.

Respectfully Submitted


J. Raymond Boyd

The issue today is not revenue. Everyone knows lottery gambling produces revenue.

The issue is not economic development. Every state must work hard for economic development. If promoting gambling is good for economic development, the mob has been the best friend of every chamber of commerce.

The issue is not public opinion polls. The common people were not here yesterday clamoring to lose their hard earned dollars on the public swindle called lottery.

The issue is gambling. Legal gambling is a bigger swindle than illegal gambling. The odds of winning with the numbers racket are greater than winning with the legal lottery because a larger percentage goes for player prizes.

National and local news media last night and this morning gave extensive coverage to the conviction of organized crime figures in Kansas City. A court in Missouri put behind bars at Leavenworth members of the mob for skimming, yet Senator Steininger calls for Kansas to enter into the legal skimming operation called lottery.

The Wall Street Journal explains how lottery is technically a swindle and notes the inconsistency in demands for consumer protection laws coupled with demands for legalized gambling, saying the case for legalized gambling is an argument in favor of governments raising revenues by swindling its citizens rather than taxing them.

In his report to the Senate Federal and State Affairs Committee on parimutuel, KBI Director Thomas Kelly presented a statement from Illinois saying gambling is an activity criminal in nature.

Following the hearing yesterday, these comments have been added to my testimony.

1. Senator Steininger reported a Kansan won \$86,000 lottery dollars, but he did not say most of it came from Missouri pockets. Kansas dollars as a part of total state wide Missouri sales are miniscule.
2. Mr. Bruske said over and over you should "allow the people to vote" on lottery, "the people want the right to vote," and "I sincerely hope you will allow the people of Kansas to vote on it." What is the KCCI official position on voter referendums? They are opposed.
3. If someone had become a Kansan yesterday and knew nothing of past legislative sessions, they would believe Governor Carlin was the number one player on the Kansas Chamber of Commerce and Industry team. He supported their position when a member of the House of Representatives, according to Kansas Chamber of Commerce and Industry records:
 - 42% of the time in their 1975 report
 - 50% of the time in their 1976 report
 - 33% of the time in their 1977 report
 - 25% of the time in their 1978 reportOur economic development problem has developed during his years as Governor.

ATTACHMENT C

H. F+SA
1/22/86

4. You were told that polls prove the public is clamoring for lottery, yet you waited in vain for the man on the street to come forward yesterday and ask you to vote YES. Who came forward? You were asked to vote YES by persons under orders from the Governor. You were asked to vote YES by special interest groups who look forward to receiving dollars from state operated gambling.

Your NO vote will not bring more dollars to me and the thousands of concerned Kansans I work for. The goal of lottery promoters is more money for them and their organizations. Our goal is prevention of suffering for Kansans who will be victims of this state owned and operated swindling operation.

If the lottery product is recreation, why do organized crime figures go to jail for selling the same product?

Lottery promoters say persons buy tickets voluntarily. Every person who deals with a swindler does so voluntarily.

Those who claim it is a painless way to raise money have never known a compulsive gambler, or the family of a compulsive gambler. Why should any state prosecute a swindler, if he extracted money from his victim painlessly?

If gambling is a proper activity for raising state revenue, why is it not a proper activity for raising revenue for the mob?

You are under great pressure to approve lottery gambling. During the last session, 12 Senators put to rest the myth that lawmakers merely vote to allow the people to vote. The 12 Senators who voted for liquor by the drink in public places later voted against a property tax classification amendment. Their votes proved they wanted one and did not want the other.

According to Article 14 of the Constitution, will you approve or refuse to approve lottery gambling in Kansas? Promoters say public opinion polls require you to vote YES.

If you vote according to public opinion polls, you would support legislation that prohibits blood transfusions, because polls prove the public believes A.I.D.S. can be transmitted by giving blood.

When public opinion is based on mis-information, the guidance of Edmund Burke becomes primary. "Your representative owes you, not his industry only, but his judgment; and he betrays instead of serving you if he sacrifices it to your opinion."

Maybe lawmakers should ask themselves this question, "How would my people vote if they had all the information I have?" You could help inform the people back home by printing these poll questions in local newspapers:

1. Should Kansas promote and operate an activity that is criminal in nature?
2. Should Kansas swindle its citizens rather than taxing them fairly?
3. Do you want persons to use public assistance support to buy lottery tickets?
4. Do you support taking \$98 million consumer dollars from the public to receive \$40 million in revenue or would you rather take \$45 million consumer dollars from the public with a one-fourth cent sales tax and all of it going to the state?

5. Do you want low income people spending \$15 a day for lottery tickets?
6. Do you want millions of dollars going to those who contract with the state to operate the lottery and print the tickets?
7. Do you want the state to spend millions of dollars on advertising to encourage Kansans who are not gamblers to become regular gamblers?
8. Should we pay main street merchants \$1.46 for each \$1.00 sales tax they collect for the state?

Lottery gambling is a state approved and promoted activity encouraging people to steal from each other. The winner does not earn the millions of dollars received. He steals it from millions of losers who were deceived into thinking they would win, and most of the losers could not afford to buy the tickets.

The motive for fraud and embezzling and shoplifting and the motive for buying lottery tickets is the same, enrich yourself without earning it. Gambling is a dirty business, no matter how clean the operation.

Before the lottery vote in California, the Los Angeles Times reported on July 6, 1984, "Scientific Games is expected to pour as much as \$5 million into its pro-lottery effort this fall." How much would they pour into Kansas and how much are they pouring into this lobbying effort? Some lawmakers have indicated they may have to hold their nose and vote YES for this stinking business called lottery.

The Kansas Department of Economic Development in 1978 reported that workers in West Germany gave 7.9 more days of productive labor than the U.S. average. Workers in Japan gave 8.3 more days of productive labor than the U.S. average. Workers in Kansas gave 8.6 more days of productive labor than the U.S. average, the highest in the nation and in the free world!

Why is this? Kansans and the Kansas Legislature have promoted the philosophy of making money the old fashioned way - you earn it. Will you vote to change that?

Lottery promoters love the money they will get for printing the tickets, from contracts with the state to operate the lottery, and the funds their organizations will receive from the lottery. They are asking you to vote YES.

West of Topeka on I 70 we have a big sign that says I LOVE KANSAS! We are asking you to vote NO.

The small society



There would seem to be an inconsistency in demands for consumer protection agencies, coupled with demands for legalized gambling. As professor Irving Kristol pointed out on this page several months ago, gambling is "technical-ly a swindle: the payoffs on bets must be less than fair, and the overwhelming majority of the 'investors' must eventually lose their money, if the gambling enterprise is to survive and prosper." Therefore, he noted, the case for legalized gambling is "simply an argument in favor of the government raising revenues by swindling its citizens rather than by taxing them."

-The Wall Street Journal, January 4, 1974

...when the State participates in an activity which is otherwise criminal in nature, it must scrupulously maintain the highest standards among the other persons and organizations permitted to participate in that activity.

Testimony to Senate Federal and State Affairs Committee
Thomas E. Kelly, Director, Kansas Bureau of Investigation
February 19, 1981 Page 36 Parimutuel Hearing

In fiscal year 1984 gross state lottery revenue in the United States was \$6.9 billion, with a total net profit to the operating states of \$2.8 billion.

Legislative Reference Bureau of Wisconsin Bulletin

Presented by Russell Mills, January 16, 1986

Kansas Legislative Research Department

House Federal and State Affairs Committee

(Based on these facts, \$98.5 million consumer dollars would be taken from the public to produce \$40 million revenue for Kansas. Lottery gambling promoters would be paid \$1.46 for each \$1.00 received by the state. Merchants on main street should be paid \$1.46 for each sales tax dollar they collect for the state.)

Moving to end the lottery here would ease concerns among law-enforcement officials. And, in an era when many other states are operating lotteries, Washington could gain a touch of class by being one of the first to abandon a tacky and highly unreliable method for meeting budget responsibilities.

The Seattle Times, January 31, 1985

"Evidence shows there is a direct link between availability of gambling and the incidence of compulsive gamblers." Igor Kusyszyn told the convention. Kusyszyn, a professor of psychology at York University in Toronto, said now is the time to do something because, he said, the country is on the verge of a gambling boom "as politicians look for revenue anywhere they can get it."

Topeka State Journal, January 18, 1979

Gtech Corp. said it was selected to provide a computer-supported, on-line lottery game system for the Oregon State Lottery. Gtech valued the five-year contract at more than \$20 million. The company, which operates lottery game systems in Arizona, Connecticut, New Jersey, Rhode Island, Canada and Australia, said it expects to sign a contract with Oregon officials within the next few weeks.

Wall Street Journal, August 20, 1985

There is the very sensitive question of whether criminal elements are making use of state lotteries. Federal investigators say this is happening in several ways. Numbers rackets are using the official state numbers drawn on TV as their own. In other words illegal bookies will take bets on today's state number. If a person bets 6-7-8 with a bookie, for example, and that number is picked in the official state drawing, the bookie will pay off, usually at 600 to 1. Since the state payoff is only 500 to 1, there is an incentive to go with the bookie.

Christian Science Monitor, July 15, 1985

Recently Charles Hardwick, a New Jersey assemblyman, talked with a woman who tearfully described buying one ticket a week in the beginning and then gradually increasing her purchases to 15 tickets a day. . . such concerns helped kill a lottery bill in Virginia this month. . . "A lot of people get their unemployment or welfare checks and come down here and try their luck," says Cynthia Harris, who sells lottery tickets at the Whitman Card & Tobacco shop in Camden. Critics charge that states advertise their lotteries in flashy television commercials, that rarely mention the miniscule odds of winning.

The Wall Street Journal, February 24, 1983

As We See It: THE WICHITA EAGLE-BEACON

Tuesday, January 21, 1986

Why Lottery Is Wrong for Kansas

WHAT'S wrong with a proposed state lottery for Kansas was encapsulated by the University of Kansas senior, quoted in an Eagle-Beacon news story, who was looking forward to the opening of the Missouri lottery this week. The young woman was going to cross the border and buy several lottery tickets — something she couldn't do in Kansas — in the hope a winning ticket would "put me through grad school."

This illusory attitude has become pervasive in America, which helps account for the fact that 22 states now have lotteries. Gov. Carlin and House Speaker Mike Hayden, of all people, should realize the hazard in such thinking, and propose better, more realistic ways of meeting state needs. If Kansas citizens want that which a state lottery is supposed to help provide — reduced property taxation, economic development or spending for state prisons (depending on the version of the proposal one considers) — they're going to have to pay for it, one way or another.

The idea that a state lottery provides a windfall of "free money" (\$30 million a year in Kansas, according to some estimates) is erroneous. The social cost of gambling —

pari-mutuel gambling included — is high, and anyone who doesn't believe that has only to talk with the law enforcement people and others who have to deal with the results.

With a generally improving economy, many people may indeed have money to throw away — and with a 2.4 million-to-one chance of winning the top prize, as is estimated in Missouri, that's precisely what participants are doing. Many, many others, however, won't have the spare buck with which to buy a ticket — but they'll buy one anyway. Many will be the wife, trying to make ends meet with the family budget, pleading with her husband not to spend that "extra" five dollars on lottery tickets — and he'll spend it anyway.

The hidden problems and pitfalls of a lottery never would make the news, much; there would be mostly the pictures of the ecstatically happy winners, the ones who "strike it rich" and thus contribute to the illusion that anyone can win. Kansas doesn't need this. It should pay its bills the way it always has, by raising the needed revenue from legitimate sources, and pulling in its belt in times of economic stress. Easy money never was a substitute for hard-earned, honest income, and it never will be.

State Lotteries: The Only Legal Swindle

By HERBERT L. KAHN

Before 1969, finance companies and other lenders played some deceptive games with interest rates. The company would lend you, say, \$1,000 to be repaid in 12 monthly installments of \$91.67 each for a total of \$1,100. The interest on the \$1,000 loan was thus \$100, or a "low low" 10%.

Everybody was happy. The customer was happy to get such a low rate. The lender was even happier, since he was actually getting a "high high" 18%. After six months, the customer would already have paid back \$550, which could then be lent out again.

"Where ignorance is bliss, 'tis folly to be wise," wrote Thomas Gray. Congress did not agree, and in 1969 ended the bliss by enacting the Truth-in-Lending Law, which greatly reduced the ability of lenders to misstate their interest rates. (Only a little leeway is left—credit-card companies still pretend that 1.5% per month is 18% a year, while it's really 19.6%.) Now you're protected. No one can legally swindle you except your State Lottery.

Such lotteries were common during the past century, but then fell into disrepute and died out. They were not reintroduced until 1963, starting with New Hampshire. Today, at least 17 states and most Canadian provinces have official lotteries.

Proponents say that lotteries represent the most voluntary tax imaginable, because nobody is forced to bet. Moreover, they say, the chance of a big win brings excitement into otherwise drab lives.

Opponents argue that gambling is immoral, and that government should not encourage immorality. They also say that

lotteries are a highly regressive form of taxation, because the heaviest betters will be those who can least afford it. Lotteries, they say, are a form of revenue sharing to benefit the rich.

One argument that has often carried the day is that people will gamble anyway. All that a lottery does, this argument goes, is to transfer the profits from Organized Crime to Organized Government.

Not true. Experience shows that soon after it begins, the state lottery is no longer content to sell only to betters defecting from Organized Crime, but conducts an expensive and sophisticated campaign to woo new ones. Organized Crime does not do this. You don't see the Cosa Nostra running press conferences, newspaper ads and TV commercials. Such hype does work: Recently a mania possessed otherwise sane residents of New York state as they bought more than \$24 million worth of lottery tickets.

One reason why such promotion is needed is that the payout of most state lotteries is far stingier than that of other forms of gambling. In the Massachusetts Megabucks Game, for example, the bettor must guess six different numbers between 01 and 36 to win the jackpot. The odds against success are about 1.95 million to 1. The value of the prize can vary—if nobody wins in a given week, the money is added to next week's pool—but the state claims that about 50% of the money that is bet is returned in the form of prizes.

A 50% payout is little enough; in Atlantic City, N.J., or Nevada the payout in roulette is about 94%. Even worse, however, is that the claim is deliberately deceptive. A top prize of \$50,000 a year for 20 years is

not the same as \$1 million. To pay out \$50,000 a year, the state must put an appropriate sum into the bank, where it collects interest. The amount is calculated to run out at the end of the 20-year period. The higher the interest rate, the less the state needs to put in the bank. Even at low interest rates, however, the state doesn't spend close to \$1 million. Some computed figures, at different interest rates, are shown below:

Interest rate	True payoff
5%	\$654,266
10%	468,246
12%	418,289
15%	359,912
20%	292,175

To put it another way, if you receive \$50,000 a year and spend it, after 20 years you will have nothing left. If, on the other hand, you receive a true million, you can buy tax-free municipal bonds at 10% interest, spend the interest—\$100,000 a year, not \$50,000—and at the end of 20 years you will still have your million!

At an interest rate of 10%, the state pays out less than 25 cents per dollar received, not 50% as claimed. (And this is before federal income taxes.)

In order to attract financially unsophisticated people to the lottery, the state misrepresents the winnings in almost exactly the same way finance companies used to do before the Truth-in-Lending Law. It is ironic that today not even the sleaziest moneylender is permitted to do things that state lotteries do as a matter of routine.

Mr. Kahn is president of a marketing company in Weston, Mass.

On roll call, the vote was: Yeas 28, nays 12; present and passing 0; absent or not voting 0.

Yeas: Allen, Anderson, Bogina, Burke, Feleciano, Gaines, Gannon, Hayden, Hoferer, Johnston, F. Kerr, Langworthy, Martin, Montgomery, Morris, Mulich, Norvell, Parrish, Reilly, Salisbury, Steineger, Strick, Talkington, Vidricksen, Walker, Werts, Winter, Yost.

Nays: Arasmith, Daniels, Doyen, Ehrlich, Francisco, Frey, Gordon, Harder, Karr, D. Kerr, Thiessen, Warren.

A $\frac{2}{3}$ constitutional majority having voted in favor of the resolution, SCR 1605 was adopted, as amended.

MR. PRESIDENT: I desire to explain my vote on SCR 1605.

The important—perhaps the vital issue here, is whether in a Constitutional Democracy a minority may overcome the will of the majority. And as sworn guardians of the Constitution we must be ever vigilant to see that never occurs and, therefore, the people must vote.

I say, trust the people; let them speak and honor their decision. Leave us not build hypocrisy, on hypocrisy, by denying again and again their participation.

Let the *PEOPLE SPEAK*, let the will of the majority prevail and let's be done with this matter.—JACK STEINEGER

"Your representative owes you, not his industry only, but his judgment; and he betrays instead of serving you if he sacrifices it to your opinion." -Edmund Burke, November 3, 1774

According to Article 14, if the legislature shall approve a proposition for the amendment of our Constitution, such proposition to amend shall be submitted to the electors for their approval or rejection.

According to the Kansas Supreme Court, the relationship of the House and Senate on legislative change is like the relationship of the legislature and people on constitutional change. (Kansas Reports, Vol. 207, pages 651-654)

If a Senator said, "I'm not voting for this proposed legislative change, I'm just voting for the right of House members to vote on it," everyone would laugh.

When lawmakers say, "I'm not voting for this proposed constitutional change, I'm just voting for the right of people to vote on it," informed citizens laugh.

The twelve Senators underlined who voted YES on SCR 1605 and voted NO on SCR 1616 prove that lawmakers vote on the merits of the proposed constitutional change.

Lawmakers who want parimutuel or lottery gambling in Kansas will approve those proposed constitutional changes.

Lawmakers concerned for quality of life in Kansas will refuse to approve those proposed constitutional changes.

Representatives and Senators who exercise their best judgment and vote YES or NO on proposed constitutional amendments deserve the respect of all Kansans.

Lawmakers who claim they are simply voting for the right of the people to vote on proposed changes lack knowledge concerning our Constitution and the Supreme Court interpretation of it.

erer, Johnston, Karr, D. Kerr, F. Kerr, Morris, Parrish, Reilly, Salisbury, Talkington, Thiessen, Vidricksen, Werts, Winter, Yost.

Nays: Bogina, Burke, Daniels, Doyen, Feleciano, Frey, Gaines, Gordon, Harder, Langworthy, Martin, Montgomery, Mulich, Norvell, Steineger, Strick, Walker, Warren.

A $\frac{2}{3}$ constitutional majority having failed to vote in favor of the resolution, SCR 1616 was not adopted.

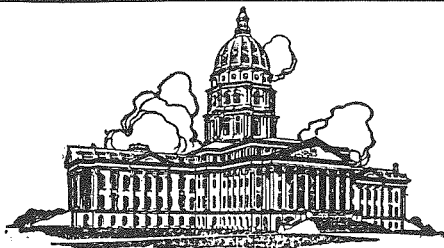
MR. PRESIDENT: I desire to explain my vote on SCR 1616.

This resolution eliminates 30% of the tax base in Wyandotte County by removing machinery and equipment and inventories from taxation. This escaped property eliminates approximately 100 million dollars of County valuation which means a rate increase for all other property in the County; approximately a 12% increase for homeowners, and a greater increase for small business. I vote "No" on SCR 1616.—JACK STEINEGER

"Legal gambling is being promoted chiefly because there is money to be made by individuals from it."

—Christian Science Monitor, December 11, 1972

ECONOMICS IN THE PUBLIC INTEREST



Ask these questions. Help others think through important issues. Let lawmakers know of your concern.

ADVISORY COMMITTEE to KANSANS FOR LIFE AT ITS BEST!

AUGUSTA — Everett L. Johnson, WSU Engineering Professor /
BELLEVILLE — Warren L. Hardin, Civil Engineer / CHENEY —
Robert E. Taylor, Mayor / CONCORDIA — Dr. Paul L. Nelson, Pedi-
atrician / CONWAY SPRINGS — Joyce E. Church, Teacher (ex-
Jockey) / DODGE CITY — Gene Willich, Educator / DWIGHT —
Lowell L. Miller, Dairy Farmer / ELLSWORTH — Karl K. Gaston,
Newspaper Publisher / ENTERPRISE — Reed Hoffman, Banker /
GARDEN CITY — Ken Anderson, C.P.A. — Duane E. West, Law-
yer / HESSTON — Leroy King, Contractor / HIAWATHA — R. C.
Finley, Businessman / HORTON — David Gaskell, Steel Manufac-
turing / INDEPENDENCE — L. Clarke Simpson, Retired Postal
Service — John Vermillion, Newspaper Publisher / JEWELL —
Harold Totten, Farmer / KANSAS CITY — George Bell, Attorney /
LECOMPTON — Charles W. Wright, Former Topeka Mayor /
McPHERSON — Rev. John E. Van Valin, Free Methodist Supt. /
MANHATTAN — T. Russell Reitz, Businessman / MELVERN — Cec-
cil D. Kramer, Insurance Agent / MILTON — Mrs. Judy Casner,
Farmwife / MINNEAPOLIS — R. W. Hemenway, Newspaper Pub-
lisher / MT. HOPE — Loren Elliott, Farmer / OTTAWA — Dr. Wayne
Angell, University Economics Professor / OVERBROOK — Max J.
Friesen, Banker / OVERLAND PARK — C. F. Garner, Entomologist
— Wendell Lady, Engineer / PITTSBURG — Dr. Robert R. Noble,
University Sociology Professor / SALINA — Dr. Donald Hammerli,
Presbyterian (USA) — Dr. S. C. McCrae, Orthopedic Surgeon —
Dr. C. L. Olson, Veterinarian / SHAWNEE MISSION — Bob Hunt,
CLU, Insurance Agent / SHIELDS — Rod Bentley, Rancher / TES-
COTT — Mrs. Robert Johnson, Homemaker / TOPEKA — Dr. Rich-
ard Beach, Internal Medicine — Robert Groff, Attorney — John W.
Harvey, Broadcasting — Dr. Doug Jernigan, Veterinarian — Dr. Rex
Lindsay, Southern Baptist Executive — Sewall Macferran, Banker
— Charles Marling, Retired Businessman — Bishop Ben Oliphint,
United Methodist — Charles Sheetz, Businessman — J. Elwood
Slover, Law Professor Retired — Rev. Fred Thompson, American
Baptist Churches C.R. — Dr. Robert Woods, Neurosurgeon / TROY
— Gordon Hinde, Real Estate / ULYSSES — Ora Martin, Quarter
horses / WICHITA — Lee Anderson, Artist — Dr. John H. Ha-
WSU Sociology Professor — Lonnie Hephner, Business-
Lester Holloway, Attorney — Dr. Martha S. Housholder, Derr-
ogist — Ted Mason, Architect — Vincent E. Moore, Retired Cessna
Officer — Dr. Marvin M. Somers, Radiologist

Include in mailings. Place next to cash register.
Give to friends. Copies available from KANSANS
FOR LIFE AT ITS BEST! Box 888, Topeka, 66601

or persons signing petitions asking for the right to vote on parimutuel:

Q' N - "SHOULD LAWMAKERS FOLLOW CONSTITUTIONAL REQUIREMENTS FOR AMENDMENT AND REVISION?"

Parimutuel promoters can not win legislative approval of race track gambling, so they are trying to circumvent constitutional requirements by claiming lawmakers are not voting for or against parimutuel, but are only voting for the right of people to vote on it. If successful, they will later tell voters statewide, "You are not voting for or against parimutuel, but just for the right of counties to vote on it."

That is deception, a tactic of swindlers and gambling promoters. The right of people and right of lawmakers to vote on amendments is guaranteed by the Constitution. According to the Kansas Supreme Court, V 207 p 651-4, the legislature may "initiate any change" and "in proposing and agreeing to amendments" is making "a request for a change", asking the people to approve or reject what lawmakers have already approved because "it is the right of every elector to vote on amendments to our Constitution in accordance with its provisions."

Article 14.—CONSTITUTIONAL AMENDMENT AND REVISION

§ 1. Proposals by legislature; approval by electors. Propositions for the amendment of this constitution may be made by concurrent resolution originating in either house of the legislature, and if two-thirds of all the members elected to each house shall approve such resolution, the same, with the yeas and nays thereon, shall be entered on the journal of each house. The secretary of state shall cause such resolution to be published in one newspaper in each county of the state where a newspaper is published, once each week for five (5) consecutive weeks immediately preceding the next election for representatives, or preceding a special election called by concurrent resolution of the legislature for the purpose of submitting constitutional propositions. At such election, such proposition to amend the constitution shall be submitted either by title generally descriptive of the contents thereof, or by the amendment as a whole, to the electors for their approval or rejection.

- 1st Step - If lawmakers approve a proposition to amend which is the resolution;
2nd Step - Such proposition to amend shall be submitted to the electors.

Lawmakers do not vote to submit a change. If they approve the change, it shall be submitted.

Speaking to the Downtown Rotary Club in Topeka on October 2, 1980, Governor Carlin told of his desire to protect the reappraisal of urban and rural real estate by passing a constitutional amendment. He did not say the people have the right to vote on his classification amendment. He said, "It requires a two-thirds vote of the Legislature to win approval of something that is truly good for Kansas."

Speaking at an Eggs & Issue Breakfast on February 4, 1969, concerning another constitutional amendment, Senator Bennett who later became Governor said, "We do not vote to submit that which we do not want passed."

Parimutuel gambling promoters want lawmakers to be rubber stamps who simply vote to submit it to the people. They believe the legislature does not have enough intelligence to consider parimutuel on its merits.

For Chamber of Commerce committees promoting parimutuel and lottery gambling:

QUESTION - "DO YOU WANT LOWER RETAIL SALES AND INCREASED BAD DEBTS FOR YOUR MEMBERS?"

When gambling tracks in other states are running, retail sales drop and bad debts increase because millions of local consumer dollars are lost at the track. As one merchant said, "They come to town to gamble. They don't spend money anywhere except in hotels and restaurants near the track. My business is down. The few dollars brought in from out of town are nothing compared to local dollars lost." It may be the sport of kings, but peasants lose the most.

Governor Rockefeller of Arkansas wanted to know the biggest problem experienced by local people when the parimutuel dog track and horse track are running. "Bad debts" topped the list. Hometown folk gambling away paychecks can't make payments on car, TV, rent, bank loan.

"Parimutuel didn't work last time it was tried, which was 1933-37. Too many Texans squandered time and money at the track, couldn't pay their bills." -Dallas Morning News, March 15, 1983

A grocery store owner said on the opening day of the Colorado lottery, "We might as well let our check out girls stay home. All we sold were lottery tickets." Most consumer dollars lost on parimutuel and lottery are taken from cash registers of main street merchants.

(4)

or persons who say we should have liquor by the drink, Sunday beer sales, wine in grocery stores, cut rate alcohol prices, etc:

QUESTION - "DO YOU WANT PEOPLE TO DRINK MORE ALCOHOL? DO YOU WANT MORE ALCOHOLICS, MORE HIGHWAY TRAGEDY, MORE WIFE AND CHILD ABUSE?"

"total consumption is the common denominator for alcohol problems...if per capita consumption increases, alcohol problems increase"

-Information & Feature Service, Nov. 23, 1976
National Institute Alcohol Abuse & Alcoholism

"So promising and straightforward is the simple syllogism of reducing alcoholism by reducing total social consumption."

-Bruce C. Vladeck, Ph. D.
American Journal Public Health, Dec. 1975

"It is therefore important to observe that, in the long run, education, treatment and deterrence are all of secondary importance compared to the central task of cutting down the general level of consumption by regulating the price and controlling the availability of alcoholic beverages"

-Dr. Klaus Makela, Research Director 1974
Finnish Foundation for Alcohol Studies

According to the Third Special Report ALCOHOL & HEALTH to the U. S. Congress, for each \$1 in alcohol taxes, over \$4 is taken from all of us in HIGHER PRICES for goods and services because of alcohol impaired personnel, HIGHER PREMIUMS for hospital-medical-auto-fire insurance to cover alcohol related losses, and HIGHER TAXES to pay costs of welfare, criminal justice, treatment and needed social services resulting from alcohol consumption.

"One drug causes more human trouble than all other drugs combined. That drug is alcohol."

-THE TELEVISION REPORT DRUGS: A to Z
Columbia Broadcasting System, Inc.

"the drug that causes by far the greatest amount of damage both personally and socially to our college students - drug ethyl alcohol"

-Donald L. Cooper, M.D.
N.C.A.A. News, February 15, 1977

"alcohol - it continues to be the drug most associated with crime, violence, auto accidents, marital problems and child abuse."

-Dr. Walt Menninger
Hutchinson News, November 7, 1976

(5)

For parimutuel promoters who talk about freedom of choice:

QUESTION - "SHOULD SWINDLERS HAVE FREEDOM OF CHOICE TO OPERATE IN KANSAS?"

"There would seem to be an inconsistency in demands for consumer protection agencies, coupled with demands for legalized gambling. As professor Irving Kristol pointed out on this page several months ago, gambling is 'technically a swindle: the payoffs on bets must be less than fair, and the overwhelming majority of the 'investors' must eventually lose their money, if the gambling enterprise is to survive and prosper.' Therefore, he noted, the case for legalized gambling is 'simply an argument in favor of the government raising revenues by swindling its citizens rather than by taxing them.'" GAMBLING AND THE GOVERNMENT
The Wall Street Journal, Jan. 4, 1974

"Parimutuel racing has become such an obvious consumer swindle..."

-New York Times editorial, July 30, 1977

The Kansas Constitution is a bulwark for consumer protection by not permitting parimutuel and lottery swindlers to prey on the public.

They say parimutuel will reduce taxes:

QUESTION - "WOULD \$9 MILLION REDUCE PROPERTY TAXES OF ONE BILLION DOLLARS?"

Kansas property taxes totaled \$1,085,137,000.00 in 1981. \$9 million Nebraska 1981 parimutuel taxes equal a 1/20th cent Kansas sales tax.

Parimutuel wagering has not reduced taxes for persons living in Nebraska, Colorado, New Mexico, or Arkansas. Professor Glenn W. Fisher of Wichita State University told the Topeka Rotary Club on October 30, 1980 that "Kansas state and local general revenues as a percent of personal income are well below the U.S. average and the average of neighboring states... Only Kansas has had a negative growth rate in taxes as a percent of income."

For Kansas tracks to produce taxes promised by gambling promoters, Kansans must bet every day 250,000 consumer dollars on the 1st race if all winners wager total winnings on following races. With 16% takeout on each race, at the end of a 9 race afternoon, bettors would "win" \$52,000 with \$62,000 going for taxes and \$136,000 going into pockets of non-profit track operators and owners of winning horses. (Details sent on request)

(6)

For persons promoting lottery in Kansas:

QUESTION - "WOULD YOU RATHER HAVE \$50 MILLION CONSUMER DOLLARS TAKEN FROM THE PUBLIC WITH A LOTTERY AND ONLY \$35 MILLION GOING TO THE STATE OR WOULD YOU RATHER HAVE \$45 MILLION CONSUMER DOLLARS TAKEN FROM THE PUBLIC WITH A 1/4TH CENT SALES TAX AND ALL \$45 MILLION GOING TO THE STATE?"

"35 percent of each lottery ticket dollar goes to improve the quality of life for all Coloradans, 15 percent goes to lottery operations and 50 percent goes to player prizes."

-Public Gaming Magazine, March 1983, p. 25 (Promoting commercial gambling nationwide and mailed free to lawmakers in every state. The magazine is paid for by those who get rich from commercial gambling operations.)

They mean 35% is hidden taxes, 15% goes to improve quality of life for lottery gambling promoters, and 50% is taken from the pockets of 1,999,999 ticket buyers to pay off one buyer who won a million dollars. (2 million \$1 tickets must be sold to create a \$1 million prize) For each \$100 million in lottery sales, \$35 million is taxes and gambling promoters receive \$15 million - receive 42¢ to collect \$1.00 tax. Who gets 42¢ to collect \$1.00 sales tax?

The motive for shop-lifting and gambling is the same, enrich yourself from the financial losses of others. Farming is a risk. Lottery is a swindle - theft by deception as 2 million expect to win a million & 1,999,999 are swindled! Thieves rob homes. Lottery robs pocketbooks! Most lottery dollars come from poor people. A 1/4th cent sales tax would come from everyone.

"Recently Charles Hardwick, a New Jersey assemblyman, talked with a woman who tearfully described buying one ticket a week in the beginning and then gradually increasing her purchases to 15 tickets a day...such concerns helped kill a lottery bill in Virginia this month...'A lot of people get their unemployment or welfare checks and come down here and try their luck,' says Cynthia Harris, who sells lottery tickets at the Whitman Card & Tobacco shop in Camden. Critics charge that states advertise their lotteries in flashy television commercials, that rarely mention the miniscule odds of winning. 'The state's commercials are as skillful and enticing as the ones used to sell sexy perfume,' state Sen. Hardy Williams of Pennsylvania complains."

-The Wall Street Journal, Feb. 24, 1983
STATE LOTTERY HURTS THE POOR

(7)

For parimutuel promoters who claim concerned citizens do not trust people to vote on it;

QUESTION - "IF YOUR OPPONENT OUTSPENDS YOU \$100 TO \$1, IS IT A FAIR ELECTION?"

Parimutuel promoters expect to pocket \$30 million yearly if the people vote YES. They will spend large amounts to buy a YES vote.

"My wife and I tithe to support our little church that is doing a positive work for good in our community and beyond. I would hate to use some of this money in a campaign to defeat parimutuel gambling at election time, but I would. Those who hope to make money out of parimutuel gambling can probably outspend us 100 to 1. I'm counting on dedicated lawmakers to defeat this gambling resolution so my wife and I and thousands of other concerned Kansans will not be forced to use part of our sacrificial giving to fight something negative instead of supporting some positive program for good."

-John Bower, McLouth, long-time legislator
Testimony to Senate Committee, 1981

If 111 lawmakers (27 in Senate & 84 in House) approve parimutuel, concerned citizens will be forced to raise over \$1 million to advertise truth and fight the big lie at election time to equal what was spent on advertising by gambling promoters in Oklahoma. Each lawmaker who votes YES would cost concerned Kansans \$10,000.00. (\$10,000.00 times 111 is over \$1 million)

For beer wholesalers and college students who oppose age 21 for beer:

QUESTION - "IS DRINKING BEER AND MAKING MONEY SELLING IT MORE IMPORTANT THAN SAVING LIVES?"

The Kansas Department of Transportation reports some 4% of licensed drivers are age 18 and 19, yet they are involved in nearly 12% of all alcohol related auto crashes in Kansas. States that raised the legal drinking age have had a decrease in crashes for that age group.

The American Medical Association at its national meeting in 1983 called for age 21. Other groups that have called for age 21 nationwide include the Presidents Commission on Drunk Driving, the National Transportation Safety Board, the Insurance Institute for Highway Safety, MADD and the National Safety Council. Half our nation's youth live in states where they may not buy 3.2 beer until age 21.

(8)

For persons who claim commercial gambling is the most rapidly expanding growth industry:

QUESTION - "DO YOU WANT MORE JOB ABSENTEEISM, LOWER WORKER PRODUCTIVITY, MORE ACCIDENT-PRONE EMPLOYEES IN KANSAS?"

"Gambling adversely affects business. INEFFICIENT EMPLOYEES. Workers will be prone to waste time by visiting or roaming about in search of a racing form, the latest sporting news, the in-plant bet collector. ACCIDENT-PRONE EMPLOYEES. When a gambler becomes a loser - and in the long run they all do - he becomes worried, distracted, perhaps tense as debts mount. POTENTIALLY DISHONEST EMPLOYEES. As losses mount, the employee may resort to a loan shark to bail himself out. He becomes subjected to such intense loan-shark pressure that he begins to steal or embezzle from the company."

-DESKBOOK ON ORGANIZED CRIME, PAGE 31-32
Chamber of Commerce of The United States

Parimutuel promoters claim an average daily attendance of 40,000 for the 210 day racing season. That is a lot of job absenteeism.

For persons who say we should keep home Kansas dollars now going to Nebraska gambling tracks:

QUESTION - "IF GAMBLING TRACKS IN KANSAS WOULD HURT NEBRASKA, WHY DO GAMBLING PROMOTERS FROM NEBRASKA HELP KANSAS PARIMUTUEL PROMOTERS?"

Healey and Fudge came to Topeka and testified for parimutuel at the Senate Committee Hearing. They know gambling tracks in more states cause more people to become regular bettors. This helps attendance at tracks in all states, and Nebraska tracks are in financial trouble.

Michael Healey, director of social services for the county in which AK-SAR-BEN is situated, tried to minimize problems by saying "There have been a few occurrences of people leaving young children in cars in the parking lot at the track."

-Topeka Capital-Journal Feb. 18, 1981

"Testifying about a pari-mutuel system in Nebraska, Duane Fudge, vice chairman of the Nebraska Racing Commission, said betting produced about \$8 million in revenue for (Nebraska) last year."

-Wichita Eagle-Beacon, February 18, 1981

For each \$1 Kansas tracks might keep at home, local persons not now gambling would probably lose \$1,000.00 into gambling promoters pockets.

(9)

For persons who say parimutuel will help the horse industry in Kansas:

QUESTION - "SHOULD HORSE BREEDERS BE SUBSIDIZED BY FINANCIAL LOSSES OF POOR PEOPLE IN KANSAS?"

Poor people are the main victims of parimutuel. They do not know it is technically a swindle.

A longtime New Jersey lawmaker told Senate President Ross Doyen that if he could have one vote back, it would be his YES vote for casino gambling in Atlantic City. New Jersey voters later approved casino gambling, but the legislature approved casinos as the First Step. Casino promoters in New York claim "An exclusive admission policy would discourage casual trade, keeping working people from gambling away their paychecks...Pardon our disbelief." (Quotation from New York Times editorial, Dec. 17, 1980)

"Bettin' on the races became an obsession with so many people who simply could not afford it, that much of my time was spent in counseling with them. On the surface there didn't seem to be anything wrong with placing a \$2 bet, but under the surface, it was a different story altogether! Most of my families were blue-collar workers and day laborers who could little afford the luxury of another addiction! Kansas would not benefit from parimutuel race tracks."

-Testimony to 1983 Committee Hearing by Pastor Theodore Staudacher. He served churches near Balmoral and Washington Park race tracks outside Chicago and now serves St. John's Lutheran Church, Topeka.

The spectator sport of horse racing is legal in Kansas. Gambling is the issue. Parimutuel hurts people and horses. People become compulsive gamblers. Humane Societies & horse lovers oppose parimutuel because horses are drugged & abused by gambling promoters seeking riches.

For persons who believe freedom of choice to purchase alcohol should not be restricted:

QUESTION - "SHOULD PERSONS HAVE FREEDOM OF CHOICE TO BUY MARIJUANA, HEROIN, OR COCAINE?"

People snort cocaine, shoot heroin, smoke marijuana, or drink beer because they like the way the drug makes them feel. Many become addicted or dependent on these mind altering chemicals.

Drug control laws have been passed for the sake of public health, safety, and welfare. Alcohol control laws are drug control laws.

For those saying parimutuel will create jobs:

QUESTION - "DO YOU WANT KANSANS TO LOSE JOBS THEY NOW HAVE?"

"The thing that bothers me most about it is that when people gamble away their money, they don't spend it on an honest product that someone has put work into. There's only so much money, and if it is lost at a gambling table, it is taken out of the productive part of our economy. Who would you rather see employed, a blackjack dealer in a casino in Las Vegas or a machinist at an automobile assembly plant in Detroit? Which contributes most to what's good about American life?"

-Andy Rooney, national columnist
Topeka Capital-Journal, August 24, 1983

"Attorney General Curt Schneider said Sunday he is opposed to a proposed amendment to the Kansas Constitution which would allow parimutuel betting. Schnieder said he opposed gambling because it doesn't add to the Gross National Product of the nation or to Kansas."

-Topeka State Journal, March 21, 1977

Virgil Peterson of the Chicago Crime Commission wrote, "As a business, gambling is parasitic. It is non-productive. It creates no new wealth and performs no useful service. It redistributes wealth from many into the hands of the few."

Parimutuel promoters say \$273.1 million would be wagered yearly with 5% going to Kansas and 11% or \$30 million going into pockets of non-profit track operators and owners of winning horses. (Gamblers lose \$3 for each \$1 to the State and \$2 to gambling promoters.)

If millions of consumer dollars are redistributed to support parimutuel jobs, jobs now supported will be lost. Who would you rather see employed, a tote board operator at a local gambling track or a factory worker in Wichita?

Oklahoma gambling promoters won a state wide YES vote by promising thousands of new jobs. If questioned, they could always say the new jobs were in some other part of the state. Counties are now voting and this has forced them to tell the truth. Creek County "Pro-betting force organizers like J.R. Payne said they are being cautious about claims to voters about jobs and tax dollars betting could bring to the county. 'We don't want to tell people something we can't back up.'"

-Tulsa Tribune, August 25, 1983

For persons who say legalized parimutuel will get rid of illegal gambling in Kansas:

QUESTION - "DO YOU WANT MORE ILLEGAL GAMBLING?"

Legal gambling tracks increase the number of persons who bet illegally and the amount bet.

"We can see that illegal bookies are operating in states without (gambling) tracks. One percent of our sample living in those states report they bet with a horse book. This compares to three percent who bet with a horse book who live in states with a (gambling) track, suggesting that while a local (gambling) track is not necessary for an illegal horse operation, it does stimulate betting on the horses with a bookie. And while heavy illegal bettors are found in both states, there are more of them in states with (gambling) tracks." Page 191-3

"As would be expected, the greater popular interest in horse racing naturally accompanying existence and advertising of racing and publication of results (at local gambling track) augments the demand for illegal betting facilities...Existence of (legal gambling on) horse racing also appears to increase the average amount wagered illegally per bettor, particularly with horse books." Page 172

-GAMBLING IN AMERICA, Appendix 2,
Commission on the Review of National Policy
Toward Gambling created by 91st Congress.

"Thomas Kelly, director of the Kansas Bureau of investigation, warned that introducing track-side betting would cause significant law enforcement problems. He said a KBI survey of the 31 states with parimutuel wagering indicated that such an operation in Kansas would mean increases in crime, including illegal gambling, bribery, race-fixing, fraud and corruption in the race organizations. 'There is a definite impact of parimutuels on law enforcement when it comes into a state,' he said."

-Wichita Eagle-Beacon, February 20, 1981
Committee Hearing on Parimutuel Gambling

For those saying you can't legislate morality:

QUESTION - "WHAT IS THE MEANING OF MORALITY?"

Morality has to do with right and wrong. A Wichita State University professor said, "Every law is legislated morality."

Every law says something is right and something is wrong. It is right to drive 55 MPH. It is wrong to drive faster. It is right to pay so much in taxes. It is wrong to pay less.

Before the General Election of 1982, Governor Carlin was asked, "If elected Governor,

- Will you support raising the beer drinking age so highway injury and death for Kansas youth will be reduced?
- Will you speak publically of the personal, social, and economic problems which will come with legal commercial gambling at Kansas race tracks?
- Do you want the legislature to vote NO on a Constitutional change which would permit parimutuel wagering in Kansas?"

His written response was YES to these questions.

"As Attorney General, my concern has been with commercial gambling. The losses become more extreme. The likelihood of infiltration by organized crime will increase. I prefer keeping the law as it is. We've got a healthy state and I'm very pleased with it.

"I've a lot of friends who are in favor of parimutuel gambling, and I have a lot of friends who are not. Some of my good friends have horses. They raise them for racing purposes and are somewhat bewildered at my position on the parimutuel question. It is just that I see no positives in opening up the state to commercial gambling. I see a lot of negatives.

"We have very little problem with public corruption in Kansas. One of the reasons for that, for example, are the difficulties involved in opening liquor stores, in regulated private clubs, in the lack of commercial gambling. The cash flow that attracts so many problems just isn't here. And I'm glad.

"The thing other than organized crime, is the fact that there is always illegal off track betting and there are many stories of the drugging of horses, and about cheating in regard to the races. And then the regulation, and the problem of people who can't afford to gamble, and gamble too much. They hurt themselves and hurt their families. We have enough problems with bingo gambling.

"My main concern about commercialized gambling, particularly parimutuel betting, is the fact that I don't see any positives. All I see are negatives. I think we can continue to have a wonderful state and enjoy our wonderful people without those negatives.

"Every law is a moral issue and that is the business of government, to determine what is best."

-Attorney General Bob Stephan

WIBW-TV interview, March 5, 1983

EDITORIALS

TRoubLED NUMBERS GAME

Let the lottery die an unmourned death

WITH the popularity of the state lottery on an unmistakable slide, the stage is being set for abandonment by the Legislature of an unwise venture that never should have been attempted.

At the moment, Sen. James McDermott, D-Seattle, chairman of the Senate Ways and Means Committee, is trying anew to kill the so-called on-line games, Lotto and Triple Choice, arguing rightly that they're "a bad source of revenue for the state. But McDermott's proposed legislation to phase out the games doesn't go far enough.

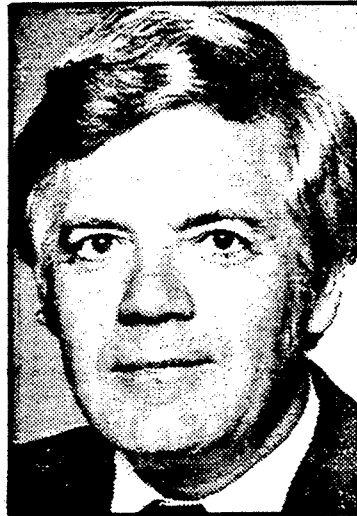
The Legislature should move now to declare its intention to let the *entire* lottery operation die an unmourned death at its natural expiration date in mid-1987. All of the state's numbers games already have gone on long enough, but a two-year phase-out would permit an orderly conclusion of the project, including steps to replace revenues now coming from lottery patrons.

The case against the lottery has been strengthened in recent days by disclosures that operating deficits are rising even more steeply than had been predicted. Expenses during the present budget period are expected to exceed the formula by \$3 million, rather than the \$2 million estimated in late December. The net effect of the shortfall means the Legislature will have to "loan" the lottery money that otherwise would be deposited in the general treasury.

Meantime, the lottery has come in for criticism on grounds of false advertising. The promise of a \$1 million Lotto prize — featured prominently in sales pitches — does not, it turns out, mean that winnings will be that big. If more than one person picks the winning numbers, the prize is divided proportionately.

While many players continue to patronize Lotto, interest plainly is waning in the instant ticket games and in the on-line Triple Choice contest. Overall revenues may drop even more as neighboring Oregon gets its newly authorized numbers game under way.

Moving to end the lottery here would ease concerns among law-enforcement officials. And, in an era when many other states are operating lotteries, Washington could gain a touch of class by being one of the first to abandon a tacky and highly unreliable method for meeting budget responsibilities.



Sen. James McDermott

More clippings and additional research is available from
KANSANS FOR LIFE AT ITS BEST! Box 888, Topeka, Kansas 66601 (913)235-1866

ATTACHMENT D

H. FJSA
1/22/86

Demolishing Some Lottery Myths

Sarasota Fl Herald Tribune 12-30-84 - Page 39

During a visit to St. Petersburg last summer, Florida Attorney General Jim Smith rather casually remarked that he was "taking another look at the lottery question," a statement which spread consternation through the ranks of lottery opponents, who had considered Smith an ally.

It looked as if he might be trying to start a gradual move to the other side. Exactly what he had in mind we may never know, but it is a fact that he did take "another look" (or had his staff do it for him) and earlier this month issued a white paper which makes a devastating case against state lotteries.

He demolishes some of the arguments commonly made in support of lotteries.

□ PEOPLE ARE GOING TO GAMBLE, ANYWAY.

True, and few opponents argue against lotteries on the ground that gambling is immoral and that we must shun all contact with it.

But, that is no reason to encourage it. And encouragement, through advertising and publicity, is required to have a successful lottery, Smith found. A report prepared for the California Senate pointed to evidence that lotteries can increase compulsive gambling by as much as ten percent.

Misleading lottery marketing exaggerates the chances of winning. A *Wall Street Journal* article noted, "In order to attract financially unsophisticated people to the lottery, the state misrepresents the winnings in almost the same way finance companies used to before the Truth-in-Lending Law. It is ironic that today not even the sleaziest money lender is permitted to do things that state lotteries do as a matter of routine."

□ STATE-RUN LOTTERIES WILL DISCOURAGE ILLEGAL GAMBLING.

False. Says a U.S. Department of Justice official, "Anyone who



look out for 1986

makes the argument that the reason to legalize the numbers business is that it will put organized crime out of business is being disingenuous at best. It just isn't going to happen."

One reason it isn't going to happen is that the illegal game usually offers better odds of winning than the legal lottery. The illegal operator will accept bets on credit. Winnings generally are not shared with the Internal Revenue Service.

Honest consumer advice to the determined gambler would be "Patronize your local numbers game. You will get a better return on your money." (That statement is mine, not the attorney general's.)

□ BUT, NOBODY LOSES IN THE LOTTERY SINCE THE PROCEEDS GO TO THE STATE.

Well, somebody has to meet the very sizable payroll for the thousands of people required to run a lottery in a large state. Many of the people on the payroll will be friends or relatives of officials who helped get the lottery established.

There will be heavy outlays for advertising, public relations, all the things that go into "marketing," and which, in one state, amount to 27 percent of operating expenses.

Manufacturers of lottery tickets do very well, also. A company which spent \$200,000 to help pass the Arizona lottery later sold (through competitive bidding) \$5.5 million in lottery tickets to the state.

□ A LOTTERY IS A PAINLESS WAY TO RAISE MONEY WITHOUT RAISING TAXES.

Painless, yes, if by that you mean that the losers don't complain. But, certainly costly, and weighing most

heavily on those who can least afford it.

A lottery is a very inefficient mechanism for raising money. The cost of raising one dollar by a lottery ranges from 58 to 75 cents. Poor families contribute more than their proportionate share. Ticket outlets are intentionally placed in low-income neighborhoods. One study found that, in Connecticut, families with annual incomes of less than \$5,000 account for 1.3 percent of personal income, but purchase 5.3 percent of the lottery tickets. Nationally, in 1974, poor people bought 280 percent as many lottery tickets as would be in proportion to their share of the national income.

If you consider a lottery solely as a revenue source, it is, in the opinion of experts, two to three times as regressive as the sales tax.

□ YOU CAN EARMARK LOTTERY PROCEEDS TO BE SURE THEY GO TO EDUCATION OR MEDICAL CARE FOR THE ELDERLY.

Right. And our state legislators, being of somewhat more than average intelligence, will see that state spending is balanced according to their sense of what is fit. All they need do is appropriate less from general revenue for the programs benefiting from the lottery. That is exactly what has happened in states which have earmarked lottery funds.

Smith concludes, "As attorney general, I am very uncomfortable over the prospect of an immutable commitment to state-promoted gambling and the eternal necessity for the government of Florida to induce its citizens to bet."

That's good news. The pro-lottery forces will almost surely make another try to amend the state constitution in 1986. Smith will almost as surely be one of the leading candidates for governor. He may be able to exercise some degree of beneficent influence on the outcome of the lottery vote.

On roll call, the vote was: Yeas 28, nays 12; present and passing 0; absent or not voting 0.

Yeas: Allen, Anderson, Bogina, Burke, Feleciano, Gaines, Gannon, Hayden, Hoferer, Johnston, F. Kerr, Langworthy, Martin, Montgomery, Morris, Mulich, Norvell, Parrish, Reilly, Salisbury, Steineger, Strick, Talkington, Vidricksen, Walker, Werts, Winter, Yost.

Nays: Arasmith, Daniels, Doyen, Ehrlich, Francisco, Frey, Gordon, Harder, Karr, D. Kerr, Thiessen, Warren.

A $\frac{2}{3}$ constitutional majority having voted in favor of the resolution, SCR 1605 was adopted, as amended.

MR. PRESIDENT: I desire to explain my vote on SCR 1605.

The important—perhaps the vital issue here, is whether in a Constitutional Democracy a minority may overcome the will of the majority. And as sworn guardians of the Constitution we must be ever vigilant to see that never occurs and, therefore, the people must vote.

I say, trust the people; let them speak and honor their decision. Leave us not build hypocrisy, on hypocrisy, by denying again and again their participation.

Let the *PEOPLE SPEAK*, let the will of the majority prevail and lets be done with this matter.—JACK STEINEGER

"Your representative owes you, not his industry only, but his judgment; and he betrays instead of serving you if he sacrifices it to your opinion." -Edmund Burke, November 3, 1774

According to Article 14, if the legislature shall approve a proposition for the amendment of our Constitution, such proposition to amend shall be submitted to the electors for their approval or rejection.

According to the Kansas Supreme Court, the relationship of the House and Senate on legislative change is like the relationship of the legislature and people on constitutional change. (Kansas Reports, Vol. 207, pages 651-654)

If a Senator said, "I'm not voting for this proposed legislative change, I'm just voting for the right of House members to vote on it," everyone would laugh.

When lawmakers say, "I'm not voting for this proposed constitutional change, I'm just voting for the right of people to vote on it," informed citizens laugh.

The twelve Senators underlined who voted YES on SCR 1605 and voted NO on SCR 1616 prove that lawmakers vote on the merits of the proposed constitutional change.

Lawmakers who want parimutuel or lottery gambling in Kansas will approve those proposed constitutional changes.

Lawmakers concerned for quality of life in Kansas will refuse to approve those proposed constitutional changes.

Representatives and Senators who exercise their best judgment and vote YES or NO on proposed constitutional amendments deserve the respect of all Kansans.

Lawmakers who claim they are simply voting for the right of the people to vote on proposed changes lack knowledge concerning our Constitution and the Supreme Court interpretation of it.

erer, Johnston, Karr, D. Kerr, F. Kerr, Morris, Parrish, Reilly, Salisbury, Talkington, Thiessen, Vidricksen, Werts, Winter, Yost.

Nays: Bogina, Burke, Daniels, Doyen, Feleciano, Frey, Gaines, Gordon, Harder, Langworthy, Martin, Montgomery, Mulich, Norvell, Steineger, Strick, Walker, Warren.

A $\frac{2}{3}$ constitutional majority having failed to vote in favor of the resolution, SCR 1616 was not adopted.

MR. PRESIDENT: I desire to explain my vote on SCR 1616.

This resolution eliminates 30% of the tax base in Wyandotte County by removing machinery and equipment and inventories from taxation. This escaped property eliminates approximately 100 million dollars of County valuation which means a rate increase for all other property in the County; approximately a 12% increase for homeowners, and a greater increase for small business. I vote "No" on SCR 1616.—JACK STEINEGER

A Nebraska view of lottery: These are sad days for Iowa

(From CHICAGO TRIBUNE, September 4, 1985)

THESE ARE SAD days for Iowa. The state's government, which bears the responsibility under the state Constitution for the protection, security and benefit of the people, has gone into the business of urging people to become gamblers.

Iowa officials, with their \$2.7 million advertising campaign suggesting that playing the lottery is an act of citizenship, have cheapened the image of state government and made a carnival of the serious business of public financing.

Win! Win! Win! The hype neglects the fact that the chances of winning are infinitesimal. For every \$5 winner, it takes more than four \$1 losers to finance the prize and pay the overhead — including profits for the businesses that print the tickets and advise the state on marketing strategies. At least 99 people come up empty-handed for each person who wins \$100.

So it goes in the lottery business. Many must lose so a few highly publicized winners can be paraded before the television cameras to encourage still more players to buy the tickets.

And that's only the beginning. Some of the money lost by lottery players is being put in a pot to finance larger prizes later — promoters have let slip the figure \$5 million — that can be used as the basis for still more hype.

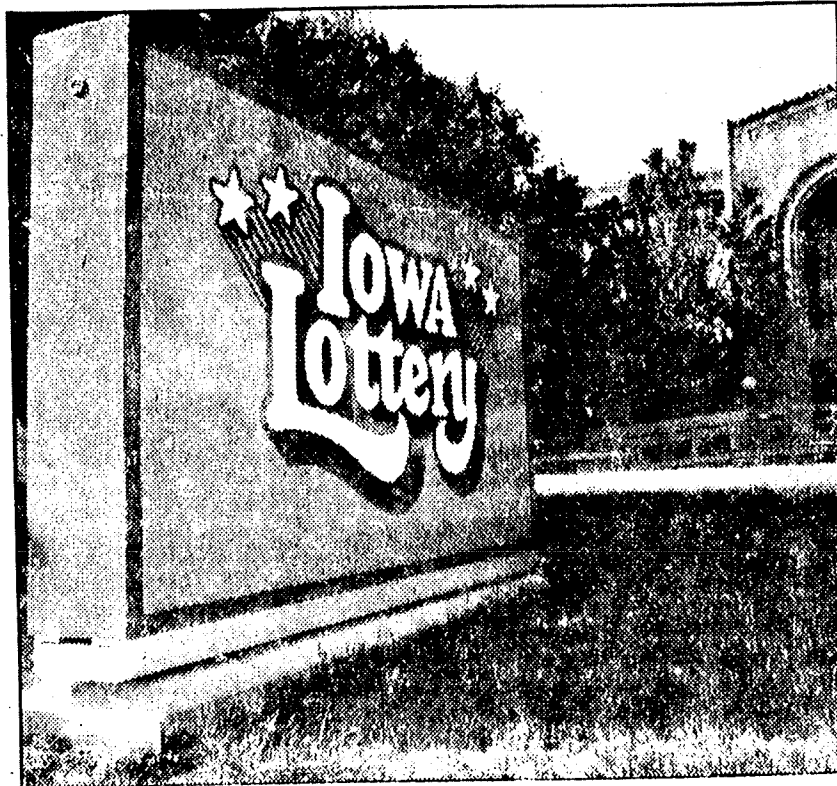
An editorial from the Omaha (Neb.) World-Herald.

Come one, come all. A spokesman for Scientific Games of Atlanta, Ga., predicted that \$40 million in lottery tickets would be purchased in the first seven weeks of the Iowa lottery. State officials say they will get the public to part with more than \$160 million a year.

The bandwagon is rolling, pushed along by contrivances such as the distribution of free lottery tickets during

opening-day promotions. Four hundred people attended the kick-off in Council Bluffs, where 1,000 tickets were given away.

The impression is of fun, excitement and color. The reality of any gambling operation, however, is that losers outnumber winners. Iowa's state government lowered itself when it decided to go into the business of promoting gambling.



This editorial seems to make the same error that is made nationwide.

"For every \$5 winner, it takes more than four \$1 losers to finance the prize and pay the overhead."

If the Iowa lottery dollar is divided this way, here is the result:

46.5%	\$4.65	Player prizes
35.0%	\$3.50	Revenue
18.5%	\$1.85	Overhead
100.0%	\$10.00	Ticket sales

For Iowa to collect \$3.50 revenue from the public, gambling promoters pocket \$1.85. Each \$1.00 revenue costs the public an additional 53¢. Do merchants receive 53¢ for each sales tax dollar collected?

Because \$1 comes from the winner, for every \$4.65 winner, others must lose \$9.00. It takes nearly ten \$1 losers to finance a \$5 prize, not four.

"At least 99 people must come up empty-handed for each person who wins \$100."

We can simplify things by saying most state lotteries return around 50% of ticket sales in player prizes. This requires \$200 in ticket sales to finance a \$100 prize. 199 come up empty handed, not 99.

The odds of winning a \$100 prize are 200 to 1. The odds are 82 million to 1 for winning a \$41 million prize, not 6.1 million to 1 as claimed by the news media for the recent New York jackpot.

99 losers for each \$100 winner is true of private gambling that pays 100¢ on the dollar. The illegal bookie may pay winners 90¢ on the dollar. Legal state lotteries pay 50¢ on the dollar!

State Lottery: Suckers Beware

NEVER give a sucker an even break," should be the rallying cry of legislators proposing a state lottery this session. Such a form of "revenue enhancement" would indeed raise money — but at what price?

Lottery mania has been sweeping the nation in recent years; 17 states currently operate lotteries — and four more, including Missouri, approved lottery initiatives on Nov. 6. State lotteries have proved a lucrative source of revenue, raising more than \$5 billion in 1983.

But the question is whether gambling is a proper pursuit of government, even for worthy causes such as raising revenues. We don't think so. Wouldn't it look odd for Kansas to be running a numbers game while pledging to protect the public morals? How do you explain to kids the value of hard work when the state tells them betting is a great way to make money?

Granted, state lottery purses are very large, but they are financed by very many dreamers, whose earnings go to a very few, highly-publicized winners. Indeed, the odds of winning anything in a lottery make betting on horses look positively lucrative.

A state lottery, say its supporters, is a painless way to raise money, a "voluntary tax" paid by people who freely part with their money. But parting people from their money is not painless for those who lose. Lotteries are hidden taxes, regressive because they are played mainly by those who have everything to lose — the poor, the desperate. The state is supposed to protect and serve these citizens, not fleece them.

If the state really wants to raise taxes, why doesn't it just raise taxes? This would be cheaper to implement and a lot fairer to everyone. Lotteries may look like easy money, but they are painless only to those counting the cash.

Silverton Colorado
Newspaper 29 Aug 85

The bloom is off the rose - the lottery rose that is. Silverton receives \$3660.42 of conservation trust fund money this year, slightly more than half what it received last year and the county share is down to \$120.94.

That money is the bulk of support for the parks and recreation department and means if such a department is desired by the electorate, they will have to support it with more local tax dollars.

KCCI (&B)

September 1985

"After its unanimous vote of affection this week for a Kansas lottery, the Kansas Chamber of Commerce and Industry ought to change its name again.

"Call it the Kansas Chamber of Commerce, Industry and Bookies.

"The state's leading business group next will meet with the state's teachers' union directors to see if the teachers will join the crusade. The odds are surely about 100 to 1 that agreement will be found, since the KCCI (&B) proposed that the gambling money be used for education and economic development.

"... Those two high priorities are precisely two of the many reasons the state's current rush to public gambling is flawed.

"A state should have the courage to tax itself directly and openly for its major needs. It should not scurry around to pay for its leading priorities of life by peddling lottery tickets, match book covers or apples on street corners.

"Where was the KCCI (&B) when the state of Kansas chose to reduce the income taxes paid by the state's richer citizens last year? Where was the concern then about the needs for public education and economic development?

"If Kansas had been raising its taxes incessantly in recent years, there might be anguish about recent tax levels. Yet, with KCCI (&B) support, Kansas cut its taxes last year for the rich.

"Turning to gambling to make up the difference reflects a desire for a vulgar shift in the tax burden, as well as an affection for an absurd way to run a state.

"Kansas should not convert its public officials into bookies, touting long shots to pay for essential public services."

— The Hutchinson News

Kansas doesn't need the gambling business

Kansas should not go into the gaming business with a lottery for many reasons. Foremost is the moral one. The state of Kansas, or any other government agency, should not be in the business of encouraging people to gamble away their money. Betting, long prohibited by Kansas law, is not cleansed by the state running the game.

The buildup for a lottery has started. Gov. John Carlin is painting a bleak fiscal picture, as he has for nearly a year. House Speaker Mike Hayden of Atwood also sees a deteriorating treasury.

Just two years ago the Legislature, at the urging of the governor, pushed through the largest tax increase, about \$200 million, in the state's history. A minerals severance tax was imposed, along with boosts in income, motor fuel, cigarette and liquor taxes.

Now, say the governor and the speaker, the state needs even more money. Both point to a lottery as a possible solution. The governor suggested that the 1985 Legislature raise the sales tax. Mr. Hayden and other legislative leaders rejected that proposal.

Many politicians favor a lottery

because it postpones a decision on a conventional tax. Actually, a lottery is an inefficient way to get money. The administrative cost on conventional taxes is usually 1 or 2 percent. In some instances, states get only a third of a lottery take.

The occasional large lottery winning has appeal. Yet a statistician has determined a player is seven times more likely to be killed by lightning than to win a million dollars in a state-run numbers game. In Massachusetts, for example, the odds are 1.9 million to 1 on winning the largest jackpot. For the most part, players are unaware of the heavy odds against them.

Gambling advocates seem to hold the advantage in Kansas. In the legislative session earlier this year the Senate adopted and sent to the House a proposed constitutional amendment for a state lottery. Amendments can be submitted to a statewide vote if approved by a two-thirds majority of both houses of the Legislature.

Governments should not traffick in drugs, operate houses of prostitution or be in the gambling business.

Gtech Selected by Oregon To Provide Lottery System

PROVIDENCE, R.I.—Gtech Corp. said it was selected to provide a computer-supported, on-line lottery game system for the Oregon State Lottery.

Gtech valued the five-year contract at more than \$20 million. The company, which operates lottery game systems in Arizona, Connecticut, New Jersey, Rhode Island, Canada and Australia, said it expects to sign a contract with Oregon officials within the next few weeks.

Still inevitable

September 1985

"Only death and taxes are inevitable, the old saw goes.

"Some people have come to believe they can escape the inevitability of taxes. They want states to substitute the glamour and glitz of a state-run lottery for the dull inevitability of tax increases.

"Kansas' answer should be 'no dice.' And no Lotto, giant jackpots, instant games or scratch-offs, either.

"The disease of state-run lotteries is spreading... Meanwhile, the lottery's victims are becoming apparent.

"A Maryland study found that the poorest one-third of state households bought half of all weekly lottery tickets — and 60 percent of daily-game tickets.

"A New Jersey woman embezzled \$38,000 to play the lottery. A Pennsylvania youth tried to commit suicide after blowing \$6,000 in an unsuccessful attempt to win a \$2.5 million jackpot.

"Lottery supporters argue that people will gamble anyway, so why shouldn't the state profit? The answer is that states profit only when they encourage people to gamble more than they would otherwise.

"Kansas should stay away from the virus. The state needs money. Let's get it the old-fashioned way — with a straightforward tax, not an underhanded lottery."

RICHARD TAYLOR

Guest columnist

State lotteries are legalized swindles

TOPEKA, Kan. — A Polish friend in Warsaw said to me, "The closer you live to the Russians, the more you love the Americans." The problem in Cuba is that Cubans don't live close enough to the Russians.

And that is the problem in states where voters are legalizing commercial gambling.

Concerned citizens in New Jersey who live close to casinos would like to get rid of them. Concerned leaders in Arizona, Colorado, Michigan, and Washington would like to get rid of their state lotteries.

The chief state's attorney of Connecticut says that legalized gambling is worse than the illegal kind: Not even the numbers racket would take a poor person's last dollar, but state lottery vendors gladly do!

Those who get rich operating state gambling activities claim the product they sell is harmless recreation. If recreation is the product, why do organized crime figures go to jail for selling it?

Commercial gambling, like swindling, is theft by deception. If people did not believe they would win, they would not pay. Gambling promoters claim freedom of choice for their victims. Every victim of a swindler did so by freedom of choice. Shoplifters and murderers also exercise freedom of choice. Unrestricted freedom of choice is the law of the jungle.

Informed persons oppose commercial gambling on the basis of economics alone. The Colorado lottery advertises

The Rev. Richard Taylor, a United Methodist minister, is president of Kansans for Life at Its Best.

that if \$100 million in tickets is sold, \$50 million is returned to the public, \$35 million is state revenue, and \$15 million goes into the pockets of the lottery promoters.

Nebraska gambling tracks keep 16 percent of all money wagered — 5 percent going to the state and the rest divided between the track operators and owners of winning horses.

The Minnesota Catholic Conference opposed parimutuel gambling, saying "not only is legalized gambling a form of regressive taxation, in that it attracts the poor much more often than other segments of society; it also encourages illegal gambling, thereby adding to an already overburdened budget by increased law enforcement costs."

Those who get rich operating commercial gambling justify it by saying part of the proceeds go for a good cause. This same argument could be used to justify legal prostitution in church basements, with part of the proceeds helping to feed the poor. No matter how clean the operation, prostitution and commercial gambling are degrading to human beings.

The lives of many "winners" are destroyed by commercial gambling. The lives of many losers and compulsive gamblers are destroyed. And the public is partner in a swindling operation.

Lottery, Sales

Tax Trade Off

Ottawa Herald 6 Sep 85

TOPEKA, Kan. (AP) — The state would lose income from its sales tax if the Kansas Constitution were amended to allow creation of a lottery because money now spent on non-essential goods would go toward lottery tickets instead, a financial expert warned lawmakers Thursday.

Richard Ryan, director of the Legislative Research Department, told the Legislative Budget Committee that implementation of a lottery would not necessarily help all areas of tax collections.

"If it were exempt from the sales tax, a lottery would hurt our current sales tax income," Ryan said. "The money used to buy lottery tickets are discretionary funds that normally would be used to buy other items on which sales tax is paid. There's no doubt it would have an effect on the sales tax."

A lottery has been suggested by some lawmakers and lobbyists as a cure to the financial problems the state has faced in recent years. Since the 1982 recession when Kansas experienced its worst ever financial crisis, lawmakers have been searching for ways to inject new money into state coffers.

The Legislature implemented a severance tax on oil, natural gas, coal and salt production in 1983 but the \$115 million collected each year from that tax, coupled with increases in gasoline, cigarette, income and liquor taxes still was not enough to restore a sound financial footing.

Gov. John Carlin then proposed increasing the state's 3 percent sales

tax by one-half cent as a way to generate an additional \$100 million each year. That suggestion was rejected by the 1985 Legislature. However, as the slumping farm economy threatens to cause a further deterioration of the state's financial position, lawmakers are looking at other ways to raise money.

During the 1985 session, the Kansas Senate voted to join 22 states and Washington D.C. and implement a lottery, which proponents predict would produce upwards of \$80 million a year.

The proposed constitutional amendment which passed the upper chamber in 1985 with two-thirds approval now sits in the House where it is awaiting action in the 1986 Legislature.

The sales tax is not the only category possibly affected by the lottery, however, as Ryan pointed out.

When Rep. Bill Bunten, R-Topeka and budget panel chairman, joked that lawmakers wanted Kansans to "use their life savings to buy lottery tickets," Ryan noted that would impact on other sources of state tax revenues.

"That would hurt collection of the privilege tax by reducing the amount of money in Kansas banks," Ryan said. Banks and financial institutions pay a tax for the privilege of operating in Kansas based on the amount of deposits and other figures.

Most state lotteries are clean, but some corruption is seeping in

“

We have to be as clean as we possibly can . . . because our reputation does the whole thing. If we don't have the reputation, we can't stay in business.

”

Martin M. Puncke, director,
Maryland State Lottery

By John Dillin

Staff writer of The Christian Science Monitor

Washington

Corruption. If there's anything that could squelch the states' booming lottery business, that's it.

Lottery operators all over the United States still recall the ignoble events of April 24, 1980 — a day of shame in the lottery game.

The Pennsylvania lottery was holding its regular draw of the daily 3-digit number that evening. Thousands of people were watching on TV as numbered Ping-Pong balls were chosen, supposedly at random, by air-blowing machines. Riding on the outcome was about \$1 million, a typical day's bet in 1980.

Security at the TV studio in Pittsburgh was lax. A lottery official was there to make sure no one tampered with the machines. There was also a retired person in the studio — a symbolic gesture, since profits from the Pennsylvania lottery go to the elderly. But the atmosphere at the station was casual, and the machines were left unattended for periods of as long as 15

minutes.

Several people, including a TV host, knew of the loose security. On that evening, these people planned to take advantage of it, and win big.

Before the drawing, a part-time stagehand at the station used a hypodermic syringe to inject a substitute set of balls with white latex paint. (He first tried baby powder, but that didn't work.) Every ball except those numbered 4 and 6 was filled with the paint. When the studio was empty, another stagehand quickly entered, removed the good balls, and put the doctored balls into the lottery machines.

Meanwhile, two other members of the conspiracy, motoring around Pittsburgh in a white Cadillac, had gone from store to store buying up \$10,000 in lottery tickets, all with various combinations of the numbers 4 and 6.

At 7 p.m., the cameras were turned on and the drawing began. Viewers saw first a 6 pop to the top; then another 6; then another 6.

The day's number, 666. The conspirators had won \$1.18 million.

Ironically, it was other criminals who blew

the whistle on the conspirators. In addition to their bets on the state lottery, the conspirators had also put some bets on 666 with illegal bookmakers. The bookies in Pittsburgh use the state lottery number in their own illegal numbers racket. Sensing something was wrong with the state drawing, the bookies refused to pay off on 666 and triggered an official investigation. Eventually, two of the conspirators were sentenced to prison, and four turned state's evidence.

The Pittsburgh TV caper was an exception. Most state lotteries have so far maintained a clean record since New Hampshire began the first modern-day state lottery in the mid-1960s. Drawings are honest. Monies are carefully accounted for. Payoffs are made promptly to winners. Profits are turned over to the states. Expenses are kept within bounds.

There are, however, some areas that have concerned investigators. These include:

- Questionable use by lotteries of the United States mails.

Please see **GAMBLING** page 5

- Tax dodging by lottery winners.
- Use of state lotteries by the illegal numbers racket and other criminals.

Each of those bears watching, experts say. Last month, for example, US postal officials ordered six state lotteries to stop violating federal mailing laws. The Postal Service charged that the states were illegally using the mails to take bets across state lines — an action that was outlawed in the 19th century when Congress became incensed over the corrupt Louisiana Lottery.

The states that received warnings were Maryland, New Hampshire, Michigan, New York, Rhode Island, and Massachusetts.

Maryland lottery director Martin M. Puncke, who is also president of the North American Association of State Lotteries, concedes there is cross-border use of the mails. Maryland, for example, has many customers who bet by mail from Florida, which has no lottery. Maryland sells about \$180,000 tickets a week this way.

Says Mr. Puncke: "If you want to get real technical and get explicit as to what we can and cannot do, we should not be doing it."

But he argues that precedent is on his side. This practice of using the mails has been going on for years. He continues:

"I want the business. It's partially illegal, but it's not illegal. So you're sitting right on the line."

After being warned, New York State appears to have stopped using the mails for cross-border betting. Postal lawyers have told the others that legal action will be taken if they don't also abide by the rules quickly.

Another area of concern involves tax cheating by lottery winners.

All lottery winnings are taxable. But cheating is easy, especially for small winnings. Here's why.

Uncle Sam groups lottery winnings into three categories:

Over \$5,000. Large winnings are automatically reported to the federal government, which immediately takes a 20 percent deduction.

\$600 to \$5,000. Winnings of this size trigger an automatic Form 1099G to the Internal Revenue Service (IRS). This makes it hard to escape your taxes.

Under \$600. No report goes to the IRS on these winnings, even though most winnings in the lotteries fall into this category. While these individual winnings might seem small, they add up to more than \$1 billion a year.

In Maryland, Puncke says, almost no one pays federal taxes on winnings under \$600. "It's just a normal reaction," he says.

Further, bettors know how to avoid taxes. If someone wants to bet \$5 on Number 287, for example, the payoff would be \$2,500 — and that would require a report to the IRS. But gamblers know that five separate \$1 bets on the same number would not result in a report to the IRS because it would pay off five separate \$500 prizes, none of which would meet the reporting threshold.

If a bettor tries to put \$5 on a single bet, says Puncke, Maryland Lottery clerks would probably warn them of the IRS reporting requirements and show them how to avoid it. In his words:

"Any clerk who is selling you tickets will ask you, 'Do you really want to play \$5 on Pick 3? Because if you win, you are in IRS. If you play five \$1 tickets, you are not in IRS.'"

Another Maryland lottery official says: "It's a smart

move. . . . They [the bettors] are well educated on how to avoid getting themselves involved with the IRS."

If Uncle Sam wanted to collect on all these winnings, the answer is simple: just require a 1099G on all winnings.

Finally, there is the very sensitive question of whether criminal elements are making use of state lotteries.

Federal investigators say this is happening in several ways.

Numbers rackets are using the official state numbers drawn on TV as their own. In other words, illegal bookies will take bets on today's state number. If a person bets 6-7-8 with a bookie, for example, and that number is picked in the official state drawing, the bookie will pay off, usually at 600 to 1.

Since the state payoff is only 500 to 1, there is an incentive to go with the bookie. The availability of an official state number, however, actually increases confidence in the illegal rackets because it reduces the possibility of cheating.

Law enforcement officers also note that state lotteries act unwittingly as the "bank" for the illegal rackets. For example, sometimes bookies get too many bets on a single number, such as 1-2-3, or 7-7-7, or 9-9-9 — numbers which readily come to mind when people bet.

Bookies realize there is a danger in this. Since a large number of people bet these numbers, a bookie could go broke if a popular number "hits."

To reduce the risk, bookies take money from

these popular numbers and "lay it off" with the state lotteries. In other words, they take a certain amount of money that has been bet on 1-2-3, for example, and bet that money with the state. Thus, if a popular number hits, it is the state lotteries, not the bookies, who get hurt. The state lotteries therefore act as a kind of "insurance company" for the illegal numbers rackets, law enforcement officials say.

Bookies are not the only ones apparently using state lotteries for nefarious purposes. A few weeks ago, federal agents swooped down on a money-laundering scheme in Puerto Rico. They discovered that drug smugglers were using lottery tickets to hide large amounts of drug profits. Smugglers were buying up winning tickets in the Puerto Rican lottery. When questioned about where they were getting large sums of money, they planned to say: "We won it in the lottery."

There are no easy answers to such illegal uses of the lotteries. These are what experts call the unavoidable by-products of putting state governments into the gambling business.



Playing the lottery in Massachusetts is as easy as going to the store. But bettors from outside the state may now find it more difficult to play, since the US Postal Service has warned Massachusetts against using the mails to take bets across state lines.

DANIEL A. NEMBERG — STAFF

PARIMUTUEL AS A REVENUE PRODUCER IN NEBRASKA

Nebraska has five long established and paid for gambling horse tracks that divide the bettors money this way on each race:

84% for player prizes.

11% for track operators and owners of winning horses.

5% for the state.

(16% total take-out on each race accumulates to 144% take-out for a nine race afternoon.

A gambler who BREAKS EVEN picking winners loses \$1.44 for each \$1.00 wagered.)

The 5% for the state came to \$9.18 million in 1983. With 11% or \$20.19 million going into the pockets of gambling track operators and winning horse owners, for each \$1.00 the state received, gambling track promoters pocket \$2.20.

The 16% take-out totaled \$29.37 million. The public lost \$3.20 for each \$1.00 the state received in revenue.

STATE LOTTERY AS A REVENUE PRODUCER IN CALIFORNIA

For each \$100 million in lottery ticket sales in California,

50% or \$50 million goes for player prizes,

34% or \$34 million goes for state revenue,

16% or \$16 million goes into pockets of lottery operators.

Lottery gambling promoters pocket 47¢ for each \$1.00 revenue they send the state. Every merchant on main street ought to receive 47¢ for each sales tax dollar they collect for the state!

PROJECTIONS OF PARIMUTUEL AND LOTTERY IN KANSAS

Based on Nebraska and California, these consumer dollars would be taken from the public to produce revenue claimed by Kansas gambling promoters:

\$40.0	million revenue from lottery gambling according to promoters
\$18.8	million into pockets of lottery promoters (47¢ for each \$1.00 revenue)
\$13.7	million revenue from parimutuel gambling according to promoters
\$30.1	million into pockets of parimutuel promoters (\$2.20 for each \$1.00 revenue)
\$53.7	\$48.9 \$53.7 million revenue promised by gambling promoters
	\$48.9 million into pockets of gambling promoters
	\$102.6 million taken from the Kansas public

THE GREATER THE REVENUE PRODUCED, THE RICHER THE GAMBLING PROMOTERS

According to Legislative Research, a one-fourth cent sales tax for FY 85 would produce \$45.6 million revenue for Kansas. Gambling promoters in other states promised more than they delivered. A one-fourth cent sales tax in Kansas would probably produce more revenue than lottery and parimutuel, and \$48.9 million consumer dollars would stay in the pockets of Kansans to be spent for goods and services.

Legal gambling is being promoted chiefly because there is money to be made by individuals from it. -Christian Science Monitor, December 11, 1972

If you must gamble, your best bet is to gamble informally with friends - play poker, place a friendly bet on a basketball game, toss a coin, or whatever. Such private bets among friends pay to the winners 100 cents for every dollar wagered. The winnings exactly balance the losses. That's not the case with. . .state lotteries.

-STATE LOTTERIES: A LEGAL SUCKER BET
Consumer Reports, February, 1974

As states and cities find themselves strapped for cash and unable to raise taxes readily, they are yielding to the temptations of legalized gambling to fill their empty coffers. Economists. . .believe that state-run gambling is a big mistake. . .Legalized gambling is an inefficient and inequitable way to raise revenues.

-THE ECONOMIC CASE AGAINST STATE-RUN GAMBLING
Business Week, August 4, 1975

There would seem to be an inconsistency in demands for consumer protection agencies, coupled with demands for legalized gambling. As professor Irving Kristol pointed out on this page several months ago, gambling is technically a swindle: the payoffs on bets must be less than fair, and the overwhelming majority of the 'investors' must eventually lose their money, if the gambling enterprise is to survive and prosper." Therefore, he noted, the case for legalized gambling is "simply an argument in favor of the government raising revenues by swindling its citizens rather than by taxing them"

-The Wall Street Journal, January 4, 1974

Concerned Kansans would rather pay their fair share of whatever tax increase is absolutely needed. They do not want the state to raise revenue by swindling citizens, especially those who can least afford to lose their hard earned dollars to commercial gambling operators. Commercial gambling takes from millions of poor to make a few rich.

Nebraska Thoroughbred Tracks

Track	Daily Average Attendance				%	Daily Average Handle		%
	1983	1982	1981	1980		1983	1982	
Ak-Sar-Ben	85	64	13,655	15,252	-16.5	\$1,612,152	\$1,754,911	-8.2
Atokod Park	37	44	1,745	1,449	+21.5	156,784	156,784	0.0
Columbus	37	34	3,429	3,423	+1.7	354,584	227,373	+55.5
Fonner	49	46	4,263	4,783	-11.3	465,486	546,721	-14.9
Lincoln	43	50	4,373	5,377	-18.6	485,175	546,721	-11.3

Various Other Thoroughbred Centers

Track	Daily Average Attendance				%	Daily Average Handle		%
	1983	1982	1981	1980		1983	1982	
wAqueeduct	57	57	13,574	13,374	+1.5	2,790,317	2,373,374	+18.4
xAqueeduct	54	57	14,749	16,549	-10.9	3,005,444	3,255,757	-7.7
Arlington	109	121	11,288	10,620	+6.3	1,574,110	1,255,917	+25.4
Bay Meadows	75	77	9,477	9,222	+2.8	1,756,917	1,951,074	-9.2
Belmont Park	60	70	19,530	18,424	+6.0	3,444,544	3,185,857	+8.1
Centennial	43	43	19,584	19,583	0.0	1,076,140	1,349,391	-19.9
Churchill Downs	93	55	9,391	13,078	-28.2	2,267,728	3,111,587	-27.4
Del Mar	43	43	19,584	19,583	0.0	3,267,728	3,111,587	+4.7
Detroit	70	80	8,933	7,989	+11.2	1,376,823	1,339,631	+2.8
NOriens Fair	47	50	14,074	10,800	+29.3	2,135,858	1,475,737	+44.8
Gulfstream	50	50	6,946	10,682	-34.0	1,475,737	2,086,042	-29.5
Hialeah	68	69	26,891	27,223	-1.2	5,201,184	5,079,628	+2.4
Hollywood	68	69	26,891	27,223	-1.2	5,201,184	5,079,628	+2.4
Oaklawn Park	56	54	23,271	23,154	+0.5	3,011,731	2,847,784	+5.8
Pimlico	74	69	1,903	9,720	-80.4	1,181,359	2,086,042	-42.9
Santa Anita	89	84	33,014	31,289	+5.4	5,231,670	5,111,405	+2.4
Sportsman's	75	74	9,643	9,708	-0.7	1,439,177	1,437,419	+0.1
yPhoenix	78	84	4,430	5,843	-23.8	437,414	540,511	-18.3
zPhoenix	58	58	4,841	4,825	+0.3	457,867	480,246	-4.7

*Spring-summer meeting only. w/Winter meeting. x/Spring meeting. y/Fall-winter meeting. z/Winter-spring meeting. Source: Daily Racing Form.

Nebraska Quarterhorse Tracks

Track	Daily Average Attendance				%	Daily Average Handle		%
	1983	1982	1981	1980		1983	1982	
Broken Bow	12	12	793	774	+2.3	374,645	525,940	-29.2
Coeur	18	18	1,205	1,150	+4.8	35,642	40,037	-11.0
Hastings	18	18	1,205	1,230	-0.2	41,522	44,412	-6.3



A 1/20th cent Kansas sales tax will produce more than \$9.2 million.

Continued from Page 23

as lights for night racing, a longer straightaway and a longer track.

"Those, in turn, would necessitate some grandstand changes," he said.

Henry Brandt, the Fairgrounds manager, said in November that such remodeling is planned. But he said no time schedule has been set because of the lack of money.

The Fairgrounds still is paying on the \$5.4 million debt for the 1976 grandstand construction. The major difficulty in getting better race dates for Lincoln, Farnham said, is the annual State Fair in late August and early September.

"The state has to realize that Lincoln is not only a race meet but the State Fair," he said.

Fonner Park Succeeds

Farnham complimented Fonner Park's officials on the promotion of the annual winter-spring meeting, in spite of usual foul weather.

"Fonner Park has always taken the attitude that adversity is something that you figure out how to overcome," Farnham said. "With that kind of thinking, it has become the most successful small track in the United States."

Churchill Downs in Louisville, Ky., joined Ak-Sar-Ben in expanding the season in 1983 — and also recorded dips in attendance and handle. The tracks ran at essentially the same time, and also shared much of the calendar with middle-of-the-nation tracks in Chicago, Louisiana, Detroit, Ohio and Denver.

That burdened the quality Thoroughbred roster, Farnham said.

"There are only so many good horses," he said. "If you're going to have big handles and good attendance, you're going to have to have good horses."

'Drastic Fall' Avoided

Farnham defended AK's expanded dates as a move to keep good stables coming to Omaha.

"If we had not made the change in the Nebraska dates, we would have seen a really drastic fall in Ak-Sar-Ben attendance," Farnham said. "Nebraska racing's main job right now is to solidify and hold onto what we have, as op-

Pari-Mutuel Taxes

Track	1983	1982
Ak-Sar-Ben	\$4,801,644	\$5,747,080
Fonner Park	1,210,634	1,138,959
Lincoln	641,123	1,502,303
Columbus	132,122	375,610
Atokod	152,122	65,213
Total	\$9,140,512	\$9,828,165

a/Lincoln meet split in 1982.
b/Atokod season split both years.

posed to any big gains."

Farnham said Nebraska's quarterhorse tracks — at Broken Bow, Deshler and Hastings — have yet to flourish because "trying to start a quarterhorse circuit in a more sparsely portion of the state is a problem."

Hastings is the healthiest, he said, because its track is in the largest of the three towns. And its financing, Farnham said, involved citizens who bought bonds to build the plant.

Nebraska is not alone in racing date problems, Farnham said.

'Bickering Costs Florida'

Florida's two Thoroughbred centers — Gulfstream Park and Hialeah — suffer from allocations. Generally, they alternate choice January and February dates, with only the one with the preferred season really prospering.

"That's when all the wealth from the north United States and Canada goes down," he said.

Florida, he said, has "lost a lot of horses to California because of date bickering."

Kentucky tracks also bicker, with Churchill finding much opposition.

California racing, Farnham said, is healthy because of a strong commission. "They just exercise great wisdom over the years," he said.

State's Pari-Mutuel Tax Is \$9.2 Million

By Don Lee

World-Herald Staff Writer

Nebraska's five Thoroughbred race tracks paid a record pari-mutuel tax of almost \$9.2 million in 1983.

It was a 4 percent increase over 1982, and the first time the tax went above \$9 million.

The tax totaled \$9,180,512 in 1983, the result of the 5 percent tax on pari-mutuel wagering at the five Thoroughbred tracks.

Ak-Sar-Ben, which increased its racing days from 68 in 1982 to 85 in 1983, again led the field in wagering. The Omaha track's check for \$6,801,644 continued a record of another kind.

"That is the largest single tax payment the state receives every year," State Treasurer Kay Orr said.

The money goes into the state general fund.

Fonner Park in Grand Island placed second in 1983 racing tax, with \$1,210,634. The others: Lincoln Fairgrounds, \$993,123; Agricultural Park in Columbus, \$135,554; and South Sioux City's Atokod Park, \$39,555.

The total continued an annual record climb since leaving the \$7 million mark after 1980. It was \$8,818,464 in 1981 and \$8,826,169 in 1982.

"It obviously reflects the health of the industry," said attorney Harry Farnham of Elkhorn, chairman of the Nebraska Racing Commission.

Farnham said the tax isn't the only benefit from racing.

"Whenever anybody asks me about the pari-mutuel tax," he said, "I always say that figure is misleading because it is nothing compared to the overall financial benefits to the state and cities from horse racing."

Farnham recalled a Boston analyst's 1981 report which showed that horse-connected jobs in Nebraska were worth \$250 million to the economy annually.

That impact, Farnham said, includes the racing and breeding of horses plus such related industries as the production of hay and grain to feed horses; farms where horses are trained for racing; sites for boarding horses; and other businesses such as equipment, transportation, restaurants, hotels and automotive services.

"The \$9 million tax is great," he said. "But consider the benefits of the allied things, and they are 20 or 30 times more valuable to the state than the tax."

There's a bit of irony in the upward trend of the betting tax: The tracks in the state's two largest cities dropped in daily average attendance and wagering during 1983.

Ak-Sar-Ben's attendance average of 13,655 was 10.5 percent below the record 15,252 of 1982. And its \$1,612,152 daily betting was 8.2 percent lower than the previous year's \$1,756,691.

Lincoln Fairgrounds' comparative crowd and betting figures for 1983 and 1982: the 4,395 average crowd in 1983 was 18.6 percent under 5,397; the \$485,173 average wagering in 1983 was 21.9 percent less than \$620,921.

"I expected Ak-Sar-Ben would be down," Farnham said, "because when a track goes to a longer meet, the averages are bound to dip."

Lincoln was changed from a split summer-fall season in 1982 to a complete autumn campaign.

Farnham said Lincoln won't show a spurt in growth until it gets such things

Please turn to Page 25, Col. 1

ACROSS THE USA

FROM USA TODAY'S NATIONAL NEWS NETWORK

Across state lines

More states taking gamble on lottery

Twenty-two states have lotteries, with five joining the list in the past year. (New York has \$30 million winner, IA)

States' 1985 lottery tallies:

Seventeen states and the District of Columbia had lotteries in operation throughout 1985:

Following is where state lottery revenues went after expenses, such as administration and advertising. Figures, for the states' 1985 fiscal or calendar year, are in millions.

State	Tickets sold	State profit	Prizes
Ariz.	\$72.9	\$22.0	\$33.5
Colo.	\$104.0	\$32.0	\$51.0
Conn.	\$344.0	\$148.0	\$178.7
Del.	\$38.7	\$15.3	\$19.4
D.C.	\$112.0	\$35.5	\$57.9
Ill.	\$1,200.0	\$516.0	\$588.0
Maine*	\$15.9	\$4.4	\$7.9
Md.	\$681.0	\$263.6	\$364.8
Mass.	\$1,003.0	\$341.0	\$560.0
Mich.	\$885.5	\$359.4	\$426.5
N.H.*	\$15.1	\$4.3	\$7.4
N.J.	\$924.6	\$390.5	\$460.0
N.Y.	\$1,270.0	\$600.0	\$560.5
Ohio	\$854.6	\$338.6	\$422.0
Pa.	\$1,295.0	\$565.0	\$619.0
R.I.	\$52.0	\$18.6	\$26.3
Vt.*	\$5.2	\$1.2	\$2.60
Wash.	\$172.0	\$68.8	\$77.4

* While continuing their individual lotteries, Maine, New Hampshire and Vermont in September joined in a weekly regional lottery, "Tri-State Megabucks." In 1985, it had ticket sales of \$15 million and prizes of \$7.5 million.

States with new lotteries:

Five states have started lotteries since April 25:

California: 1985 ticket sales (lottery started Oct. 3): \$800 million; state's profit: \$272 million; prizes: \$400 million.

Iowa: 1985 ticket sales (lottery started Aug. 22): \$41.9 million; state's profit: \$16.8 million; prizes \$19.5 million.

Missouri: Tickets went on sale Monday. Estimated sales in first six months: \$139 million; estimated profit for state in first year \$86 million.

Oregon: Tickets sold through Nov. 30 (lottery started April 25): \$81 million; state's profit: \$27.5 million; prizes: \$40.5 million.

West Virginia: Started lottery Jan. 9, with state predicting ticket sales of \$60 million in first year.

States without lotteries:

Twenty-eight states have no lottery, but proposals are being considered in many:

Alabama: Bills before Legislature; passage doubtful.

Alaska: Bill died in '85; not expected to be revived in '86.

Arkansas: Legislature does not meet this year.

Florida: Petition drive seeks to put lottery on November ballot; bill before Legislature; lottery defeated previously.

Georgia: No proposals; governor opposes gambling.

Hawaii: Senate OK'd in '85. House expected to reject.

Idaho: Two proposals planned to remove lottery ban.

Indiana: Proposals to lift ban on lotteries before Legislature; must be OK'd in two legislative sessions, by voters.

Kansas: Amendment passed Senate, pending in House.

Kentucky: Bill before Legislature.

Louisiana: Special legislative session is to consider lottery; if passed, voters' OK in April 5 election is needed.

Minnesota: Lottery expected to be considered by Legislature this year; proposal rejected in 1984.

Mississippi: Proposal died in Legislature last year; no proposals this year.

Montana: Proposals defeated in Legislature in 1983 and 1985; no regular legislative session this year.

Nebraska: Legislature considering bill to create panel on state-sponsored lottery; lottery bills rejected in past.

Nevada: No legislative session this year; effort under way to get a lottery proposal on ballot in '86.

New Mexico: Lottery bills defeated last three sessions; no proposal this year; governor has said he'd veto bills.

North Carolina: No lottery proposals before Legislature, which rejected plan last year.

North Dakota: Lottery defeated in '85; no legislative session this year.

Oklahoma: Lottery proposal expected; died last session.

South Carolina: Lottery measure pending; died last year.

South Dakota: Lottery proposals expected in Legislature; voters rejected constitutional amendment in 1982.

Tennessee: Legislature OK'd resolution two years ago as first step toward constitutional amendment; takes up second step this year.

Texas: Legislature rejected in 1985; no '86 session.

Utah: No legislative proposals this year.

Virginia: Legislature considering bills; rejected in '85.

Wisconsin: Constitutional amendment OK'd by Senate, pending in Assembly; if passed, would need approval by Legislature and referendum in 1987.

Wyoming: Legislature considering; defeated in '85.

Source: The Associated Press, state officials

A lottery ticket? Sure, kid

High school students find them easy to buy

By Marsha Ginsburg
OF THE EXAMINER STAFF

ALAMEDA — Clad in her black, gold and white cheerleader's outfit, 16-year-old Denise Fitzjarrell strolled into the convenience store, picked up a cola and potato chips and asked the clerk, "Can I have two lottery tickets?"

The clerk gave her the tickets and she paid him.

"They don't even say anything to you," she said. "They just put the money in the drawer and you walk out. I was a little surprised. I was in my uniform. I do look a little older than my age, but it said 1986 was my graduating year on my sleeve."

Despite laws prohibiting it, Fitzjarrell isn't the only minor buyer lottery tickets. Surveys by two Bay Area high school newspapers show that minors have as much chance of getting a ticket as adults — and of getting the payoff if they win.

Reporters at Alameda High School and Redwood High School in Larkspur have found liquor stores, supermarkets, gas stations, drug stores and fast-food chains

— Please see TICKETS, A-22

A-22 Friday, December 6, 1985

TICKETS

— From A-1

selling tickets to students.

Reporters Gloria Morales, 17, and Todd Bodner, 17, both seniors at Alameda High School, tested 10 lottery outlets and weren't asked for identification.

Bodner bought a \$2 winning ticket and received her payoff on the spot. Morales cashed in a \$2 winning ticket at a drugstore for two additional tickets.

Morales said: "They're not questioning (young) people. I've had no problems buying them. No questions. No hesitations. Yet, they're willing to protect their liquor license by carding everyone."

She went with an Examiner reporter to a liquor store, where she laid a pack of gum and two butter cups on the counter and asked for a lottery ticket. She got it.

After he was told of the story, the employee was chagrined. He asked not to be identified because he feared losing his job. "Hey, I just broke the law. I really know better because I usually card any new faces. But she wasn't buying liquor."

He conceded that he's more lenient about lottery sales than liquor sales because there's no financial loss if he breaks the law. "I'm not fined so I don't worry as much."

No misdemeanor penalty is attached to the lottery initiative's ban on sales to minors, said Rick Blim, the lottery's deputy security chief. A technical error forced the veto of legislation earlier this year, but the lawmakers are expected to correct it next month.

The lottery can revoke the license of a merchant found to be selling tickets to minors, he said, but investigations of two businesses reported selling to youths have turned up no conclusive evidence.

In her article, Morales wrote, "7-Eleven, which has a notorious reputation for requesting to see the identification of anyone without gray hair just to buy cigarettes, sold lottery tickets to us without asking our age, much less carding us."

She said one 7-Eleven thanked her for the expose and said it would crack down on employees who ignored the law.

Other businesses had mixed reactions to the discovery of their leniency.

"They are liars," said So Cho, a clerk at Black and White Liquor, named among stores that sold tickets to minors. "We never sell to young kids."

But when Bradley Shaw, manager of Better Buy Liquor here, was asked why he sold such tickets, he said: "Well, when you're caught with egg on your face, you just have to wipe it off."

"It was my friend who works here. He slipped up with the pretty young ladies. A pretty young face will do it to you every time."

In Larkspur, Redwood High School Principal Kate Blickhahn said the student newspaper also has investigated ticket buying by minors but declined to disclose its findings before the story is published next week. But the findings are reportedly similar to those in Alameda.

Melissa Michelson, editor of the Alameda High School Oak Leaf, said in an editorial that the lottery is a get-rich-quick scheme that is corrupting youth while giving too little to schools.

She wrote: "The California lottery's biggest excuse for gambling is giving part of the money raised to schools. They are clearing Californians' consciences and corrupting our students."

Fitzjarrell buys most of her tickets at the AM/PM mini-mart on Park and Encinal streets. "I don't see anything wrong with it," she said. "My mom would probably buy the ticket for me if I wanted her to. But if the age is 18, they should enforce it."

OCT. 18, 1985



SCOTT SOMMERDORF/staff photo

Jesse Walker spent \$2,125 to win \$671 for a total loss of \$1,454 over a five-day period.

'Winner' proves a loser in 2,125 lottery chances

BY MICHAEL OTTEN
UNION CAPITOL BUREAU CHIEF

Jesse Walker likes to think of himself as a winner.

But after playing the scratch-off California Jackpot lottery he's not so sure.

Over a five-day period, the Rancho Cordova pensioner purchased 2,125 lottery tickets.

He managed to count up only \$671 in winnings for a net loss of \$1,454. Walker waited a week before

LONG ARM of the law dips into lottery winnings/ A11

trying it again, this time spending only \$100. His luck was even worse.

He had only six \$2 winners — leaving him \$1,542 in the hole and realizing the Lottery's theme song of "It's a Good Feeling" doesn't apply to him.

Walker's lesson: "You are better

• Please see page A11, col. 1

'Winner' proves a loser in lottery tries

• From A1

off going to Reno and playing blackjack.

"I blew my Social Security check and some of the money I had saved up," said the 67-year-old retiree.

"You can go to Reno or Las Vegas and you get better odds. The house odds at the casinos are only 1 1/2 to 35 percent."

Walker conceded he was a bit envious of 21-year-old Anthony Noonis of Carmichael, who plunked down four quarters and came up with a \$100 ticket plus a chance to win up to \$2 million on Oct. 24.

Walker hopes he will be as lucky. He did come up with one \$100 winner out of all those tickets he purchased.

He said he purchased \$1,500 of tickets a Raley's market. Out of that he counted 166 \$2 winners, 17 \$5 winners and the one \$100 winner.

"I was \$983 in the hole. I figured

"Raley's isn't so hot."

Walker then hit Lucky Stores for a total of \$625 in ticket purchases and came up with 52 \$2 winners and 10 \$5 winners for a total of \$154.

His trip a week later produced only \$12 in winnings for the \$100 he spent.

"I went as many as 42 tickets before I came across a winner," Walker said of his scrapings for the pot of green cash.

His best day was opening day when he purchased \$150 in tickets and came up with the one \$100 ticket, 13 \$2 winners and two \$5 winners for a total loss of \$14.

Lottery day 2 was \$550 invested, \$408 lost.

Day 3: \$600 ventured, \$426 lost.

Day 4: \$500 in tickets, \$354 lost.

Walker took a day off and then put another \$325 across the counter on Oct. 8. He lost \$252.

Why do it?

"I guess like everybody else, I have had that far off dream of being a millionaire overnight.

"That's why we buy church raffles and go to bingo.

"Somebody has to win and 'why not me?'"

Walker still dreams of hitting it big. But he is disappointed with the lottery operators for not letting him know if and when his \$100 winning claim check will be put in with 6,249 other \$100 winners for the drawing to pick out 10 who will spin a wheel of fortune on television for a one out of 10 chance to win \$2 million.

"The public does not have enough information," said Walker. "I believe the \$100 winners should be sent a list so there would be a way of checking. What assurances do you have that you are competing in the drawing?"

SS to investigate 11-16-85 pair's lottery spree

FRESNO (AP) — Social Security officials will demand an accounting of a couple's spree on lottery tickets to determine if some of the money came from federal payments for the support of their mentally retarded son.

Bill and Lynn Woehl said they have spent about \$2,800 on tickets at \$1 each since the California Lottery began operating seven weeks ago.

Hundreds and hundreds of losing tickets now cover an entire wall of their kitchen. The couple had a few winning tickets, but none for the top prizes.

Woehl, who is unemployed and admitted that he is a compulsive gambler, said the lottery splurge exhausted the family's savings.

Family income is "zilch," he said, except for the \$400 monthly Supplemental Security Income check the Woehls receive for the support of their 16-year-old son, Alan. He said money was set aside each month for rent, utilities and food.

Gilbert Khachadourian, director of the Social Security office in Fresno, said it would be illegal to buy lottery tickets with money meant for their son.



AP PHOTO

Lots of lottery losers

The kitchen wall in the apartment of Bill and Lynn Woehl is covered with 2,100 losing California Lottery tickets stapled neatly in

rows. The Woehls aren't discouraged over their run of bad luck in the lottery and plan to keep trying for a big winner.

Who's Playing The Lottery

By Steve Wiegand
Chronicle Correspondent

Sacramento

A disproportionate share of "heavy" state lottery players are poor, under-educated and members of minority groups, according to a new California Poll released yesterday.

In a survey taken between November 18 and December 2, the poll found that 24 percent of respon-

CALIFORNIA POLL

dents described as "heavy players" — those who have bought more than 20 tickets — made less than \$15,000 a year.

Forty percent were members of minority groups and 19 percent had not graduated from high school.

In contrast, the survey found that only 14 percent of those who said they had never played the lottery made less than \$15,000 a year, 85 percent had at least a high school education and 84 percent were white.

The poll also found that although a staggering 70 percent of all California adults, or about 13 million people, have played the lottery, 18 percent of the players bought 71 percent of the tickets.

"In the history of American marketing, according to many experts, no other service or product, government or private, has ever come close to having as many as 70 percent of such a large population of people pay money to voluntarily participate in such a short period of time," said poll director Mervin Field.

The survey represents some sobering news for the lottery, which has sold more than 650 million \$1 tickets since it began October 3.

The finding that most of the tickets are being bought by a relatively small percentage of the players could mean a sharp drop in sales as the novelty wears off. The poll found that 30 percent had bought no tickets, and 26 percent had bought less than 10.

The results also added weight to the arguments of lottery critics that the game is played mostly by those who can least afford to play it.

"What is happening is exactly what those of us who opposed the lottery said would take place," said Bishop Jack M. Tuell, leader of the Los Angeles area United Methodist Church and chairman of a group that opposed the lottery initiative last year. "It confirms our statements about where the money was going to come from."

Field said the percentage heavy players from among poor and minority groups could be even larger, since the survey did not include "unreachable" members of the public, such as transients, illegal aliens who would be suspicious of poll takers and people who do not have telephones.

Lottery director Mark Michalko, who has disputed suggestions that the lottery is a poor man's game, said yesterday he would withhold comment on the poll until the lottery's own survey was available, probably in the next two weeks.

Other California Poll results found:

■ 75 percent believe the lottery will provide a lot more money to California schools.

■ 60 percent do not believe that the lottery will eventually be linked with organized crime, and 70 percent do not believe that the lottery will coax people to other forms of gambling.

■ 55 percent think the state shouldn't be spending advertising dollars to push the lottery.

■ 52 percent think the lottery is a chance for the average person to get rich quick.

Have bought lottery ticket(s)	
1-3 tickets	11%
4-9 tickets	15
10-20 tickets	26
21-49 tickets	11
50-99 tickets	4
100 or more tickets	3
Have not bought a ticket	30

	Non-players (30%)	Light players (26%)	Moderate players (26%)	Heavy players (18%)
INCOME				
Under \$7000	4%	5%	5%	11%
\$7000-14,999	10	7	13	13
\$15,000-24,999	11	30	18	18
\$25,000-29,999	13	17	16	15
\$30,000-39,999	19	17	18	18
\$40,000-49,999	13	10	8	12
\$50,000 or more	30	14	22	13
EDUCATION				
Less than high school	7%	6%	4%	19%
High school graduate	15	23	28	25
Some college/trade school	35	41	41	41

	Non-players (30%)	Light players (26%)	Moderate players (26%)	Heavy players (18%)
College graduate	17	14	15	9
Postgraduate training	26	16	12	6
ETHNICITY				
White (non-Hispanic)	84%	76%	75%	60%
Hispanic	5	11	13	22
Black	5	10	9	9
Asian	5	2	2	5
Other	1	1	1	4
SEX				
Male	47%	42%	47%	66%
Female	53	58	53	34

Instant Lottery Prize Doubles In Game That Starts Monday

Sacramento

The lottery's fourth scratch-off game will begin next week with top "instant winner" prizes of \$50,000, lottery director Mark Michalko said yesterday.

The third game will end at midnight Sunday and be immediately replaced by a fourth version called the "Gold Rush."

The new game features a new way for players to get a chance at the multimillion prizes of the "Big Spin."

In the first three games, only winners of \$100 were eligible to compete for big prizes on the weekly televised lottery spin. In the fourth game, jackpot spinners will be selected from players whose tickets bear three spots with the word "entry."

Also in the fourth game, the initial top prize of \$3 million will increase by \$65,000 each time the jackpot wheel is spun with no big winner.

Unlike the previous game, Game 4 will offer no free tickets as scratch-off prizes. Anyone who scratches off the symbol of a gold nugget, however, can get double the prize money. For example, Michalko said, scratching off two \$25,000 figures and a nugget will win the player the \$50,000 top prize.

United Press

Convenience Store Has Magic Touch in Lottery

Don't tell Ken Reddy his luck might run out.

The manager of a San Leandro convenience store sold another \$25,000 winning lottery ticket the other day, adding another name to his long list of happy customers.

"I love to see people win," said Reddy, manager of a Quik Stop Market. "I love to see them get excited and go buy their dream."

Reddy said he sells about 65,000 lottery tickets a week, more than any other lottery ticket seller in the state. Three of his customers have made the "Big Spin" so far. One man won \$100,000, and dozens of others have won \$100 or more.

Mark Ferguson of Contra Costa County won a \$25,000 "instant" prize on Friday. He is the third one to do so in two months, Reddy said.

"We were lucky in the begin-

ning," Reddy said. "Now we sell many winners largely because of the volume."

The manager said customers buy tickets all day and night, and some people from San Diego and Los Angeles request tickets through the mail. "I can't sell them tickets that way, it's illegal," Reddy said.

Quik Stop gets a nickel for every ticket sold, and Reddy keeps half of that for himself.

The huge number of tickets ensures a certain number of winners. But Reddy said he and some of his superstitious customers still believe statistics alone do not explain the store's remarkable success.

"There are only 1459 tickets where you win \$25,000," Reddy said. "There are 22,000 stores selling tickets and I've got three (instant winners) already. You figure it out — I call it luck."

San Francisco Chronicle

Published every day by The Chronicle Publishing Co. 901 Mission Street, San Francisco, California 94103

Second class postage paid at San Francisco and at additional mailing offices (USPS 479760)

POSTMASTER: Send address changes to The San Francisco Chronicle, P.O. Box 3074, San Francisco, California 94119

MONTHLY BY CARRIER

Daily & Sunday	\$8.25
Daily only	\$6.25
Sunday only	\$4.50

Somewhat higher in outlying areas

TO SUBSCRIBE, PHONE 777-7000

Full text of The Chronicle from January 1, 1985 is available via computer through the DataTimes network. Call (800) 642-2525 for information

NEW YORK STATE

ACTUAL SALES BY GAME

MILLIONS OF DOLLARS

YEAR	INSTANT.	WEEKLY	OLYMPIC	NUMBERS	WIN-4	LOTTO	TOTAL
76-77	186.9 (95%)	9.6 (5%)	—	—	—	—	196.5
77-78	155.4 (79%)	40.4 (21%)	—	—	—	—	195.8
78-79	155.7 (83%)	10.9 (6%)	15.1 (8%)	—	—	6.4 (3%)	188.1
79-80	118.2 (64%)	4.4 (2%)	12.8 (7%)	—	—	49.2 (27%)	184.6
80-81	92.9 (39%)	—	—	65.4 (28%)	—	77.9 (33%)	236.2
81-82	93.1 (22%)	—	—	168.8 (40%)	13.7 (3%)	149.3 (35%)	424.9
82-83	87.1 (13.5%)	—	—	237.0 (36.7%)	41.6 (6.5%)	279.3 (43.3%)	645
83-84	85.2 (9.6%)	—	—	276.6 (31.1%)	68.5 (7.7%)	460 (51.7%)	890.3
84-85	98.4 (8%)	—	—	330.7 (26%)	73.3 (6%)	768.8 (60%)	1271.2
TOTAL	1072.9 (25%)	65.3 (2%)	27.9 (1%)	1078.5 (25%)	197.1 (5%)	1790.9 (42%)	4232.6

(% OF TOTAL)

(THE ABOVE TABLE WAS REPRODUCED FROM THE ANNUAL REPORT OF THE NEW YORK STATE LOTTERY FOR THE FISCAL YEAR 1984-1985)

Some programs face reduced funding due to lagging lottery sales

The Des Moines
Register

Section M

Fri., Nov. 22, 1985

By **BOB SHAW**

Register Staff Writer

The Iowa lottery's expected first-year sales of \$114 million will be \$39 million below the amount needed to finance the state programs it was supposed to, according to official sales projections released Thursday.

That projection puts lottery officials in a "good news, bad news" position — \$114 million is within their own projections but falls far short of the \$153 million in sales needed to completely finance all lottery-related programs.

Because the state gets a fraction of total lottery sales, the difference in sales projections would mean a \$10.8 million less for 16 programs, while others programs would be fully financed.

"That puts everything in a bind," said Phil Thomas, spokesman for the Iowa Development Commission, which will handle much of the lottery money. The new projection would mean a cut of about one-third in anticipated financing for affected economy-stimulating programs, ranging from business-related research to grants for college students.

"I can't really say I'm happy," said lottery director Ed Stanek. "Our sales are close to what our projections were, but I am disappointed that we can't meet whatever expectation there was."

Until Thursday, lottery officials hadn't publicly given projections for the first 12 months of sales. But as early as last summer, a range of between \$100 million and \$150 million was discussed, making the Legislature's expectations sound unrealistic.

Lottery officials said the \$153 million figure was never presented as a target sales figure, only as the computed sales needed to pay for what the Legislature wanted.

"They appropriated the money [for programs] and worked backwards from there," said Stanek. "But if sales had really been bursting through the ceiling, someone would criticize them

for not appropriating enough. Then the money would be gathering interest instead of creating jobs."

The total cost of the 16 affected programs was to have been \$29.9 million. In fact, lottery revenue of \$114 million would mean that only \$19.1 million would be available, according to Steve King, chief financial officer for the lottery.

The affected programs are in three areas: community and economic betterment, including money for road construction and business loans; education and agricultural research, including aid to college students, programs to encourage foreign trade, business- and agriculture-related research and upgrading teacher skills; and Jobs Now, including more business-stimulating programs, parks and recreation, energy conservation for state buildings and child care.

However, another group of programs designated by the Legislature will be fully financed. This group includes programs to restore the Capitol building, contribute to a historical museum and provide money for a range of building projects.

But the biggest part of that protected group of programs — \$9.3 million for the World Trade Center — won't be needed now that the future of that project is in doubt. Stanek pointed out that that amount would nearly make up for the \$10.8 million, but the Legislature will decide how that money is to be spent.

The Development Commission handles seven lottery-financed programs, the biggest of which is \$10 million for research of various kinds. Thomas said that starting new programs, such as a program to encourage foreign trade, most likely would be delayed in case of revenue cuts.

Existing programs, such as those encouraging tourism or development of small towns, would be spared, he predicted.

STATE CAPITOL REPORT

Iowa lottery defended to legislators

By JANE NORMAN

Register Staff Writer

Iowa Lottery Director Ed Stanek defended the lottery before state legislators Monday, telling them that \$100 million probably will be generated by the end of the 1986 fiscal year, meeting the low end of projections made last year by lottery officials.

And although Iowa still ranks third in ticket sales per capita nationally, a number of obstacles stand in the way of higher sales, including Iowa's poor economy and the difficulty of advertising the lottery to a scattered population, Stanek said.

Members of the Iowa House Economic Development Committee quizzed Stanek for about an hour. Topics included a lottery promotion that encourages retail clerks to solicit sales, the new "lotto" game scheduled to begin this spring and how Missouri's new lottery will affect Iowa.

Stanek said about 29 percent of lottery retail outlets have signed up for a program in which stores receive an extra 1 percent commission if clerks ask all customers if they want a lottery ticket. If a clerk fails to make the query, customers may receive a free ticket.

Representative John Groninga (Dem., Mason City) said he has talked to a number of people angered by state liquor store employees soliciting lottery ticket sales. "Why are state employees pushing gambling?" he asked.

Stanek said the commission didn't order the state liquor system to participate in the program. That decision was made by the Iowa Beer and Liquor Control Commission or its director, he said.

Retailers participating in the extra commission program are seeing increases of 25 percent to 300 percent in ticket sales, Stanek said.

THE DES MOINES REGISTER/A Gannett Newspaper

6A Tues., Jan. 21, 1986

Charles C. Edwards Jr., *Publisher*
James P. Gannon, *Editor*

Arnold Garson, *Managing Editor* James S. Flansburg, *Editor of the Editorial Pages*
David Witke, *Deputy Editor* Geneva Overholser, *Deputy Editor of the Editorial Pages*

THE REGISTER'S EDITORIALS

Arm-twisting for lottery

Retailers selling Iowa lottery tickets can earn an extra 1 percent commission if they require their employees to ask all customers if they want to buy tickets. If such annoying reminders are worth an extra 1 percent in business — and they must be — a little extra effort should merit even larger payoffs.

Perhaps the lottery directors should offer an extra 2 percent if the employee adds, "Pretty please, with sugar on it?"; 3 percent for sniffing slightly and wailing, "I've got seven kids and a sick tomcat at home, and if I don't make my quota this week I'll get fired"; 4 percent for creating a

scene sufficient to draw the attention of at least 10 other store patrons, assuring that the pigeon in the checkout line is thoroughly embarrassed. If the customer still refuses, the retailer gets 5 percent if the employee becomes surly, takes the customer's name and asks what route his kids take home from school.

A couple of legislators were so incensed by the idea of requiring employees to make a lottery pitch that they tried to make such a requirement illegal. We're with them in spirit. Iowans — particularly those opposed to the lottery in the first place — deserve better than to be nagged about it.

As for the new "lotto" game expected to start May 1, Stanek said he anticipates no delays for the game in which customers pick six numbers out of a given set of numbers. Similar Lotto games have started off slowly in other states but picked up steam later, Stanek said.

Stanek expects the Missouri lottery to slow sales of Iowa tickets in southeastern Iowa, but said that overall the Missouri game will not have much effect on Iowa sales.

The Missouri lottery will have an advantage over Iowa in that two metropolitan areas — St. Louis and Kansas City — account for the bulk of the state's population, he said. The population distribution in Iowa is more scattered, he said.

The Seattle Times
 AN INDEPENDENT NEWSPAPER
 Founded August 10, 1896

Alden J. Blethen, 1896-1915 C. B. Blethen, 1915-1941
 Elmer E. Todd, 1942-1949 W. K. Blethen, 1949-1967

John A. Blethen, Chairman of the Board
 W. J. Pennington, President and Publisher

James B. King, Editor and Vice President

Herb F. Robinson, Michael R. Fancher,
 Editorial Page Editor Managing Editor

OLYMPIA'S APPEAL TO GREED

Isn't it time
to end lotteries?

SO A visitor from Alabama, where lotteries are illegal (as they are in most states), has knocked off a \$1.5 million prize in this state's first "big lotto," the six-digit computerized drawing designed to hype sagging patronage of the Washington lottery.

We're still not impressed. With the wisdom of state government running a numbers game, that is. While no one begrudges Linda Stephenson of Birmingham the sudden wealth she now will take back to Alabama, heavy publicity about her winnings unfortunately will inspire more false hopes among thousands of citizens that they, too, can become instant millionaires.

Curt Suplee, a Washington Post reporter, once gave an accurate description of the phenomenon that keeps state lotteries in business: "A fool and his money," Suplee wrote in *Harpers*, "are soon parlayed."

Never mind the ludicrously unfavorable odds. Statisticians say a player in a \$1 million game is seven times more likely to be killed by lightning than to win the big prize. Yet whatever the length of the odds, the bettors will be ready to spend their money as long as jackpots continue to grow.

Thus, state governments sponsoring lotteries place themselves in the position of appealing to nothing more than human greed while simultaneously perpetrating a form of consumer fraud.

Surely it's time to rid Washington state of this needless baggage.

Several months ago, Governor Spellman expressed hope that an improving economy some day would reduce the need to supplement general-fund revenues with lottery income. Well, the regional economy has been improving lately.

So why not begin thinking in terms of a state-lottery phaseout with the start of a new budget biennium in 1985? We'd like to hear Republican Spellman and his Democratic challengers debate that question as voters ponder their gubernatorial choices for 1984.

ATTACHMENT F

H. F+SA
1/22/86

Omaha World-Herald

Editorial Page

Unsigned articles are the opinion of The World-Herald.

No Substitute Needed

Lucky Rainbow's Failure Provides an Opportunity

Omaha and Douglas County now have an opportunity to get out of the lottery business.

Nowhere is it written that local governments owe the public a chance to gamble under city and county sponsorship.

The Lucky Rainbow Lottery is coming to an end just three months after the city and county established it as a revenue-raising operation. It didn't attract as many players as it needed to be profitable.

The Lucky Rainbow also had a tax problem. Originally, officials had operated on the idea that the \$50 federal wagering tax had to be paid by each business that sold lottery tickets to the public. But recently the Internal Revenue Service said the tax has to be paid for each employee who sells the tickets. That was a drawback for businesses, such as grocery chains, that had many employees selling tickets.

So the unlucky Rainbow is being dropped.

But what next? Some county officials reportedly are discussing other types of games to generate gambling dollars.

There should be no compulsion to do so.

When the City Council asked voters for permission to establish a local-government lottery a year ago, voters gave their assent — but only faintly.

Only about 17 percent of the city's registered voters showed up for the special election. Fewer than 16,000 people, 55 percent of those who voted, cast votes in favor of the lottery.

In a Douglas County election, held on the same day and involving mostly the same voters, the results were similar.

The votes permitted — but didn't require — a lottery. Some people said the results created at least a moral responsibility for the city and county to start one.

The result was the Lucky Rainbow. In the first month, ticket sales of 364,948 were 200,000 short of expectations, and sales declined after that.

A small minority of the people gave permission for a lottery. A lottery was provided.

It failed. It failed so badly that the county might now have to dig into the general fund to make up \$110,000 in unrecoverable operating expenses. That would mean that all Douglas County taxpayers — even those who opposed the lottery — would have to help pay for the gambling opportunities of a relative few.

Any responsibility city and county officials might have felt to the voters who wanted a lottery now has been discharged.

Why not just forget it?

D. EDUCATION AND AGRICULTURAL RESEARCH ACCOUNT

1. \$ 750,000 College Aid - "forgivable" loans
2. 300,000 Foreign Trade Encouragement
 - a. Internships with Iowa buisnesses
 - b. Professors used as cultural advisory for IDC and business involved in foreign trade
 - c. Short courses on foreign trade, data base clearinghouse listing of state residents with foreign contacts
 - d. Business risk analysis
3. \$ 200,000 Board of Regents ISU value added research
4. 10,000,000 IDC for research
5. 200,000 Board of Regents for Iowa Farm Management
6. 50,000 Legislative Council for Alternative Crop and Livestock Study
7. 1,000,000 College Aid Comm. upgrading teacher skills in math, science and foreign language

Ladies and Gentlemen:

I am Lonnie Hephner a businessman from Wichita. I own Hephner TV and Electronics, Porta-Ad of Wichita, an advertising company, and Hephner Enterprises, a real estate holding company. If I were to come to all of you and say, I have a plan to make one of you rich by taking the riches from the rest of you and my brokerage fee for that transaction would be 40 to 50% of all the money I collect, you would call me a crook, a thief, a dishonest character and many more names.

First of all it is illegal to take money from people and give them nothing in return. This great nation has been built on the idea that if you work you gain wealth, self respect and respect from your fellow man. Now we are starting to hear, that even though as individuals I still cannot steal from my neighbors and friends, perhaps it is okay for the State to take our money with a promise that one of us will be made extremely rich at the expense and losses of the millions of us that lose our hard earned money.

All lottery, all gambling is based on the twinkling fantasy that heaven can be had from a single ticket. We will hear public announcements of a childish belief that fairy tales come true. We will not hear that all the taxes and all the money that is turned over to a few winners is all coming from losers.

Lottery is a regressive tax, a tax mostly on suckers and poor people. The Wall Street Journal says commercial gambling is "technically a swindle". The poor and undereducated lose more, because they do not understand the swindle. They have unrealistic dreams of becoming rich, while legislators have dreams of gaining easy money for the state, and the gambling promoters all get rich doing something that no other legitimate business can do, and all the time, the poor taxpayers continue to lose their hard earned money. The motive for shoplifting and gambling are exactly the same, enrich yourself from the financial losses of others.

Gambling generates NO NEW MONEY. It does not produce any product to increase its value, such as does farming, manufacturing, etc. It only takes money that has been earned from some other source and then takes it out of the regular spending process. All of the dollars that are lost at gambling on the lottery cannot be spent on Main Street, Kansas. Thus the lottery money will not be spent on farm products, cars, furniture, groceries, clothes, gasoline, insurance and many other products and services. This means that the sales tax, income tax and all the other taxes collected up and down the spending cycle will be lost to the state.

ATTACHMENT I

HF45A

1/22/86

There are also the side effects of gambling that will come to Kansas, if we have legal gambling. In my files I have many, many stories about the other crimes that follow gambling. Racketeers use the legal mechanism to help run their own operations, thus increasing illegal gambling; gangland murders have occurred in many states because of gambling; and property has been taken over by the criminal element. I am sure that most of you are aware of some of this activity. Most of you probably read where several were indicted in Missouri last month for trying to buy favors from people in control of the Missouri lottery.

I think that most of our legislators in Kansas are fine, honest, upright men and women, and I am sure that you all would be very diligent in trying to keep the criminal element out of Kansas and out of the control of the lottery, but the underworld always finds a way to get their hands on gambling money. I doubt that any of you could successfully compete in a political campaign in any area, if the Mafia and underworld decided they wanted to elect one of their people in your area. They have taken over many positions with their huge amounts of money and lies. So, a few years from now you might not be here to protect the people of Kansas as you are now.

Please let me read a paragraph from the Book of Discipline of the United Methodist Church, 1984. I am not a Methodist, but I think perhaps we could all embrace this statement.

"Gambling is a menace to society, deadly to the best interests of moral, social, economic, and spiritual life, and destructive of good government. As an act of faith and love, Christians should abstain from gambling, and should strive to minister to those victimized by the practice. Where gambling has become addictive, the Church will encourage such individuals to receive therapeutic assistance so that the individual's energies may be redirected into positive and constructive ends. Community standards and personal life styles should be such as would make unnecessary and undesirable the resort to commercial gambling, including public lotteries, as a recreation, as an escape, or as a means of producing public revenue or funds for support of charities or government."

According to the estimate from the gambling promoters, the state could raise more money from a 1/4 cent sales tax increase than the whole lottery would bring in each year. This mechanism is already in place. It would require no more supervision. It would cost no more to police and oversee. It would be an equal tax on all Kansans, and best of all it would be HONEST. It would not try to teach our younger generation that you don't have to work to make it in life. The real bonus would be that the criminal element would not be eyeing Kansas as its next fertile spot to conquer.

Those who wrote the gambling prohibition into the State Constitution were not fools, they knew a fraud when they saw one. Please don't destroy this trust that has been handed down to you. Please don't set the steps in motion to create a monster that our children and grandchildren will have to deal with.

I ask that you, each one, be a statesman. Don't be persuaded by our Governor and his steamroller tactics to do something that is wrong for the People of Kansas. The people of Kansas would rather pay their fair share of taxes than to have the state swindle millions from the ones who can least afford it.

Please, I urge you to kill this bill on State Lottery. Thank you.

Lonnie E. Hephner
Wichita, Kansas