

Approved 4-6-90
Date

MINUTES OF THE Senate COMMITTEE ON Federal and State Affairs

The meeting was called to order by Senator Edward F. Reilly, Jr. at
Chairperson

11:05 a.m./~~p.m.~~ on April 2, 1990 in room 254-E of the Capitol.

All members were present ~~except~~:

Committee staff present:

Mary Torrence, Revisor of Statutes Office
Mary Galligan, Legislative Research
Deanna Willard, Committee Secretary

Conferees appearing before the committee:

Rep. Phil Kline
Bill Martin, Kansas Industrial Developers Association
Jim Edwards, Kansas Chamber of Commerce and Industry
Rev. Richard Taylor, Kansans for Life at Its Best
Senator John Strick
Bill Johnson, River City USA
Linton Bartlett, City of Kansas City, Kansas
Dennis Shockley, Kansas City, Kansas

The minutes of the March 26 and March 27 meetings were approved.

Action on: Sub. for HB 2223 - Qualifications of fire extinguisher businesses

A motion was on the table from the March 28 meeting by Senator Walker and seconded by Senator Strick to recommend the bill favorably.

Opposition was expressed to the bill for safety reasons and over concern that the State will be liable if manufacturers are taken out of the line of liability.

Support was expressed, and it was stated that there was no intention in the original legislation in 1981 that manufacturers would pass quotas and take advantage of dealers, that this is restraint of trade.

A substitute motion was made by Senator Morris and seconded by Senator Vidricksen to release the installing company of any liability and place the entire liability for the operation on the servicing company.

Hearing on: HCR 5047 - Ratifying U.S. Constitutional Amendment relating to compensation for U.S. Senators and Representatives and when variances therein take effect

Rep. Phil Kline told the committee they have an opportunity to vote on the oldest piece of legislation. It was introduced in 1789 as part of the original Bill of Rights. Thirty-two states have ratified it to date.

Hearing on: SB 784 - Making Kansas lottery subject to the sunset law; SCR 1646 - Authorizing continued operation of a state lottery

Bill Martin, KIDA, spoke in support of the lottery measures and of the use of its proceeds for economic development. (Attachment 1) He commented that he assumes people are using their extra money to buy lottery tickets.

Jim Edwards, KCCI, gave testimony supporting the continuation of the lottery and a sunset provision designed to allow the lottery

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Federal and State Affairs,
room 254-E, Statehouse, at 11:05 a.m.~~pm~~ on April 2, 1990

to take full advantage of vendor contracts. (Attachment 2) They would support the proceeds going to the general fund. He was asked if the membership has been surveyed as to their personal participation in the lottery; they have not.

Rev. Richard Taylor presented testimony in opposition to the lottery measures, asking members to vote to get Kansas out of the bookie business. (Attachment 3) He also distributed a packet of various newspaper articles in opposition to state lotteries. (Attachment 4)

Hearing on: SCR 1647 - amending the constitution authorizing riverboat gambling

Senator Strick said that his reasons for introducing this bill are (1) economic development, and (2) tourism. He sees a package plan with various recreation facilities in Kansas City, including the Chiefs, Royals, Woodlands, and the Starlight Theater. The management at Woodlands has no opposition to adding riverboat gambling.

He said this must be passed by two-thirds of the Senate and House to go on the ballot for a vote of the people.

Bill Johnson, River City USA, spoke in favor of riverboat gambling to aid tourism. He said 106,000 people came aboard the River Queen the first year, and they feel the new boat that is already built will enhance opportunities for convention business and tourism. They are hoping to work with the Coast Guard and to limit riverboat gambling to boats carrying more than 500 people.

Linton Bartlett, City of Kansas City, Kansas, gave testimony in support of the resolution due to positive economic impact. (Attachment 5)

Dennis Shockley, Kansas City, Kansas, read a letter from Rex Richards, President, Kansas City, Kansas Chamber of Commerce, supporting efforts to pass a riverboat gambling law. (Attachment 6) He said there are no projections as to exactly what the impact will be. Regarding enforcement, he mentioned the Office of Parimutuel might become the Office of Parimutuel and Gaming.

The meeting was recessed to reconvene later today at a time to be announced.

The meeting reconvened at 4:15 with all senators except Senator Daniels in attendance.

Rev. Richard Taylor, gave testimony opposing riverboat gambling saying for the vast majority of people, gambling is getting nothing for something. (Attachment 7)

Action on: Substitute for HB 2223 - Qualifications of fire extinguisher businesses

Senator Vidricksen withdrew his second from the substitute motion on the table. Senator Morris withdrew his substitute motion and made another substitute motion to refer the bill to interim. The motion was seconded by Senator Bond. The motion failed.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Federal and State Affairs,
room 254-E, Statehouse, at 11:05 a.m.~~a.m.~~^{p.m.} on April 2, 1990

Senator Walker amended his original motion to change the year on P. 1, Ln. 30 to 1991, and the effective date to January 1, 1991. The motion carried.

Action on: SCR 1646 - Authorizing a state-owned lottery to be operated after June 30, 1990

A motion was made by Senator Morris and seconded by Senator Strick to recommend the bill favorably. The motion carried.

Action on: SB 784 - Making the Kansas lottery subject to the sunset law

A motion was made by Senator Morris and seconded by Senator Vidricksen to recommend the bill favorably. The motion carried.

The meeting was adjourned at 4:45 p.m.

Remarks before the
SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
in support of SB 784 and SCR 1646

April 2, 1990

by Bill Martin
Kansas Industrial Developers Association

The Kansas Industrial Developers Association (KIDA) is made up of over 100 economic development professionals serving Kansas. KIDA has consistently and wholeheartedly supported the Kansas Lottery and the use of its proceeds for economic development.

The economic development programs financed by the Kansas Lottery are accomplishing their goals. As an example, the Kansas Partnership Fund, funded by Lottery proceeds, approved low interest loans on two projects that will result in an \$85 million investment in Kansas and the creation of nearly 1,000 new jobs.

The Kansas Industrial Training Program, widely praised by new and expanding industry, is also funded in part by the Lottery and has trained nearly 2,000 employees for 39 firms during this fiscal year. Lottery funding for the Kansas Technology Enterprise Corporation has also resulted in new jobs for Kansans.

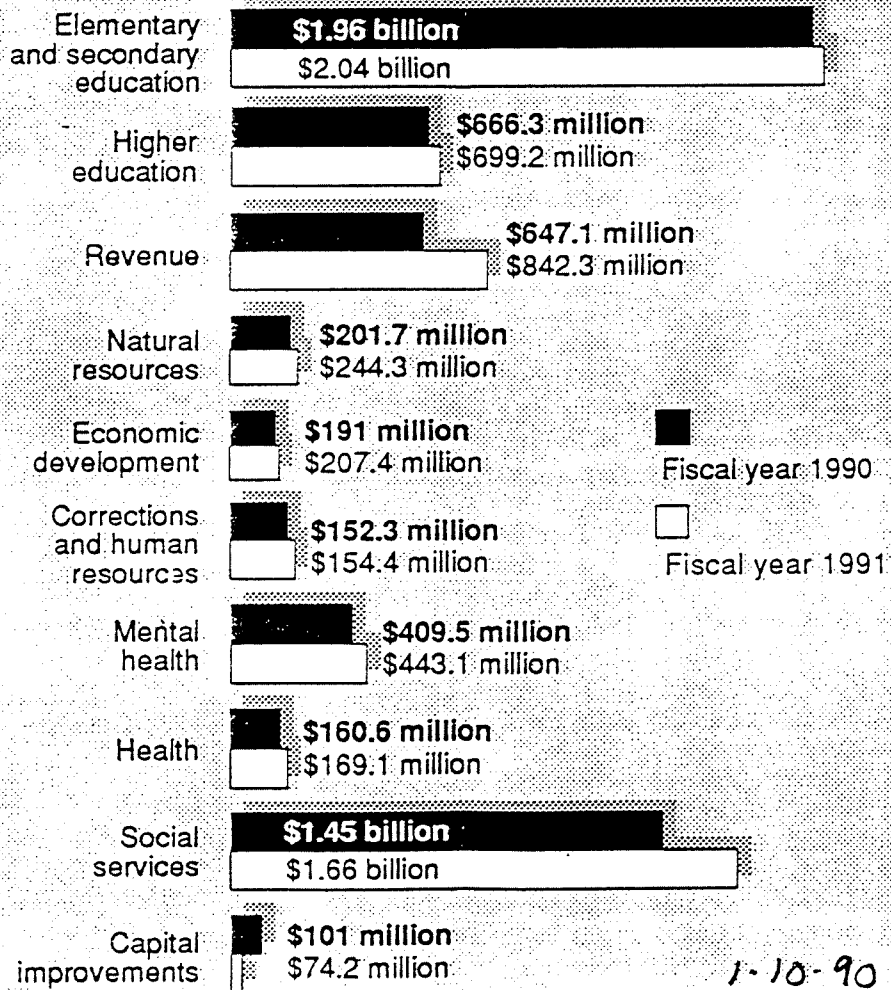
While funding for economic development in Kansas has increased because of the Lottery, Kansas still lags behind the competition. Missouri is spending \$191 million this fiscal year for economic development compared to \$30 million in Kansas (half of which is federal money).

If Kansas is to solve its fiscal crisis, it must attract new taxpayers. The Kansas Lottery has allowed us to begin that process. We urge your continued support for the Kansas Lottery.

Senate F&SA
4-2-90
Att. 1

Budgeting for Missouri

Though there's disagreement over the state's financial forecast, Gov. John Ashcroft has called for an \$8.6 billion budget for the 1991 fiscal year, a \$1 billion increase from the current budget. However, Ashcroft's budget included items that were not part of last year's budget, such as money to help desegregate Kansas City schools.



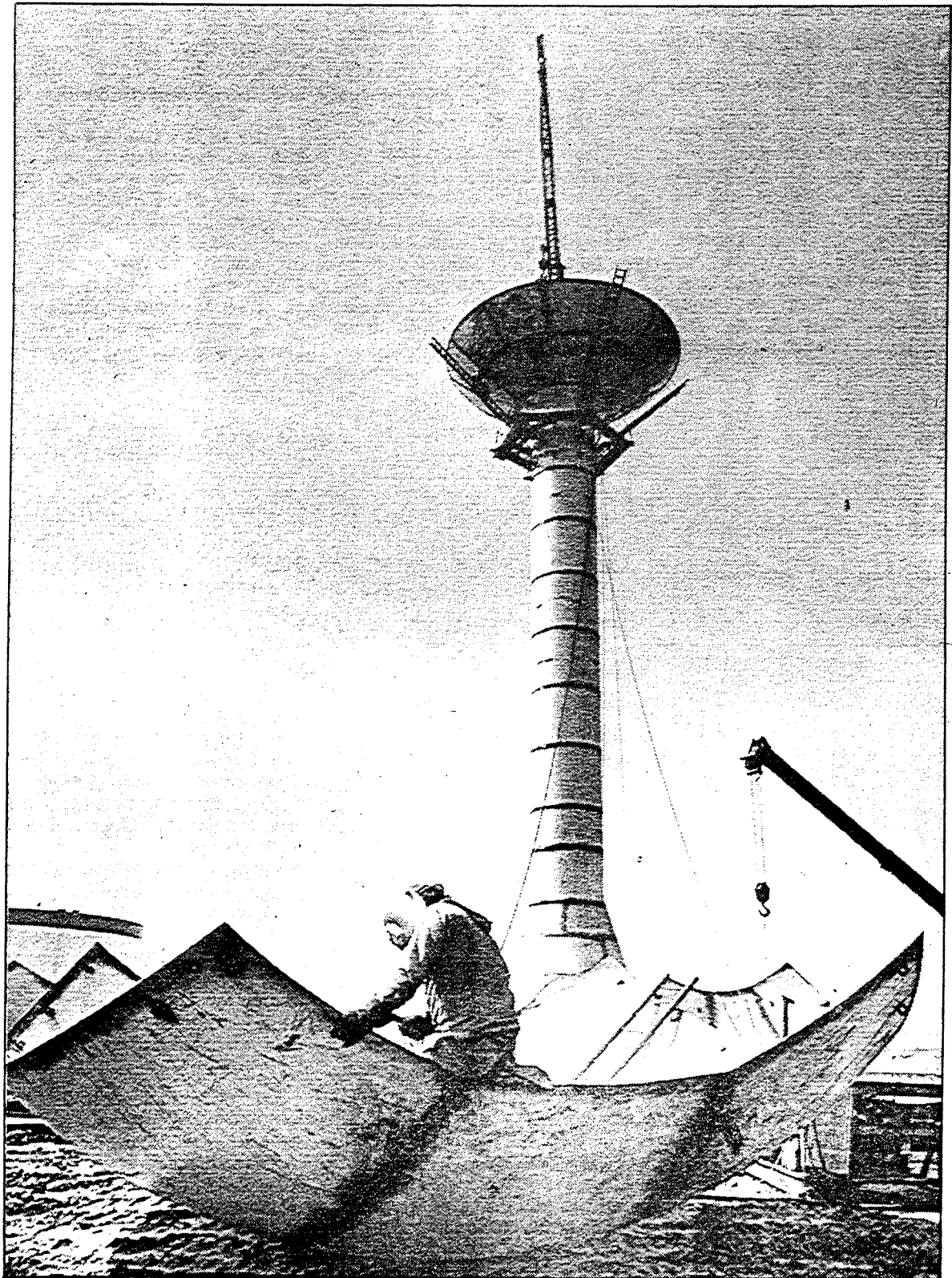
Source: State budget office

The Times/ Dave Eames

1-2

KC Star 3-23-90

WATER TOWER WELDER



The Associated Press

A worker prepares a side panel Wednesday that will later be lifted into place on a new water tower at Intech Business Park in Eudora, Kan., six

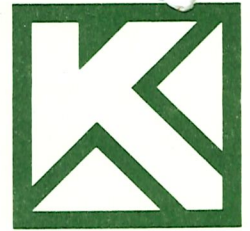
miles east of Lawrence. The city of about 3,500 hopes the business park will ensure continued growth in the area.

1-3

LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry

500 Bank IV Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321



A consolidation of the
Kansas State Chamber
of Commerce,
Associated Industries
of Kansas,
Kansas Retail Council

SCR 1646 and SB 784

April 2, 1990

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

Senate Federal and State Affairs Committee

by

Jim Edwards

Director of Chamber and Association Relations

Mr. Chairman and members of the Committee:

I am Jim Edwards and I appear before you today representing KCCI.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

KCCI supports the continuation of the Kansas Lottery and would also support a sunset provision as long as it was designed to allow the Kansas Lottery to take full advantage of vendor contracts.

When the issue of lottery came up four years ago, the membership of KCCI supported the concept by a margin of two to one. The state's voters approved it by about the same

Senate F&SA
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Att. 2

main at the polls. Since that time, the support within KCCI for the lottery has increased even more. It would be our assumption that this would also be the same for the public at large. KCCI members and the state's voters continue to find the lottery as a non-obligatory means of raising revenues for programs while allowing an element of entertainment.

I appreciate the opportunity to appear before you today and would be happy to stand for questions.

Some lawmakers say I'm mighty prolific with the pen. That is because my voice handicap makes it easier for you and for me to put it in print.

Kansas would take a giant step forward if the leadership never brought to a vote a resolution to continue the lottery. That would let state owned and operated gambling die a quiet death, and no one would have a voting record to defend at the next election. Lottery revenue can be replaced by collecting part of the windfall again, by a one-tenth cent sales tax, by higher taxes on alcohol and tobacco, or in other ways. We'll support the legislature in whatever way you choose to replace lottery revenue.

For three months, many of you have told me over and over how a big majority in your district supported the lottery in November of 1986. A big majority and I supported classification. But if I knew in 1986 what I know now, I would have voted NO and would have encouraged others to vote NO.

How the people voted on lottery gambling in 1986 will not be an issue in the 1990 House and 1992 Senate elections. How you voted on extending the lottery will be the issue. Concerned voters in the Fall of 1990 and 1992 will ask these questions. Your NO vote on extending the lottery will make you proud to respond NO on each one.

1. Did you believe it was a proper function for government to encourage more persons to lose more money gambling so a state agency could become successful?
2. Did you vote to take \$81.6 million consumer dollars from home town main street when collecting \$21 million by any other tax would give the legislature the same number of additional dollars to distribute?
3. Did you vote to allow gambling promoters to pocket \$1 for each \$1 net taxes produced by the lottery?
4. Did you vote to hurt local merchants by not leaving \$60.6 million additional consumer dollars in the public pocket to spend on home town main street for items other than lottery tickets? (Items on which city and county sales tax would be collected.)
5. Did you vote to continue the most regressive tax ever devised.
6. Did you vote to victimize the poor and least-educated by collecting 4 times more revenue in a lottery tax than would be collected by a much less regressive sales tax to fund the same programs?
7. Did you vote to permit LOTTO AMERICA to continue paying half the advertised prize?
8. Did you vote to hurt lottery winners as well as the losers?

These questions have been explained to persons from Johnson County to Atwood. All agree this makes cents! This will be explained to voters in the Fall of 1990 and 1992.

Concerned citizens who love Kansas more than gambling revenue may not be a majority in your District, but their numbers can determine the outcome of an election. This should offset the advantage of campaign gifts from G-Tech and others who want to get rich from gambling losses of Kansans.

Some lawmakers have complained, saying people asking them to vote NO on extending the lottery should remember they voted NO on the amendment in the legislature in 1986.

Because you want people to remember how you vote on measures, before the 1990 and 1992 elections, our newsletter that goes to over 35,000 homes and churches will tell people how you voted on extending the lottery.

What a joy it will be to tell them you voted to get Kansas out of the bookie business.

Senate F&SA
4-2-90
Att. 3

Respectfully yours,
Richard E. Taylor, Jr.

"...ing is technically a handle. 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, 1-4-74

Gambling is a criminal activity, except where legalized. Organized crime has always promoted gambling to raise revenue. Should Kansas?

HB 3000 on the House Calendar, a one-tenth cent sales tax, will produce \$21 million a year additional money because there is no added cost of collection.

Because sales tax is not collected on lottery tickets, city, county, and state units of government lose revenue. Only 25.75% of total revenue collected from the sale of lottery tickets is additional state money. Lottery revenue must total \$81.6 million for the General Fund to receive 21 million additional dollars. The most optimistic projection is \$70 million in ticket sales.

Why try to collect \$81.6 million revenue when sending \$21 million to Topeka will add the same number of additional dollars to the General Fund? That is a tax cut of 74.3% (74.3% of \$81.6 is \$60.6 not collected in lottery revenue.)

Lawmakers who love Kansas more than gambling revenue plus lawmakers who want \$21 million a year in the General Fund are a majority in the Legislature.

Here is a compromise that accomplishes what both groups of lawmakers want and is a tax relief package at the same time!

Let the lottery die an unmourned death. (HCR 5038)
Let citizens give Kansas one penny on a ten dollar purchase. (HB 3000)

Will you vote for this tax relief package and get Kansas out of the gambling business? The lottery tax is many times more regressive than a sales tax, and a sales tax is regressive enough. If lottery revenue is important for Kansas, non-gamblers want to pay their share.

Will you vote for this tax relief package that will add \$21 million to the General Fund?

Will you vote for this tax relief package that will cut the tax burden for this portion of the General Fund by almost 75%?

Will you vote for this tax relief package that will leave an additional 60.6 million consumer dollars a year in the public pocket to spend on home town main street for items other than lottery tickets? This will help home town merchants and will bring more sales tax revenue to cities and counties.

Research has found that poor and under-educated people are victimized by lottery gambling. Should Kansas con those people into paying almost four times more in taxes if the General Fund is to receive the same number of additional dollars? (4 times 21 is just over 81.6)

Those who buy lottery tickets will be dollars ahead if the lottery dies. Merchants who sell tickets will be dollars ahead selling other items that have a larger mark-up than 5%.

The PERFORMANCE AUDIT indicates a troubled future for the lottery unless Director Simpson can perform miracles that result in a substantial increase in ticket sales. Is it a proper function for government to encourage more persons to lose more money gambling so a state agency can be successful?

Do you want more gambling dollars taken from many who are poor during the next two years? Why wait to end this failure?

People have worked hard to make the lottery a success. It has been given a good try. Isn't it time to move on to a better way to raise revenue?

Rev. Richard Taylor

3-2

Keen tragedy is state gambling, not Pete Rose

I confess I was never a fan of Pete Rose of the Cincinnati Reds even before he became baseball's bad boy by allegedly gambling on the game in violation of hallowed baseball rules. Not that I had anything against Rose personally. It was just part of my disadvantaged youth not to grow up a baseball fan.

As what you might call a lay (that is, non-fan) observer, it looks to me as if they've got the goods on him. If he broke the game's rules, he'll have to pay the game's penalty, which could mean banishment for life, which seems pretty harsh. But Reagan banned those air traffic controllers from their jobs for life, for making the mistake of going on strike, so in comparison, Rose's prospective penalty doesn't seem so cruel, and he's probably got it coming to him.

But it sounds pretty strange — downright sickening — all this holier-than-thou hue and cry against gambling coming from a country which has gone stark, raving crazy for gambling of all kinds. I've seen editorials deploring Rose's conduct in papers that have been campaigning all-out for lotteries, horse-race betting and river-boat gambling in their communities, praising to the skies the social benefits of the conduct they condemn in Rose.

States not only tolerate gambling, they promote it. At last count, 29 states and the District of Columbia operate lotteries. They are a popular substitute for taxes because they spare the politicians the responsibility of persuading citizens of the need for taxes; and because they assess the burden of supporting government disproportionately on the poor —



John McCormally
HARRIS NEWS SERVICE

which is in keeping with the modern trend toward regressive taxation and sparing the rich.

But because it costs states up to 75 cents to raise one dollar through a lottery (compared to one or two cents per dollar of tax revenues) the states have to go all out in promoting their lotteries — in persuading more people to gamble. And once stoked by a supposedly harmless lottery, the gambling fever requires new outlets and ever more suckers.

Take my home state of Iowa, which barely a generation ago made you buy a license before you could buy a bottle of liquor, and which busted village priests for running church bingo games. Now you can buy your booze along with your bread at the grocery store, while you're buying your lottery ticket. First they legalized bingo. Then the state lottery. Then pari-mutuel betting at dog and horse tracks. Now they're scared Illinois might get its riverboat gamblers on the Mississippi before we do.

Poor Iowa, to paraphrase an old Mexican saying, so far from God and so close to Illinois. And up at Des Moines, they're afraid the

grand new horse betting track is going to go bust, and the taxpayers will have to bail it out, if they can't persuade more people to gamble.

Legislatures approve all this for the public good and welfare. But a recent New York Times article reported growing concern that "this new legitimacy of once illegal forms of betting is undermining traditional attitudes toward work and play, saving and investing, even right and wrong."

A California survey showed that the percentage of high school students who participated in any form of gambling increased by 40 per cent since the state lottery began in 1985. Various studies agree that most people who take part in lotteries are those who can least afford it.

None of this excuses Rose for violating baseball's rules. But it does cast doubt that any lesson for youth to be learned from the Rose case will be very effective, when society increasingly is teaching the opposite lesson that gambling is acceptable.

If the figures for his betting activities are accurate, Pete Rose is a sick man, and I hope he gets well, for his and his family's sake. The tragedy is that government, in this latter day passion for shirking equitable and necessary taxes is, with publicly sponsored gambling, exploiting that very sickness.

Quotation

How vain it is to sit down to write when you have not stood up to live.

—Henry David Thoreau

LAWRENCE JOURNAL-WORLD
Thursday, Mar. 22, 1990 Page 3A

Man convicted of bookmaking

KANSAS CITY, Mo. (AP) — A restaurant owner was found guilty Wednesday in federal court of sports bookmaking and related charges.

James Sutera, who owns two Kansas City restaurants, was found guilty of conducting a sports gambling business that violated Missouri law, the operation of which involved five or more persons and that received gross wagers of at least \$2,000 on a single day.

He also was convicted on three counts of making interstate telephone calls in the conduct of the gambling business, one count of accepting wagers without a federal gambling stamp and three counts of money laundering.

Sutera faces a maximum penalty of 71 years in prison and fines of \$2.5 million.

John Frankum, Sutera's attorney, said he would file motions for reversal of the verdict or a new trial.

Paul S. Becker, the federal Organized Crime Strike Force lawyer who prosecuted the case, said the government was pleased by the outcome.

"The verdict was fully supported by the evidence," he said.

The period covered by the charges was September through December 1988.

Page 5
Hutchinson News
Thursday, March 15, 1990

Bill would replace money if lotto dies

TOPEKA (AP) — The House Taxation Committee endorsed and sent to the House Wednesday a bill designed to raise replacement revenue if the Legislature decides to end the Kansas Lottery.

The measure would increase the statewide sales tax by .1 of 1 cent, or one penny on a \$10 purchase, generating about \$20 million a year in new revenue. It was endorsed on a show of hands by committee members.

It is the brainchild of the Rev. Richard E. Taylor, president of Kansans for Life at Its Best, the state's anti-liquor, anti-gambling organization. He is working to get the lottery eliminated as of June 30 this year.

Unless the Legislature acts this session to continue the lottery in existence, it goes out of business at the end of the current fiscal year.

State voters approved a constitutional amendment permitting creation of the lottery in 1986, and it began selling tickets in the fall of 1987. As happens to most lotteries after the first blush of success, sales have been declining.

3-3

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.

If the winner of a "one million dollar lottery prize" received one million dollars, that person could put the money in the bank and at 10% interest draw payments of \$100,000 a year. At the end of 20 years the winner would still have one million dollars in the bank.

But gambling promoters deal in the big lie. For a "one million dollar prize", if interest is 10%, the lottery will put \$468,246 in the bank. Payments of \$50,000 a year for 20 years will use up all principal and interest.

This Wall Street Journal article points out a major error in the PERFORMANCE AUDIT REPORT of the Kansas Lottery. (Pages 25-26) The grand prizes of \$11.4 million and \$6.0 million probably cost Lotto America around \$8 million. The dollar value of prizes awarded to persons who bought their tickets in Kansas was not \$20.1 million. Lotto America should tell us exactly how much the annuities cost for these prizes. The cost of the annuity is the dollar value of the prize.

As the chart indicates, Lotto America players in Kansas have won about \$20.1 million in prizes during the first 17 months of the Lotto America game. Most of this amount has been awarded to two grand prize winners in Kansas—an \$11.4 million winner in May 1988 and a \$6.0 million winner in July 1988. Grand prize winners do not receive the entire jackpot amount at one time; rather, they receive the money in annual payments over a 20-year period.



State Lotteries Are a 'Tax'

By SYLVIA PORTER

Bill Patrono, a jolly elevator operator in our Fifth Avenue apartment building, takes home about \$110 a week — after his weekly deductions for federal income taxes and Social Security taxes. He then voluntarily pays another "tax" of one dollar every week to New Jersey or to New York for their 50-cent lotteries. Whenever Bill sees me coming in from work in the evening, he grins and threatens he won't take me up until I get his "name in the paper." When I answer with a shrug, "Okay, take me sideways," we both crack up; then I say, "I'll do it next week." He lets me into the elevator — and our little charade is completed for that day.

Whether or not Bill Patrono's name will ever be listed among the winners of these or any other 50-cent lotteries (and I'll wager my buck that he bets more than one buck per week), I'm putting Patrono's name in the paper because what he symbolizes is becoming ever more important financial news.

BILL IS typical of mounting millions of lower-income American wage-earners who are regularly buying inexpensive lottery tickets and thereby voluntarily contributing what amounts to a fairly impressive proportion of their take-home pay to state treasuries across the land. Bill thinks of it as a happy bet and dreams of winning big.

Actually, Bill is making a contribution to the state treasury. Actually, it's a "tax" and a regressive tax at that.

And while the amount the ticket costs each time may seem insignificant — even 50 cents twice a week adds up to \$52 a year — the contribution is made week after week after week.

To indicate the scope of this financial development, lotteries are spreading across the land and undoubtedly will spread to more states. In the November elections, voters in Iowa, Maryland and Washington approved constitutional amendments authorizing lotteries. When Michigan became the seventh state operating a lottery on Nov. 13, it reported it sold more than \$5.8 million worth of 50-cent tickets the first week and grossed nearly \$3 million.

The push behind lotteries has gained power fast. New Hampshire was the first state to enact a lottery law in 1963, New York was second in 1967, and New Jersey third in 1970. In 1971, Connecticut, Massachusetts and Pennsylvania joined in. Says the Federation of Tax Administrators, All signs "suggest the increasing use of this form of gambling as a means for obtaining marginal amounts of additional state revenue."

WHILE THE lotteries are surely siphoning off some funds from illegal gambling, they also are adding to the total gambling take. Organized crime has begun to use the lottery numbers for illegal gambling. And, of course, the states would not be adopting lotteries if

they were not an easy source of revenues.

The public's appetite is constantly whetted by the publicity about the winners.

Nevertheless, I submit the lottery is a regressive "tax" — and even in the face of the certain growth of this form of revenue raiser. I submit my argument.

Betting among lower-income groups is far more frequent than among higher-income individuals. Profiles of the winners underline and dramatize these points. The lottery is cousin to the numbers game — and "numbers" is the poor man's game.

Bill may laugh, "What can I lose?" as he hands over his 50 cents twice a week. (I hope he wins and laughs at me all the way to the bank.) The states may retort that since betting is voluntary, this can't be called a "tax." And no one can deny the lottery does raise money.

Still, it's sad to see our states returning to a medieval method of financing. (The first money lottery was established in Italy during the Middle Ages.) It's discouraging to see tax experts, who do know better, defending the lottery as a harmless money-raiser.

It was late in the 19th century that Congress outlawed the lottery in the U.S. An "enlightened" nation is reviving the discredited institution.

Perhaps, the salt tax will be our next step forward?

Field Enterprises, Inc.

Kuhn Says Legal Betting Would Open Door to Crime

BOSTON (AP) — Legalized betting on professional sports would help nurture the illegal gambling operated by organized crime, Baseball Commissioner Bowie Kuhn said Tuesday.

Kuhn told a state legislative committee considering legal betting bills that state sanctioned betting would create many new gamblers, permitting the underworld to "simply find new and better ways to take advantage of the new gamblers and draw them into its net."

"In my opinion," said Kuhn, "I think it's immoral."

State-operated legal betting, the baseball commissioner said, would be unable to compete with illegal bookies, who can provide "loan shark" credit and other services to entice customers away from legitimate operations.

Furthermore, Kuhn warned, legalized betting would shatter public confidence in the honesty of professional sports and

multiply the risk of tampering with the competition.

"If we lost the confidence of the people, the game is certainly not going to survive," he said. He predicted that even the "suspicion" of dishonesty in the conduct of professional sports would drastically cut attendance.

Kuhn's views were challenged by several Massachusetts legislators on the committee, who argued that legalized betting would

divert income flowing into organized crime and allow it to be used for beneficial social purposes.

The commissioner said studies of legal gambling in Europe, largely on soccer, have shown both serious social consequences as well as a "staggering" amount of tampering.

"Even with legalized gambling, the record of attempted fixes is really quite staggering," Kuhn said. "I don't know how the sport survives. I don't think our public here would accept it."

3-5

Lottery winner hurt, husband slain

SAN ANTONIO, Texas (AP) — A \$1 million lottery winner was injured, her husband was killed, and their niece, who stood to receive inheritance money, was jailed in what police said was a murder-for-hire scheme.

Linda Heredia, 34, a nurse at St. Luke's Lutheran Hospital, was being held Wednesday in the Bexar County Jail in lieu of \$100,000 on charges of capital murder.

Henry Bellettini, 38, and Joe Hernandez, 17, also were jailed on similar charges.

The three are charged in the death of Armando Vasquez, 66, of Middletown Township, N.J., and the beating of his wife, Norma, 67.

Police Lt. Albert Ortiz said Heredia hired the men to kill her aunt and uncle and to make it look like a robbery-killing.

"We're alleging Heredia solicited the other two suspects to hire them for the murder of her aunt and uncle," Ortiz said Tuesday. "She stood to gain some inheritance." The New Jersey woman, a lottery winner in 1981, and her husband had no children.

Ortiz said the Vasquezes had arrived in San Antonio on Sunday and were staying in a motel, but on Monday went to visit the home of Here-

Linda Heredia, 34-year-old nurse and a niece of the couple, was jailed in what police said was a murder-for-hire scheme.



dia, who lived with her father, Roger Heredia.

Police were called to the home late Monday after a neighbor heard screams and called authorities, who found Vasquez beneath a tree and strangled with a wire.

Officers arrived in time to save Mrs. Vasquez and arrested two men and then Heredia, Ortiz said.

Mrs. Vasquez received only minor injuries and was not hospitalized, Ortiz said.

Vasquez had been working for an air conditioning and sheet metal company in New Jersey before his wife won \$1,078,256 for selecting the correct six numbers in the New York lottery on May 16, 1981. In New York, such large lottery prizes are awarded in installments over 20

years.

Mary Urby, a spokeswoman for St. Luke's Lutheran Hospital where Heredia worked, declined to give any information about the nurse.

But Heredia's father said she was being framed by the two men.

"If the police knew her like we know her, they wouldn't be arresting her," Heredia said. "There is something phony in all of this. She broke down and cried like a baby when they took her away."

"Those guys are nothing but a bunch of rats just trying to cover their own skins," he said.

Ortiz said that Bellettini and Hernandez were mechanics and wrecker-drivers who had met Heredia through work they had performed on her car.

The Topeka Capital-Journal, Thursday, April 28, 1988

6A The Topeka Capital-Journal, Sunday, August 14, 1988

Nation

\$3.5 million winner files for bankruptcy

payment go into a trust account for the time being, said Holland's lawyer, Neil Shillito.

The judge allowed the couple to take \$3,500 for living expenses and administrative costs of the case, but other payments require a court order, Shillito said.

"Once the dust settles in a couple of weeks, we'll be in a better position to know how to go about taking care of the valid claims against the estate," Shillito said. Holland, 34, and Shillito have refused to discuss his business dealings or say how his rags-to-riches story turned back to rags.

When he won the Lotto in August 1986, Holland said he was a building contractor. He said he bought the van of his dreams and was looking for a fancy present for his daughter but wanted to avoid squandering his new-found wealth and planned to hire a financial adviser.

His ex-wife said he also bought a car, a truck, furniture, a TV satellite dish and a house and started a now-defunct dry-cleaning business, Holland Cleaners Inc.

TACOMA, Wash. (AP) — Patrick Holland said when he won a \$3.5 million Lotto jackpot two years ago in the Washington State Lottery that he did not want to spend his money foolishly.

Holland and his wife Patricia filed for protection and reorganization under Chapter 11 of the bankruptcy law Friday, owing \$450,000 to nine creditors who obtained court orders giving them rights to his next annual lottery payment.

"He was a pauper before he won the Lotto, kind of a starving construction worker," said his former wife, Karen Klingler.

They divorced before he won the sweepstakes. Now she's a creditor and has obtained a garnishment for more than \$15,000 in support payments for their 11-year-old daughter.

Holland's third annual payment of \$140,000, after a deduction for federal taxes, is due Thursday.

With Friday's filing, federal Bankruptcy Judge Frank Howard signed an order that the next

✓ Inner of Lotto secretive

DES MOINES, Iowa (AP) — An eastern Iowa couple who say they hold a winning Lotto America ticket worth nearly \$20 million have asked a Maquoketa law firm for advice, a partner in the firm said.

Lawyer Mark Lawson said Thursday that his firm, Peck, Osh and Lawson, was representing a married couple from Maquoketa, the Jackson County town in which the winning ticket was sold shortly before Wednesday night's drawing.

Lawson said the couple wouldn't release their name, but his company has confirmed that their ticket has the winning numbers for the \$19.64 million jackpot, the largest lottery prize ever won in Iowa. Lottery officials still must see the ticket to confirm that it is the winner, however.

Lawson said the couple retained his firm Thursday and planned to claim the prize within two weeks. He would give no other information about them.

Iowa Lottery spokesman Bret Voorhees said Lawson's firm reached him Thursday and asked about how one would form a trust for the winnings. Voorhees said that was the method used to pay more than one winner because the lottery will write only one check to a jackpot winner each year.

Wednesday's winning lottery numbers were 3, 4, 11, 17, 35 and 52.

The winning ticket was bought about 7:45 p.m. Wednesday at the Casey's convenience store in Maquoketa. The store will get \$25,000 for selling the ticket.

Employees there said the winner called them Thursday to confirm that he had the right numbers but would not identify himself other than to say he was a regular customer there and knew the store's manager.

The store in the city of just more than 6,000 people has many regular players, and store employees have been wracking their brains trying to figure out who bought the ticket, clerk Ilse Meyer said.

"His family is home sick with the flu now, that's what he said, but then half the town has the flu right now, so that doesn't help," she said.

She said the caller said he didn't want publicity.

THE INDEPENDENCE NEWS, SATURDAY, MAY 28, 1988

THANKS A MILLION BY PERCY ROSS

LOTTERY WINNER GOES BROKE

Mr. Ross:

I've been trying to secure a loan for \$15,000. So far all I've come up with is offers from unnamed sources who want to charge me a ridiculous interest rate.

The problem is I won the state lottery for 1.3 million. It's not like they give it to you in one lump sum though. Over the next 20 years I'll receive an annual check for \$65,000.

Naturally, I jumped on a dream come true and bought a few things -- a new home, 2 cars, new furniture, etc. For right now I'm broke and the bills keep piling up.

Mr. Ross, you've got to help me --- I don't have anything to survive on for the next four months.

Mr. J.G. -- Arlington Heights, Ill.

Dear Mr. G.:

There's a first for everything and yours is the first letter I've received from a big-time-lottery-winner-gone-broke. Which also qualifies you as being the first of your kind I've turned down.

You may write to Percy Ross c/o (Name of This Newspaper), P.O. Box 35000, Minneapolis, Minn. 55435. Include a telephone number if you wish. All letters sent to Mr. Ross are read. Only a few are answered in this column, although others may be acknowledged privately.

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SYNDICATE, INC.

The Topeka Capital-Journal, Monday, August 1, 1988 1B

Lottery winner accused of death scheme

TAMPA, Fla. (AP) — A woman who won \$5 million in a lottery only to end up with her house being seized for back taxes has now been arrested and accused of plotting to kill her daughter-in-law.

Mary Ellen Futch, 64, on Saturday "negotiated a contract with our undercover detective for \$5,000" to kill the wife of her youngest son, said Hillsborough County Sheriff's spokesman Jack Espinosa.

Futch was ordered held without bond and charged with soliciting for

the first-degree murder of Peggy Futch, 23.

Her son, Henry Futch, said money troubles had left his mother distraught, but he and his wife said they were still shocked.

Like other members of the family, Peggy Futch said she could not believe the plot was serious and did not think her mother-in-law belonged in jail.

The older Futch won her jackpot in a Lotto drawing in Ontario, Canada, on Sept. 15, 1984.

3-7



D
Dick & Mary Louise Taylor
4831 SE 61st Street
Berryton Kansas 66409

Home phone (913) 862-9039
Office phone (913) 235-1866

Placed on the National Register of Historic Places 1984

Dear Member of the Kansas Legislature,

At the recent Kansas Prayer Breakfast, everyone listened closely as Coach Tom Landry told 1,200 people that this nation is in a moral crisis. "We must reverse our course," he said. For 20 years I've heard some lawmakers claim, "you can't legislate morality." So what has happened? We have had legislated immorality. Gambling is a criminal activity, except where legalized. Organized crime has always promoted gambling to raise revenue.

Friends say they never see me in town after dark. That is because this grand old house in the country is the place to relax after difficult days in the Statehouse. My wife and I have done a lot to save this historic home, but much work remains. The owner had thoughts of tearing it down. Then there is the old Caterpillar Model Twenty-two that plows the Winter snow and old cars that need attention. With a degree in Mechanical Engineering, you can understand my love for machinery - the reason I wrote the Resolution that saved the old cage elevator.

Many do not understand why I do what I do. I was asked by the Board of Directors and my Bishop to work for laws that reduce human suffering caused by alcohol and gambling. That is a heavy burden. When I sit in the gallery and watch you vote, it is not a matter of winning or losing something that will help clients financially, as with most lobbyists. Your vote on our issues is for more human suffering or for less human suffering.

Concerned citizens who have sent petitions and letters and the 291,411 who voted NO on the lottery in 1986 hope you will vote NO and get Kansas out of the gambling business.

When you vote on the concurrent resolution that will extend state owned and operated gambling, every YES vote will be for more personal, social, and economic suffering. (See these attached pages.)

1. Do you want people without discretionary income to spend dollars for lottery tickets that ought to be spent for food, heat, and clothing? If YES, vote YES.
2. Do you want a disproportionate share of "heavy" lottery players who are poor, under-educated and members of minority groups? If YES, vote YES.
3. Do you want to continue the deceptive lottery promotion on TV that would be flatly illegal if state governments weren't exempt from federal trade regulations? If YES, vote YES.
4. Do you want more problems in business and industry as more employees become inefficient, accident-prone, and potentially dishonest? If YES, vote YES.

Senate F&SA
4-2-90
Att. 4

Horace Lyons came to Kansas Territory in 1856 to make this a free state, claimed this quarter section, and built a stone house. His grandfather helped throw the tea overboard in Boston. In 1860 he pre-empted this 160 acres and began construction of a new house, the one we live in. Today it is as built except the kitchen pantry is now a bath room. Rock from his 1856 house was used for the walls of the barn you see at left. We have spent years saving this old house and lots of work remains to be done. First owned by one who settled here, then by his daughter, then by his grandson, we count it an honor to call this place OUR HOME. Come share the joy. Come in the evening, come in the morning. Come when expected, come without warning.

Our house is easy to find — 6 miles south of the Oregon Trail, 13 miles north of the Santa Fe Trail, 49 miles south of the Pony Express Route, 88 miles east of the Chisholm Cattle Trail, and 162 miles southeast of the geodetic center of North America. If those directions are not enough, come 8 miles southeast of Topeka to Southeast 45th and Paulen Road, then 2 miles south to 61st, then 3/4ths of a mile east to 4831 SE 61st. You'll see this grand old house behind a tall native cedar windbreak. Drive up our long lane and walk this hallowed historic ground.

5. Do you want the strength of this nation weakened as more and more citizens become compulsive gamblers because of government promotion? If YES, vote YES.

6. Do you want more women, blacks and teen-agers to become compulsive gamblers? If YES, vote YES. (I hope the cry for painless, voluntary revenue from activities called "recreation" will not lead Kansas to run "hot-sheet motels." There is a difference between permitting and promoting.)

7. Do you want thousands of Kansans to suffer from "voluntary giving" and from "painless taxation" that is still gambling. If YES, vote YES.

8. Do you want kids sitting in front of the TV, watching the winning lottery numbers and slick promotional ads, wondering if the "work ethic" is important when the fantasy of "easy money" is so well presented? If YES, vote YES.

I know how the people voted in 1986. I know what surveys show. According to the recent poll in the Capital-Journal, 70% of the people said the Legislature should enact a death penalty. You did not. Only 62% wanted the Legislature to renew the lottery. Lawmakers should be more than computer terminals in Topeka that vote according to what is punched in by people back home.

I am appealing to your good judgment. Concerned citizens will gladly give one penny on a ten dollar purchase to get Kansas out of the gambling business. Do you love Kansas more than gambling revenue? If your people had all the information you have, how would they vote?

Many have tried to make the lottery a success, but it has failed. According to the PERFORMANCE AUDIT, the lottery faces a troubled future unless Director Simpson can perform a miracle that results in a substantial increase in ticket sales.

Is it a proper function for government to encourage more persons to lose more money gambling so a state agency can be successful? Do you want more gambling dollars taken from many who are poor during the next two years? Why wait to end this failure?

Please love Kansas more than gambling revenue and let the lottery die an unmourned death.

THE WICHITA EAGLE-BEACON

Saturday, July 22, 1989

11A

Respectfully yours,
Rev. Richard Taylor

LOTTERY BLUES

Carl Rowan

North America Syndicate

If you don't have the guts to tax the people who have big money, then sucker nickels and dimes away from the masses who only dream of having money.

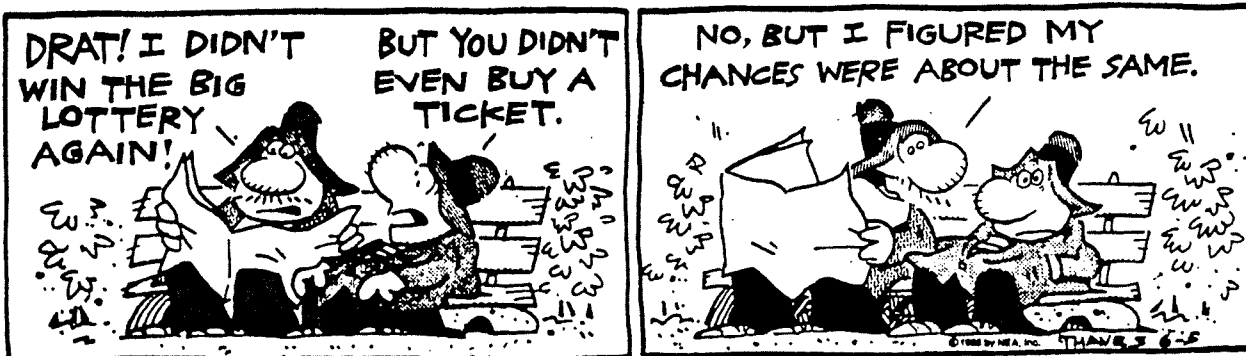
That seems to be the theme song of officials in 28 states and the District of Columbia who have established official lotteries that pay out news-making millions on occasion to a very few lucky people while taking billions daily from those who

Frank and Ernest

still think there's a pot of gold at the end of every rainbow. ...

Is it worth it when we see that gambling becomes perhaps the most regressive, unfair system of taxation on the American landscape? It means ripping off the poor, who are most inclined to squander money they need for food and shelter, to chase that fortune at the end of the rainbow.

Can we afford the lotteries, considering the fact that Gambler's Anonymous says five to eight million Americans have lost control and become compulsive gamblers — in state lotteries and the casinos and card games that proliferate wildly?



4-2

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.

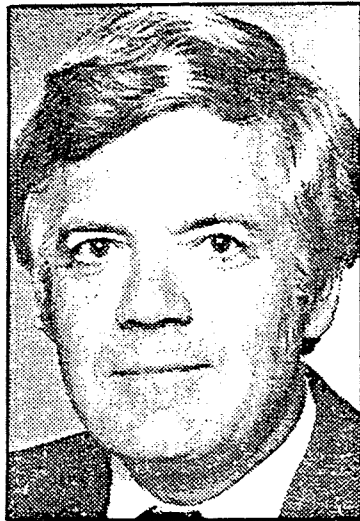
The Legislature should move now to declare its intention to let the *entire* lottery operation die an unmourned death at its natural expiration date in mid-1987. All of the state's numbers games already have gone on long enough, but a two-year phase-out would permit an orderly conclusion of the project,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

Topoka Capital-Journal
Sunday, January 16, 1972

L. A. Times-Washington Post Service
LAS VEGAS, Nev. — The mayor of the gambling capital of the world never gambles himself.

And he always warns strangers in town:

"All these plush hotels and casinos around here were built by people like you — with their gambling losses."

As for gambling, the mayor said:

"I never do. Not even a few coins in a nickel slot machine. If you gamble you know you're going to lose."

"Living here with gambling day in and day out, year in and year out, you just can't afford to get in the habit of it."

Few Resident Gamblers

"Very few of our permanent residents gamble. They couldn't afford to live here if they did."

Kansas has a TROUBLED NUMBERS GAME also. The recent PERFORMANCE AUDIT indicates a bleak future for the lottery unless Director Simpson can encourage more Kansans to lose more money gambling. Like the plush hotels and casinos that are built with gambling losses, so economic development dollars come from gambling losses of Kansans — many who need those dollars for food and clothing. More dollars lost gambling means more compulsive gamblers. When the success of a state agency depends on slick promotion that will separate the gullible from their money with fast talk and an appeal to greed — is that good government? Washington lawmakers did not have the courage to let the lottery die. DO YOU LOVE KANSAS MORE THAN GAMBLING REVENUE?

Rev. Richard Taylor

4-3

Lottery protest led by priest

'Poor spend food money on tickets'

By The Associated Press

Chicago—The Illinois Lottery sells false promises and victimizes people who ought to be spending the money on food and heat, says a Roman Catholic priest who drew \$5,000 worth of losing tickets in his church's Sunday collection to illustrate his point.

"People without discretionary income do not have the money to play the lottery," said the Rev. Thomas O'Gorman, who became angry when the lottery was advertised on a billboard across the street from his St. Malachy's church on Chicago's West Side.

"Despite that fact, they are the target of heavy advertising which promises to move them into the middle class if they're lucky," he said.

"They will buy inexpensive things with food stamps and use the change for lottery tickets," said Father O'Gorman. "They're spending money which ought to go for food, heat and clothing."

"We believe that the lottery is a victimizer of the poor and blacks," said the priest, whose parish members are mostly black.

He encouraged parishioners to toss their losing tickets in the collection plate during a special Mass Sunday and came up with \$5,000 worth, he said.

"That's more than any Sunday collection, ever," Father O'Gorman said.

He said he has scheduled a rally to protest the lottery's advertising practices for Friday at the State of Illinois Center. Other churches have indicated that they will join in his call to boycott the lottery, he said.

"We want the state lawmakers who voted against the lottery 12 years ago to lead the fight to end it," Father O'Gorman said. "Our challenge to the lottery is basically a challenge to our state government to do more for the poor."

He said many of the people in his parish have been caught up in the "false promises" made by the lottery ads.

But Joel Feldstein, a spokesman for the Illinois Lottery, called the priest's allegations "absolutely, categorically false."

"No one is forcing anyone to play," said Mr. Feldstein. "And most of the advertising is done in mediums that reach everyone—in newspapers and TV."

But he conceded that placing a billboard advertising the lottery near the church may have been in poor taste.

"(Its placement) was an unfortunate accident," said Mr. Feldstein, who added that the billboard has been removed.

"The ads do not coerce anyone to play," said Mr. Feldstein. "The campaign says playing the lottery is fun. If someone wants to pay a dollar to have some fun and maybe win something, what's wrong with that?"

He said the lottery returned \$517 million to the state's general fund for education, health and welfare and other services in 1985, while paying out about \$560 million to winners.

Mr. Feldstein said businesses that sell lottery tickets received about 5 percent of the lottery's receipts in 1985 for selling the tickets.

"The money helps everyone throughout the state, including the poor," said Mr. Feldstein, who added that the odds of becoming a millionaire in one of the lottery's twice-weekly Lotto drawings are 3.5 million to 1 for a single \$1 ticket.

The state's share of lottery proceeds will now go only to education under a new law that went into effect in August.

Reagan opposes state lotteries

WASHINGTON (AP) — President Reagan said Monday he may be called a prude for saying so, but he wishes states would not resort to lotteries to raise revenue.

And he agreed to consider naming a gypsy to the U.S. Holocaust Memorial Council, in charge of tributes to victims of Nazism.

At a luncheon for editors and broadcasters from around the country, Reagan was asked if he approved of California's recent establishment of a state lottery and Florida's consideration of similar action.

"I was kind of sorry when I saw California do that," said Reagan, who served as governor of that state for two terms. "It was talked about when I was there as governor."

"Call me a prude if you want to," Reagan said, "but I just think that there's something a little bit undignified in appealing to people's desire to gamble for a state to raise its revenues."

The president suggested states ought to be able to raise funds "the legitimate way," through taxes. "I have to tell you I don't exactly like the idea of government engaging in gambling," he said.

Hutchinson News

Thurs., Jan. 30, 1986

Page 2

Top lottery number: 1139

ALBANY, N.Y. (UPI) — Lottery players put a morbid twist on their selections, making 1139 — the time the space shuttle Challenger exploded — the most played number for two straight days, officials said Wednesday.

Betting on the number was automatically cut off at 6:12 p.m. Tuesday, after so many people played the number the total payoff reached the maximum \$5 million, said Bill Knowlton, a lottery division spokesman.

Knowlton said as many as 2,000 people selected 1139 Tuesday. An exact number was unavailable, he said, because of combination bets.

Bets on the number had not been cut off as of early Wednesday evening, Knowlton said.

Challenger exploded at 11:39 a.m. Tuesday, killing all seven crew members aboard in the worst disaster in the history of the United States space program.

1

4-4

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."

old said the percentage of 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 Michaliko, 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

4-5

TRB

FROM WASHINGTON

YOUR NUMBER IS UP

On Channel 7, a fellow has been rushed to the hospital with a stupid grin frozen on his face. Doctors tell his wife he's suffering from "smilitis" as a result of winning the Maryland lottery, and "He'll be smiling for the rest of his life." Meanwhile, over on Channel 4, a demographically sound collection of morons (black man, rich white lady with poodle, and so on) extols the District of Columbia lottery in verse. A man dressed as a messenger boy shrieks,

Oye, don't panic!
I've got the luck of the Hispanic!

Local Hispanics found his couplet demeaning, and that particular commercial was taken off the air. Really, though, the whole state lottery business demeans all of us.

Seventeen states and D.C. now run these things, which generate over \$6 billion a year in revenue. They started in the 1960s on the theory that some people were going to gamble anyway, and the state might as well get the money instead of the mob. Now, all the genius of American marketing is applied to tempting previously sane citizens into wasting their money. In Maryland the average adult now spends \$3.80 a week on the lottery.

There are three basic types of game. One is a direct imitation of the illegal numbers racket, in which the player bets fifty cents or a dollar on a three-digit number between 1 and 999. The winning number is picked daily. One reason this game has failed to wipe out the illegal number is that the mob pays better odds: 550 or 600 to 1 for a winning ticket, compared with 500 from the state. And the illegal winnings are, er,

tax-free. The state number may even have helped the illegal numbers business by reducing the stigma of playing. In Maryland the mob runs a convenient "night number" game, using the state's own winning number—which the state is kind enough to publicize on the evening news.

Then there's the "instant lottery," in which you buy a card for a dollar and scratch off a plastic coating to see if you've won. Scientific Games, Inc., the company that manufactures instant lottery tickets for most states, has developed a variety of gimmicks for creating a phony sense of excitement out of what is basically a yes-or-no proposition. For example, you might have to scratch off three numbers, to see if they add up to either seven or eleven or twenty-one. Losing cards will tend to miss by one point: "Heartstoppers," they're called. To sell the most tickets with the smallest payout, the trick is to have one big prize for saliva and publicity value and lots of trivial payoffs to string people along.

The newest and sickest game is Lotto, in which the player, for a dollar, picks five or six numbers between one and forty. There's a weekly drawing, and the "pool" (minus the state's cut) grows until there's a winner. This is the game that's been producing all the recent QUEENS GRANDMOTHER WINS \$10 MILLION headlines. Obviously the prizes in Lotto are so big because the chance of winning is so small—1 in 658,008 in the D.C. Lotto, which starts this month. But the ads don't dwell on that.

Indeed, lottery ads usually don't mention the odds at all, or misrepresent them: your odds of "winning," which means winning as little as a free ticket, but not your odds of winning a big prize. The ads also don't mention how much of your ticket money is being skimmed off by the state. Usually it's over half. The pitch is simply: "You Can Win!" Or, as one state slogan insidiously puts it, in an almost perfect inversion of the truth: "You can't win if you don't play."

This kind of deceptive promotion would be flatly illegal if state governments weren't exempt from federal trade regulations. So would the practice of advertising "million-dollar" prizes which turn out to mean \$50,000 a year for twenty years, which is more like \$400,000 in current value—or, after taxes, more like a quarter of a million. What would the F.T.C. say to a private

company that instructed its dealers: "Tell customers how many high-tier [big-prize] tickets remain in the game," but not how many worthless tickets remain? Here are some more "simple tips" from "Lot-Letter," a D.C. Lottery Board newsletter:

"[E]mphasize winning tickets purchased at your business. Encourage ALL of your customers to buy . . . tickets, saying something like 'You could be the next Instant Millionaire.' Personalize your sales pitch by telling anecdotes about winners . . . or by courting your regular customers' special interest ('If you win, you could buy that new car you've been talking about!')."

Not all of the lottery revenues siphoned off from the players benefit the taxpayers. Lotteries have turned into another civic gravy train. The D.C. Lottery took in \$54 million last year, returned \$26 million to the suckers, spent \$15 million on administration, and deposited only \$12 million in the city treasury. Firms like Scientific Games (a division of Bally, the national gambling conglomerate) get a piece of the action. In D.C. at least, another piece goes to local minority firms, which the national companies must team up with if they want the business. Sales agents get another piece. And there's plenty left over for "consultants" like a prominent D.C. politico, who got \$24,000 from the Lottery Board recently for "determining marketing concepts" and another \$2,500 for arranging a "retreat" for Board members at a Maryland resort.

This is embarrassing. You needn't share the Tory enthusiasms of a George Will, who believes government has the duty to instill virtue in the citizenry, to be appalled at the spectacle of government promoting vice like a carnival barker. And you needn't share Ralph Nader's enthusiasm for government-as-nanny, protecting people at every turn from the wiles of others and their own bad judgment, to be distressed about government itself duping people and encouraging stupidity for profit.

But for believers in active government, what's most offensive about state lotteries is their cruelty. This is clearest in the games with astronomical odds and huge payoffs, which tend to blossom in uncertain economic times. With these games, government holds out false hope to people, while shirking its duty to provide real hope. In state lotteries, government profits from its own failure.

(April 30, 1984, THE NEW REPUBLIC, A Weekly Journal, Founded 1914)

GAMBLING – IN THE PLANT AND ELSEWHERE

Description of the Threat

Regardless of the ethical tag attached to gambling, the economic effect on the firm where it takes place is bad news. This is especially true where management blithely assumes that in-plant gambling does not exist or writes it off as a harmless nickle-and-dime pastime. But is the baseball pool, for example, just a once-a-year phenomenon, or is it merely a single facet of a pervasive and deleterious condition throughout the business?

In-plant gambling is a common problem, Internal Revenue Service officials report. A source within a private investigation company estimates that there is a bookie in three out of four companies employing fifty or more. Among the more prevalent forms of in-plant gambling are the following:

***Bookmaking**—the solicitation and acceptance of bets on the outcome of a sporting event.

***Numbers** — a form of lottery where bettors select a number and winners are determined by a drawing, published stock and bond quotations, or other means, sometimes referred to as "policy."

***Treasury balance** — prenumbered tickets are sold to bettors. The winning number is the one coinciding with the U.S. Treasury balance, as published weekly in the financial sections of many newspapers.

Gambling adversely affects business on two levels. On the first, these are the hazards:

***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. More often than not, this merely compounds his problem. He becomes subjected to such intense loan-shark pressure that he begins to steal or embezzle from the company in a last ditch effort to get out from under.

From "DESKBOOK ON ORGANIZED CRIME"
(Reprinted by permission of the Chamber
of Commerce of The United States)

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***Public relations problems.** If gambling in the business becomes widespread, the company's reputation is bound to suffer as the word spreads throughout the community.

The second level of danger is present when organized crime takes interest and assigns a bookie to the premises. The preceding hazards are escalated. Even worse, you are unnecessarily advertising yourself to organized crime. The organized underworld's gambling organization can also function as an efficient information-gathering system. The spotlight a company focuses upon itself through tolerance of in-plant gambling may inspire racketeers to consider hijacking your trucks, stealing your supplies and equipment, perpetrating a planned bankruptcy, "suggesting" you purchase supplies from mob-run outfits, creating labor trouble and then recommending you add one of their "labor consultants" to your payroll.

Off-premises gambling — especially by key salaried or hourly personnel — may also lead to serious consequences for the business. A "real swinger" among your employees could easily find his leisure-time gambling debts turned over to a loan shark for collection. In lieu of cash, the loan shark may exact payment in a manner quite costly to your firm. According to a state investigator, every so-called legal casino in the western hemisphere is linked to the organized underworld in some manner. More than one gambler has learned to his dismay that his casino debts have been turned over to a loan shark for collection.

Perhaps the biggest threat of all from tolerating gambling is that by so doing business management is contributing to the Cosa Nostra's largest source of income; business management is helping its most ruthless competitor.

Symptoms of Gambling

A number of external and internal signs are possible tip-offs to gambling activity, such as:

1. Routine appearance of a nonemployee on the premises.
2. Lengthy use of the pay telephone by the same individual at a specified time each day.
3. Frequent calls from wives complaining that workers are not taking home all their wages.
4. Paychecks of several employees endorsed over to the same person (bookie or loan shark?).

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During legislative sessions of the 70's, Senator Vin. Moore of Wichita, an er
with Cessna Aircraft, always led and won the battle against commercial gambli
This is one item he presented to the Senate. As the leading promoter of lottery,
gambling, Kansas Chambers of Commerce now favor inefficient, accident-prone, and
potentially dishonest employees. In 1978 Kansas had the highest worker productiv-
ity rate in the nation. Promoting lottery gambling for the sake of economic de-
velopment is a giant step in the wrong direction!

Betting in 32 states against the strength of the nation

One estimate says five million Americans have serious problems with uncontrolled attraction to gambling. A four-part article in *The New York Times* last year reported that psychiatrists were seeing more patients with gambling-related problems. Lawyers say gambling is behind many bankruptcies and divorces, and law-enforcement officials see more gamblers turning to crime in order to pacify the bookmakers and the loan sharks.

Despite the surge in gambling, church organizations have been almost silent on the subject. In 1988, the Catholic bishops of Minnesota joined ecclesiastical offi-

Jesuit Father Robert Drinan is a professor of law at Georgetown University.

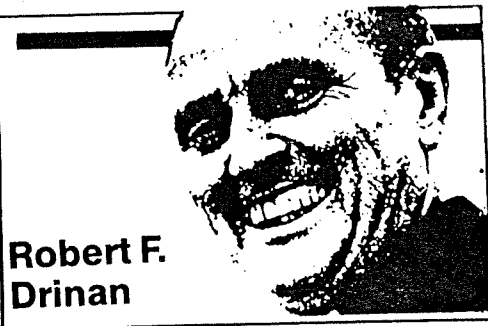
March 9, 1990

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cial of the Lutheran, Presbyterian and Baptist churches of Minnesota in opposing gambling. The ecclesiastical statement asserted that the small amount of revenue collectible from gambling conducted by the state will come from the "most vulnerable members of society... the poor." The voters of Minnesota rejected the advice of their religious lead-

There has been no serious proposal for a federal lottery, although nations as diverse as Ireland and Israel operate them on a limited scale. If the states can gross \$17 billion in one year, imagine what the federal government, with its vast capacity to educate and indoctrinate, could raise.

State-conducted lotteries began in the 1960s on the theory that some people are going to gamble anyway and, consequently, the government might as well get the money as the mob. Now, state governments are in the process of creating new classes of gamblers, luring the young and the old, the rich and the poor by tricks that are demeaning and degrading.



Robert F. Drinan

ers and in November 1988 voted to legalize a lottery.

Government should try to limit and treat compulsive behavior. That clearly is the policy of the government in its approach to liquor, drugs and tobacco. Now for the first time in more than a century, governments in America are actively promoting gambling. Only four states provide any form of treatment programs for compulsive gamblers.

Catholic theology has never condemned games of chance — assuming they do not excessively provoke the weak or the avaricious to squander money they cannot afford. Bingo for the benefit of a parish or a good cause is not likely to raise any serious disapproval, although for some bingo may appear incongruous with the dignity a church-related organization should maintain.

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A professional man I recently met goes each day to the corner drugstore and bets a dollar. In four years, he won \$50 twice. In the same period, he has given the government at least \$1,200. He never wagered a cent until his state legalized gambling six years ago. Is the government inadvertently deceiving and grading this man? Is he so "hooked" that he will continue and even increase his daily wager?

Gambling seems like a small problem compared to militarism, racism and violence. But the character of a human being can be destroyed by small effects indulged over a period of time. Could the strength of a nation be weakened when millions of its citizens, at the invitation of their government, each day spend some of their money in the hope that tomorrow they will be millionaires? ■ (The end)

Do you get annoyed when you see the news on the television, and announce all the winning numbers in the daily government-sponsored lottery? I do. And I am beginning to think religious and civic groups should fight the escalating appeals to the government to induce greed and avarice among its citizens.

Thirty-two states and the District of Columbia now have legalized lotteries; they take in \$17 billion a year and net \$6 billion for some public purpose. All this is very new. In the decades in which America was a pan-Protestant society, gambling was not allowed. New Hampshire broke the ice in 1964, defying a ban on gambling that had been observed for more than 100 years.

Between 1790 and 1860, 24 of the 38 states sponsored some type of lottery to finance the construction of roads and canals. But in 1833, the susceptibility of the lotteries to fraud and their victimization of the poor became so evident that the states began to drop them. In the late 1800s, the U.S. Congress added the force of federal law to the universal ban on lotteries.

Although we have no adequate information on what this frenzy of government-sponsored gambling is doing to America, *The New York Times* and "CBS News" published a poll May 29, 1989, which revealed that 25 percent of all men and 21 percent of all women buy lottery tickets each week. Twenty-two percent of all Protestants and 29 percent of all Catholics participate weekly in lotteries in states in which they are legal. Seventy-one percent of all Protestants and 89 percent of all Catholics approved of lotteries.

Government-sponsored lotteries are only a small part of all the betting that goes on in the United States. In 1988, \$161.9 billion was gambled in casinos. Pari-mutuel bets totaled \$17.6 billion, with lotteries netting \$17.1 billion. Bingo trailed at \$4.1 billion. This means that about \$1,000 was bet for every man, woman and child in the country in 1988.

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State-conducted lotteries began in the 1960s on the theory that some people are going to gamble anyway and, consequently, the government might as well get the money as the mob. Now, state governments are in the process of creating new classes of gamblers, luring the young and the old, the rich and the poor by tricks that are demeaning and degrading.

Tues., June 18, 1985

Studies estimate women comprise a third of compulsive gamblers

New York Times

New York, N.Y.

About a third of the nation's 12 million compulsive gamblers are women, according to Arnold Wexler, vice president of the National Council on Compulsive Gambling. Studies published recently indicate that by the year 2000, women may account for half of the Americans with the affliction.

The studies were published by Dr. Robert Custer, a Veterans Administration psychiatrist and the founder of the National Foundation for the Study and Treatment of Pathological Gambling, a research and treatment

center in Baltimore.

Custer said 600 male and female gamblers were studied over 13 years and the results were published in his recent book, "When Luck Runs Out."

Although only 1 percent of those seeking treatment and joining Gamblers Anonymous five years ago were women, Wexler said, the proportion has risen to 20 percent now.

"We used to see nothing but middle-aged, middle-class white businessmen," said Valerie Lorenz, a psychologist at the foundation in Baltimore. "But the compulsive gambler no longer fits into a nice, neat category. Since the lotteries started, we are seeing more women, blacks and teen-agers. Now gambling is truly democratic."

Lorenz said women with gambling problems were from all social classes, vocations and age groups.

One member of Gamblers Anonymous, Joy, can still remember when, as a young woman in New Orleans, she lost entire paychecks.

"I was working 40 hours a week and making \$35 after taxes," said Joy, 47 years old and now a resident of Connecticut. "I was gambling once a week, and when I lost my entire paycheck I would take a streetcar or bus instead of a taxi. I would buy one chicken and cut it up into four parts or eat hot dogs for the week."

What started as a social pastime soon turned into a 30-year compulsion that cost Joy thousands of dollars.

Experts cited several reasons for the surge in the proportion of gamblers who are women, including greater accessibility of gambling, the chang-

ing social role of women and the increasing availability of credit.

"There has been a change in the amount of risk-taking by women," said Carol Nagy Jackline, a professor of psychology at the University of Southern California and chairman of the Program for Study of Women and Men. "It has to do with having higher status."

While gambling is very visible nationwide — in casinos, off-track betting parlors and lottery games — compulsive gambling is dubbed the invisible disease.

"You are a junkie, but there are no signs," said Carol, another member of Gamblers Anonymous, who lost more than \$200,000, her business and her children's trust funds at Atlantic City casinos. "With an alcoholic you can tell, but with gambling there are no telltale signs. When my straight friends found out, they couldn't believe it. I am a rational person when it comes to money, but when I walked into the casinos money didn't mean anything. It was the thrill of playing."

Many gamblers cite the excitement of making a bet, not the potential windfall, as their driving force. "The feeling that comes with gambling is better than love, sex, your husband and children," Joy said.

In 1980, the American Psychiatric Association designated compulsive gambling a psychiatric disorder. The group defines a compulsive gambler as one who is "chronically and progressively unable to resist impulses to gamble" and for whom "gambling compromises, disrupts or damages family, vocation and personal pursuits."

"State Treasurer Roy Romer, has shown rare political courage by asking whether the state should put its great moral prestige behind a costly crusade to persuade citizens to gamble. In a press conference today, Romer will urge a grass-roots effort to block the lottery's expansion into the 'numbers game' and, later, into 'on-line' computerized gambling. Worst of all, the three digit numbers now weighed by the Lottery Commission is exactly the same as the illegal 'numbers racket' on the East Coast. Running it in Colorado would invite illegal operators to set up parallel games here, basing their racket on the very numbers announced nightly by the state on TV. The existence of such illegal games, piggybacked on the state-operated games, is well-documented in other states. Gambling advocates already have accused Romer of trying to 'legislate morality.' But the moral issue isn't whether the state permits gambling, but whether it actively promotes it. For example, it isn't against the law to commit adultery in Colorado. But the state doesn't spend \$42 million urging people to commit adultery and running 'Hot-sheet' motels to swell the state treasury."

EXPANDED STATE LOTTERY WOULD BE A SUCKER BET
(The Denver Post, October 19, 1983)



"USA TODAY hopes to serve as a forum for better understanding and unity to help make the USA truly one nation."

—Allen H. Neuharth
Chairman and Founder
Sept. 15, 1982

John C. Quinn
Editor

John Seigenthaler
Editorial Director

OPINION

The Debate: PLAYING THE NUMBERS

Today's debate includes our opinion that the federal government has no business in the gambling business, an opposing view from the District of Columbia, other views from Arizona, Kansas, and South Carolina, and voices from across the USA.

A national lottery is a losing ticket

Millionaire mania is sweeping much of the country.

Government-sponsored lottery promoters are hustling the idea that every man and woman can be a king or queen.

Already Maine, New Hampshire, and Vermont have launched the Tri-State Megabucks lottery that has produced a \$9.4 million jackpot. It could have been you!

And 11 other states that have lotteries are talking about creating a massive multistate game that could provide jackpots approaching \$100 million. It could be you!

Just donate dollars to the state, sucker. You can be a millionaire! Dozens of ordinary citizens — and even some illegal aliens and convicts — have won millions. Never mind, sucker, that millions of others didn't make a dime.

Make no mistake about it. The USA is on a gambling kick.

There is serious talk by some members of Congress about starting a national lottery. They say it could help with the federal deficit and the national debt. They are nuts.

But the proponents of the eleven-state giant jackpot admit their gargantuan gaming scheme is designed to head off a federal lottery. The head of the New York lottery acknowledges that he doesn't want the federal government to "control a revenue source that the states have developed."

He shouldn't have to worry about that. The federal government has no business in the gambling business.

People in 28 states don't have lotteries, and most don't want them. Even the states with lotteries will soon reach a saturation point. A vast number of people will eventually realize that the odds against winning are enormous. Revenues inevitably will level off.

That will mean state revenues will level off.

So the federal government should let the states make that money while they can. Just because some states think they can wave a magic wand for a quick tax fix doesn't mean that the federal government should also try a quick fix.

So a couple of states have legal slot machines that bring in tax revenues. That doesn't mean we want one-armed bandits in every corner drug and grocery store in the USA.

So a couple of states have casino gambling. That doesn't mean there should be a crap table in every beer joint.

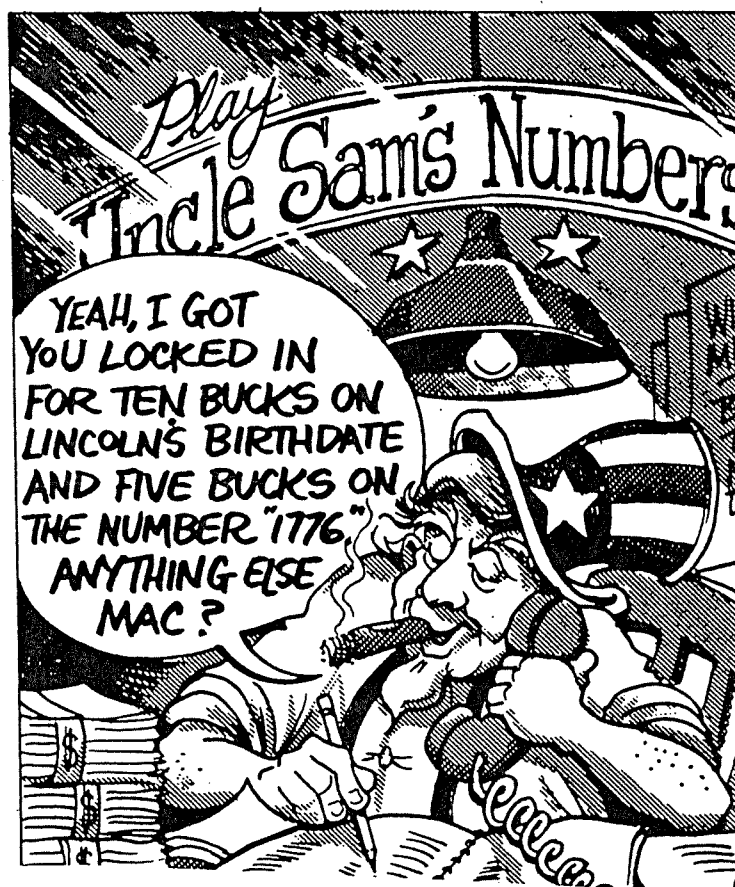
You can camouflage it as "voluntary giving," or "painless taxation," or "a legal numbers racket." It's still gambling.

And it's nonsense for our national government to be in the gambling business. It's nonsense to create a new bureaucracy of federal ticket-takers. It's nonsense to hire a cadre of federal bookies. It's nonsense for the government to buy media time to hustle bets on lucky numbers.

Imagine the commercials. "Be patriotic. Play the numbers." Or, "Buy a ticket to build Star Wars." Or, "Bet a buck on a balanced budget."

Sure, every citizen should have a chance to strike it rich. Sure, everybody deserves a shot at making a million. But that doesn't mean Uncle Sam should become a croupier, a blackjack dealer, or a bookmaker.

Let the states that want to play games with taxation do it. But let's not turn federal taxation into a numbers racket.



RICHARD TAYLOR

Guest columnist

State lotteries are really just a swindle

TOPEKA, Kan. — "When the state participates in an activity which is otherwise criminal in nature. . ."

Thomas E. Kelly of the Kansas Bureau of Investigation included those words in his report on gambling to a state senate committee. Gambling has always been a major source of revenue for organized crime.

As *The Wall Street Journal* once said so well, commercial 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."

A swindle is theft by deception, making lottery an activity where people steal from each other and the state steals from all. The winner does not earn, does not deserve, has done nothing to merit any financial gain. The losers do not want to part with their money, but they have agreed to steal from each other. And the state owns this legal skimming operation!

The motive for shoplifting and for buying a lottery ticket is the same: Gain something without earning it.

Lottery gambling is recreation for some. It does produce revenue for the state. The same can be said for legal prostitution.

Buying lottery tickets is voluntary — after being pressured morning, noon, and night by slick advertising. High-salaried, fat-cat bureaucrats who get rich from lottery losses of poor people talk about their

The Rev. Richard Taylor is president of Kansans for Life at its Best.

"industry," a clean word for a dirty business. But industry means "useful labor" and "productive work," the exact opposite of gambling.

In a widely distributed book, the Chamber of Commerce of the United States said gambling adversely affects business. It causes inefficient employees because their minds are on gambling, accident-prone employees because every gambler is a loser in the long run and worries as debts mount, and dishonest employees who resort to loan sharks or steal from the company in a last-ditch effort to get out from under.

Atlantic City wanted the casinos that have now destroyed the business community there, classic proof that gambling is an economic termite. It eats away and destroys all that is solid and sound.

Now is the time for leaders in business and industry nationwide to rise up and join millions of concerned citizens and say, *No national lottery, no regional lotteries, and get rid of state lotteries.*

Every person who speaks out against the wormy termite crowd gains a touch of class in the eyes of people who love the USA more than they love lottery revenue. Gambling destroys the work ethic of our economic foundation as surely as termites destroy the foundation of a home.

QUOTELINES

"Lotteries stimulate illegal gambling."

— Larry Braidfoot, *Christian Life Commission*

4-10



By David Seavey, USA TODAY

ANTHONY P. LUCIANO

Guest columnist

Lotteries are feeding addiction to gambling

WICKLIFFE, Ohio — People across the USA should be concerned about public health consequences that may result from the frenzy and over-promotion of state lotteries sweeping across the country like wildfire. Indeed, a large part of the country seems to be going off on a collective nationwide lottery toot which appears to be feeding off itself.

It's somewhat ironic that, while a massive campaign for greater awareness of the hazards of alcohol and drug abuse has recently been launched in this country, 22 states and the District of Columbia are in the process of becoming very effective pushers of another form of substance abuse — abuse of money!

My concern is for the silent voices of gambling — the families and innocent children who are being victimized by those afflicted with lottery fever run amok. Child abuse can be economic, too.

A recent Ohio Lottery Commission study — the first of its kind by an individual state — indicates that 200,000 of my fellow 7.7 million Buckeyes — 2.5 percent of the adult population — are pathological gamblers.

Unfortunately, each one of them represents a potential family meltdown, both finan-

Anthony P. Luciano, a freelance writer, is former vice president of the Ohio Council on Compulsive Gambling.

cially and emotionally.

Another 3.4 percent are at risk. So almost 6 percent of adult Ohioans may be headed, sooner or later, to the nearest Gamblers Anonymous meeting. Likewise, their families will likely need support from their local Gam-Anon group as well. Yes, there's a Gam-A-Teen for the kids, too.

Some experts who treat gambling addiction say it's the purest high outside of heroin; and almost as difficult to treat.

While all lottery proceeds in Ohio benefit education, no lottery revenues have been targeted for gambling abuse awareness material for junior and senior high school students — the next generation of "players."

A nationally known child psychologist told me that he cringes every time he sees a state lottery ad on the 6 p.m. local TV news. He wonders what kind of impression the kids in this country are getting from their friendly state lottery concerning the value of the work ethic versus the fantasy of "easy money."

So do I.

RICHARD F. TAYLOR

An opposing view

Reject state lotteries; they're built on a lie

TOPEKA, Kan. — "Age-old con games prey on gullible elderly," said the headline in *The Wichita Eagle-Beacon*:

"It's a game that's been around for years. But people still fall for it. Right now. Right here in Wichita. It's the basic street confidence game, with variations tailored for the 1980s. The object: separate a gullible or confused person from his money as quickly as possible. The method: fast talk and an appeal to basic human greed."

That story was about the old pigeon-drop fraud. But read it again. It is the perfect description of a state lottery!

One difference: The con artists go to jail, while governors and chamber of commerce officials pushing a lottery are looked upon by the uninformed as economic saviors. And lottery con artists are laughing all the way to the bank, getting rich from the gambling losses of poor people.

If a lottery could speak, it would say, "In TV, radio, and newspaper advertisements, I say what I'm paid to say. But in stores where grocery money is spent for tickets, in family fights over gambling losses in homes of the poor, in the anguish of a compulsive gambler, I tell the naked truth:

"Once upon a time, a governor in the Heartland wanted new clothes of economic development. He listened to tailors he trusted. They told him to robe himself in a lottery and pari-mutuel gambling and public liquor-by-the drink.

"As he paraded across Kansas, those who would get rich from liquor and gambling praised the governor for his fine new clothes. But in one small town a little boy turned to his mother and said, 'He's not wearing anything.'"

Informed citizens know the governor's new clothes will not

The Rev. Richard E. Taylor is president of Kansans for Life at Its Best.

do anything to help Kansas.

We are being victimized by con artists seeking to convince us that a lottery and public liquor would solve our economic problems. Informed citizens see the naked truth.

Public radio last week reported a poll that rated economic development as the No. 1 state problem. At first I thought they were spreading more pro-lottery propaganda. But the state was Colorado, which already has a lottery and is in worse shape than Kansas. More naked truth!

Kansas promoters claim a lottery will produce \$30 million for the state. A six-tenths of a cent sales tax will produce an equal amount. That is the naked truth. If a six-tenths of a cent sales tax would solve economic problems, pay higher teacher salaries, reduce property taxes and build highways, the Kansas legislature would have passed it long ago!

Even if a lottery would do the things gambling promoters claim it will do, a society of gamblers is too high a price to pay for economic development. But a lottery has never done in any state what promoters claim it will do. A lottery is like pouring gasoline on a burning building to put out the fire. It adds to the problem. That is the naked truth.

The governor's tailors conned him into believing he is adorned in the clothes of economic development. He should listen to this Taylor:

England and France got rid of lotteries in 1826 and 1828. Sylvia Porter says, "an 'enlightened' nation is reviving the discredited institution." Let Kansas be the first to accept the naked truth, to see through the lottery con artists, and vote no.

ANTHONY P. LUCIANO

Guest columnist

USA TODAY asked me to write this opposing view. Copy sent to them said, "A one-sixth cent sales tax will produce an equal amount." At that time, a one cent sales tax brought in \$180 million a year. A one-sixth cent would bring in \$30 million a year. The printer changed "one-sixth" to "six-tenths."

I did my best to tell people that lottery would not do what many believed it would do. Gambling promoters could have helped, but they wanted a YES vote, no matter what lies the people believed.

(The Luciano article was moved to give you the full text)

4-11

ISSUE #2:

Riverboat Gambling

SUMMARY:

Riverboat gambling has been an issue that has sparked lots of interest around the Midwest in recent months. The State of Iowa has passed legislation allowing riverboat gambling, and legislation is being actively considered in Illinois. Also, casino gambling legislation was considered in Missouri during the last legislative session and some interest has been expressed in the riverboat gambling idea.

In the past year, the Missouri River Queen riverboat relocated from Kansas City, Missouri, to Kansas City, Kansas. The boat's first season in Kansas City, Kansas has been a very successful one attracting many visitors to our City. The owner of the Missouri River Queen has announced plans to add another boat to this operation which should attract even more people to Kansas City, Kansas, and has expressed an interest in having gambling on one of the boats should it be allowed.

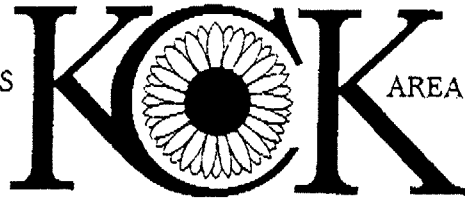
If riverboat gambling were allowed, the positive economic impacts for the City and the State would be enhanced. With other nearby states passing or considering riverboat gambling legislation, the City feels that the Kansas Legislature should begin considering similar legislation. Perhaps the formation of a task force to study riverboat gambling similar to the one created to study pari-mutuel racing would be a good initial step. At any rate, the City of Kansas City feels that this issue deserves serious consideration by the Kansas Legislature during the 1990 session.

ACTION & COMMENTS:

The City anticipates legislation will be introduced; monitor carefully any such legislation

Senate F&SA
4-2-90
Att. 5

THE KANSAS CITY KANSAS



AREA CHAMBER OF COMMERCE

913/371-3070

April 2, 1990

State Representative Bill Reardon

Dear Representative Reardon,

It is extremely important that the Kansas Legislature work toward successful passage of a law permitting River Boat gambling.

The recent successful efforts of such states as Iowa in this same recreation and tourism activity gives good precedent. As you know the Missouri River Queen has found a new home in our city of Kansas City, Kansas. This outstanding tourism and recreation attraction has been a great asset to Kansas side activities on the Missouri River.

I would wholeheartedly support efforts to further improve a great tourist attraction by enactment of a Riverboat gambling law. Kansas State tourism efforts would be greatly bolstered by passage of Riverboat gambling law.

Sincerely,

Rex G. Richards
President & CEO

RGR:ml

Senate F&SA
4-2-90
Att. 6

April 2, 1990
Meeting on SB 784, SCR 1647, SCR 1646
Senate Federal & State Affairs Committee

Lottery and casino gambling
Reverend Richard Taylor
KANSANS FOR LIFE AT ITS BEST

The issue is not revenue. The issue is not tourism. The issue is not economic development. The issue is gambling.

Legal prostitution will attract tourists and produce revenue. Legal cocaine will attract tourist and produce revenue. Legal pornography will attract tourists and produce revenue. Legal gambling will attract tourists and produce revenue.

If every state tries to become a Nevada and if every city tries to become a Las Vegas, all will become slums. Nevada and Las Vegas can exist only because they are blood-suckers. They are economic leeches supported by the GNP produced elsewhere - the life blood of America.

Why do so many people believe gambling is harmless and acceptable? True or false? TV game shows are gambling? The quarterback gambles on a certain play? Farmers are the greatest gamblers? Trying to win the Publisher's Clearing House sweepstakes is gambling?

People who say these things are ignorant of the difference between risk and gambling. All the above statements are false. Under Kansas law, gambling involves consideration, chance, and prize. The above activities involve chance and prize, but none require payment or consideration. No one loses their paycheck, their home, or their farm.

Gambling is not getting something for nothing. Gambling requires payment or consideration. For the vast majority of people, gambling is getting nothing for something.

The motive for shoplifting and for gambling is the same - enrich yourself from the losses of others.

SCR 1647 is hypocritical. If casino gambling is right on a riverboat, it is right in private clubs. It is hypocritical to approve casino gambling on the river and not approve it for every city in Kansas.

SCR 1646 is hypocritical. If lottery gambling is right for the state, it is right for private individuals. Let me buy a car for \$10,000 and sell \$20,000 in tickets. The winner of the car will be happy. I will be happy. And the odds for winning will be many, many times better than the odds for the state lottery!

It is hypocritical for lawmakers to approve lottery gambling for the state and not approve it for individuals and groups.

ACCORDING TO THE WALL STREET JOURNAL, GAMBLING IS TECHNICALLY A SWINDLE. A SWINDLE IS THEFT BY DECEPTION. GAMBLING IS LEGALIZED STEALING. GAMBLERS AGREE TO STEAL FROM EACH OTHER IN A LEGAL SKIMMING OPERATION THAT MAKES THE PROMOTERS VERY RICH. THE WINNER DOES NOT EARN WHAT IS WON AND HAS DONE NOTHING TO DESERVE IT AS A REWARD OR BONUS. LOSERS DO NOT WANT TO GIVE THEIR MONEY TO THE WINNER. BUT ALL HAVE AGREED TO STEAL FROM EACH OTHER.

If lawmakers continue to expand legalized stealing, we will become a nation of thieves. Thieves live on what others have produced. In a nation of thieves, who will raise the food and build the cars?

Where will you draw the line on legalized stealing and skimming? The first exception was bingo gambling. Then came parimutuel and lottery gambling. Now some want riverboat casino gambling. The House Committee on Wednesday will consider simulcast gambling. The Oregon lottery has legal gambling on professional sports. Where will it end in Kansas?

Senate F&SA
4-2-90
Att. 7

Persons who refuse to learn from history are doomed to repeat the same mistakes. In our Wyandotte Constitution, the one that brought us to statehood in 1861, we read, "Lotteries and the sale of lottery tickets are forever prohibited." Why was this included?

Our founding fathers came from other states and they knew the personal, social, and economic damage done by legal gambling. Kansas would be a FREE STATE in many ways - freedom from the economic blood-suckers who run legal skimming operations where people steal from each other.

What a sad day for Kansas when the call for casino gambling comes from Wyandotte where our founding fathers proclaimed freedom FOREVER from this criminal activity.

Richard Taylor

**FINANCIAL
WORLD**

**RIP-OFF: GOVERNMENT SPONSORED
GAMBLING**

State lotteries are the most regressive tax there is. They are unfair to the bettor. They are expensive to collect. The profits they generate can usually be replaced by a 1% hike in the sales tax.

**BETTING
THE
COUNTRY**

GOVERNMENT-SPONSORED LOTTERIES DO FAR MORE DAMAGE THAN GOOD, ANY WAY YOU MEASURE THEM. BUT THEY'RE HERE TO STAY.

WHENEVER ANYONE PROPOSES LEGALIZING THE use of drugs in the U.S.—even such eminently respectable conservatives as George Shultz, Milton Friedman or William Buckley—the public reaction is overwhelmingly negative. Many people (including scores of FW readers) reject even the notion of *debating* such an idea.

Yet for the past decade, in state after state, citizens have eagerly welcomed not only legalization but government sponsorship of gambling, an activity that was once generally regarded as a vice and that many experts consider as addictive and socially destructive as narcotics.

“The effects of compulsive gambling are very similar to those of many drug disorders,” says Dr. Howard Shaffer of Harvard’s Center for Addiction Studies. “Thirty to 50% of compulsive gamblers even show physical signs of withdrawal. It looks like narcotics withdrawal.”

“Drugs are a sexy topic among politicians,” says Dr. Valerie Lorenz, head of the National Center for Pathological Gambling, “but gambling addiction is every bit as costly in money terms and even worse in medical complications. Drug addicts tend to drop out of society, so they mainly harm themselves. Compulsive gamblers usually remain in their homes, destroying their families’ lives as well.”

Because drug addicts are more likely than gamblers to commit violent acts, Lorenz adds, the public sees them as a greater crime threat. But gambling addicts, she asserts, steal even larger sums for longer periods of time to maintain their uncontrollable betting habits.

“I have had parents threatening to commit suicide,” says Lorenz, “because they have mortgaged their home to pay off their son’s gambling debts, but he’s still gambling and now he’s pleading with them

B Y D A N C O R D T Z

that if he doesn't pay up, the bookie is going to break his legs."

Such horror stories are commonplace among volunteers in the 400 local chapters of Gamblers Anonymous or professional staffers of the dozens of public and private agencies devoted to treating compulsive bettors. Stories about the bank executive who embezzled a million dollars from his firm in a vain attempt to win the Maryland lottery. Or the Michigan woman—now in jail—who wrote dozens of worthless checks to buy lottery tickets. Estimates of the number of gambling addicts run as high as 12 million—a fourfold increase in 15 years. And compulsive gamblers and their families are merely the most extreme victims. Millions of others habitually wager sums they cannot really afford.

According to figures compiled by management consultant Eugene M. Christiansen and published in the trade magazine *Gaming & Wagering Business*, the total amount of money changing hands in legal and illegal gambling last year was a staggering \$252 billion. That was an increase of 67% from 1982, the first year for which Christiansen collected numbers. "A sum about one-third the size of the U.S. money supply was pumped through commercial games last year," he says.

Most of that money, of course, simply recirculated and ultimately wound up in the hands of winners—often the same people who bet it in the first place. But even the net expenditure on gambling—the total "take" of those who operated the games or the net "loss" to players—came to \$28 billion last year. Says Christiansen: "Americans spent more on gambling than they did on health insurance, dentists, shoes, foreign travel or household appliances."

The main reason for this explosive growth in gambling is the proliferation of state-sponsored lotteries. Until 1964, lotteries were illegal everywhere in the U.S. Now they operate in 33 states as well as the District of Columbia, Puerto Rico and the Virgin Islands. Eleven new lotteries have been launched since 1981. Between 1975 and 1988, per capita sales of tickets in lottery states ballooned from \$10 to \$101—an average growth rate of 13% a year after inflation.

That is one of many sobering statistics contained in a new book, *Selling Hope: State Lotteries in America* (Harvard University Press) by two Duke University economists, Charles T. Clotfelter and Philip J. Cook. An exhaustive study of the causes and consequences

of the lottery boom, the book is carefully nonjudgmental, but the facts the writers have marshaled furnish plenty of ammunition for those who believe government promotion of lotteries is a mistake.

The clear picture that emerges from Clotfelter's and Cook's detailed analysis (supported by interviews with economists, sociologists, psychologists and medical experts who have also studied the subject) is this:

Lotteries are an inefficient revenue raiser whose burden falls heaviest on those least able to afford it. Their proceeds are much less important than most people imagine and do not, in fact, go toward the purposes for which they are usually earmarked. Lotteries have made gamblers of millions of Americans who had never wagered before, and some of those new bettors become compulsive gamblers. Worst of all, lotteries are a rip-off. They offer their players terrible odds—much worse than casinos or bookies—but suck in unsophisticated customers by the heavy use of blatantly misleading advertising.

Even so, only one state has turned down a lottery proposal in this century. Polls show that support has climbed steadily in states where lotteries operate since lottery revenues are perceived by most voters as an alternative to tax increases.

Lotteries, in fact, appear to have legitimized gambling for many Americans. According to John Koza, a lottery consultant and former chairman of Scientific Games, Inc., a subsidiary of Bally Manufacturing, the reason is that lotteries

are government sponsored. "If the government says it's okay then it's okay," he says. The heavy emphasis on the use of lottery profits for education, senior citizen assistance or even environmental protection has enabled operators to portray betting as almost a civic duty.

For that reason, lotteries are not (as proponents often claim) merely a substitute for illegal gambling that would take place anyway. Lotteries create millions of new bettors. Clotfelter and Cook conclude, "The lottery is a powerful recruiting device." In lottery states, about one-fourth of the people who otherwise would not gamble at all purchase lottery tickets.

What's wrong with allowing lottery gamblers a few dreams and a pleasant diversion? The vast majority of experts who have studied state lotteries

"AMERICANS SPENT MORE ON GAMBLING THAN THEY DID ON HEALTH INSURANCE, DENTISTS, SHOES, FOREIGN TRAVEL OR HOUSEHOLD APPLIANCES."



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label them as an unfair exploitation of the states' poorest and least-educated citizens.

"The legislators that I have interviewed are the most cynical bastards you have ever seen," complains Professor Vicki Abt of Pennsylvania State University, coauthor of *The Business of Risk: Commercial Gambling in Mainstream America*. "For 200 years we've been screwing around with the gambling laws—and it's never been fueled by concern for what's good for the people. It's always been fueled by what's good for revenue."

"The way to stay in office as a politician is to make sure you don't raise taxes but you do raise revenues for entitlement programs. So you legalize gambling and make it a monopoly."

It is no accident that the proliferation of state lotteries in the Seventies and Eighties coincided with tax revolt. Legislators across the country were quick to recognize that their constituents would resist tax hikes yet would rush to hand over their money to a lottery, particularly if the proceeds were earmarked for some worthy purpose.

In half of the 24 states that operated lotteries in 1985, the revenue was by law dedicated to a specific program—most often education. But that does not mean the designated program actually benefited. Studies by Professor John L. Mikesell of Indiana University show that what almost always happens is that lottery money simply replaces money that would otherwise be spent on the earmarked activity.

Mikesell examined education budgets in Michigan, New Hampshire and New Jersey (three states in which lottery revenues are supposed to support the schools). He found that only in New Hampshire did spending on education go up as a share of total state and local budgets. In Michigan and New Jersey, there was actually a significant decline.

Lotteries aren't even good revenue raisers for states, contrary to popular opinion. Michigan State University Professor Ronald C. Fisher, the author of a textbook on state and local finance, says, "There's a great misimpression among citizens about how important lotteries are. When I talk about the fiscal problems in the state, there's always somebody in the audience who asks, 'But what about the lottery? The lottery is generating millions and millions of dollars for state government.' And indeed, in Michigan, the lottery brings in about \$400 million a year, which is a lot of money, but not in relation to the state budget, which is \$15 billion or \$16 billion."

Clotfelter and Cook point out that "The overall impact of



"THE WAY TO STAY IN OFFICE AS A POLITICIAN IS TO MAKE SURE YOU DON'T RAISE TAXES . . . SO YOU LEGALIZE GAMBLING AND MAKE IT A MONOPOLY."

lottery revenues on state finance is small compared with income and sales taxes; in 1986, lottery profits accounted for little more than 3% of the total revenue raised by states that have lotteries. Rarely did the net revenues from the lottery amount to more than would a percentage point increase in the state sales tax."

What is clear is that lottery revenues come disproportionately out of the hides of those least able to pay them, even more than sales taxes do. Lottery directors frequently assert that the typical player is a middle-income, middle-aged white male who can well afford to bet a few dollars now and then. This may be true of the big-prize lotto games. But as many researchers have pointed out, the heavy week-in,

week-out ticket purchases are made by a relatively small group of low-income bettors.

Clotfelter and Cook found that 20% of all lottery players account for 65% of the money wagered. In one California survey, a mere 10% bought more than half the tickets. And purchases were concentrated among low-income Hispanics and blacks who had less than a high school education. Sometimes the amounts spent by heavy players are astounding. A Maryland study showed that, among players earning under \$10,000, the top 20% spent an average of more than \$32 a week on lottery tickets.

Not only are lotteries the most regressive tax there is, but they are also costly to collect. Professor Mikesell calculates that the average administrative cost is at least 17%, and when the commissions paid to vendors are added in, that number shoots up to 34%. He adds that lottery receipts are unreliable. From 1977 to 1985, he says, there was at least one year-to-year decline in lottery revenues in all but five states.

So why don't the states just abandon lotteries? Says Michigan State's Fisher: "If you make the case that adopting the lottery will solve the state's fiscal problems and then five years later you still have the fiscal problem, it's hard to come back and say, 'Well, the lottery money is really not all that important.'"

Instead, what tends to happen is that the advertising and sales promotions used to attract new players and extract more money from regular customers is beefed up.

Critics argue that lotteries should not be permitted to push their product at all. They cite with approval the British policy of allowing gambling but forbidding solicitation. Remarks Fisher: "I wonder what the public reaction would be if the states started advertising to encourage cigarette smoking so

7-5

that state tobacco taxes would raise more revenue?" Even more to the point, what would the reaction be to an ad campaign encouraging liquor consumption in the 17 states where liquor sales are a government monopoly?

The worst aspect of state advertising of lotteries is the fact that much of it would get a private corporation into trouble. Clotfelter and Cook note that "applying [Federal Trade Commission rules on sweepstakes advertising] to lottery advertising would necessitate a dramatic shift in current industry practice." That's because lottery pitches fall short of truth in advertising in two ways: They take advantage of a player's natural inclination to underestimate the odds against winning and they overstate the value of the prizes being offered.

The persistent theme of most lottery advertising is that any player has a chance to become rich and famous. While that is technically true, lotteries go to great lengths to conceal just how small that chance is. Clotfelter and Cook studied a large sample of ads and found that only 20% gave any information on the odds of winning. That figure dropped to 12% among TV and radio commercials.

This is not surprising. In the case of the big-prize lotto games, a player's chance of winning is as low as one in 14 million in California, one in 12.3 million in New York and rarely better than one in four million elsewhere.

To put it another way, say Clotfelter and Cook, if a Californian were to bet \$20 a week on that state's lotto game for an entire adult lifetime, he or she would still have less than one chance in 200 of winning.

Now look at the payout. Typically, states pay lottery winners just 50% of the money taken in. By comparison, slot machines pay back almost 90%. Horse racetracks around the country are required to return an average of 80% of the pari-mutuel handle. And casino table games pay almost 97% of the money bet to the winners. Illegal bookies usually pay out more than 90% of what they take in, and even the illegal numbers game normally returns 60% of its receipts.

Some lottery advertising also falsely implies that bettors may be able to beat the odds by employing the right system in picking their numbers. Unlike horse-race handicapping or card playing, a lottery requires no skill—in fact, employing skill is not even possible. Bettors who allow computers to select random numbers for them are less likely to have to share a prize if they win. The explanation: Players who choose their own often tend to pick the same popular numbers. For example, New York Lottery Commission officials had

to stop the betting on the license plate number of the truck in which former Yankee manager Billy Martin was killed.

Another reason for the popularity of certain numbers is that helping ticket buyers come up with the "right" numbers has spawned a thriving business in telephone services that offer advice. And they have boosted the sales of "dream books," which originated to serve illegal numbers-game bettors. These booklets, popular in heavy-play areas, assign numbers to occurrences and objects that might appear in dreams. *Selling Hope* cites these examples from the Prince Ali Lucky Five-Star Dream Book: apples, 416; bugs, 305; grave, 999; priest, 001; February birthday, 212; and the name Judith, 557.

Lottery advertising appeals to such superstition, encouraging players to "bet your lucky number." Of course, the fact is that every number is just as likely to win as any other.

The overwhelming emphasis of lottery ads, though, is on the money to be won—and there the ads are usually guilty of exaggeration. For example, the highly publicized multimillion-dollar lotto jackpots are normally paid in installments over a period of 20 years. But the advertised amount is the sum of those payments, not the present discounted value.

What is cruel about all this is that most of the heavy players of lotteries are financially desperate. Even when they win, critics are beginning to ask whether taking money from the pockets of others no better off and no less deserving is the sort of income redistribution that is socially or economically desirable. Many experts argue that it would be far better to pay a larger number of smaller prizes—but that does not have the same sales appeal.

There is a more fundamental question: What do lotteries do to the work ethic? It is strikingly ironic that an activity that is frequently sold as a boon to education is teaching youngsters that the best way to get rich is not to study and work hard, but to hit the lottery.

In sum, a strong case can be made that the proliferation of state-sponsored lotteries is, on balance, a bad thing. Still, lotteries have powerful defenders. Their growth has produced a cadre of thoroughly professional managers who are skilled both at administration and promotion. It has also meant big business to companies that supply the games and the equipment that runs them.

More important, the American people like lotteries and do not yet appreciate that they do more harm than good. So it is as certain as anything is in political life that they will continue to spread—with consequences that may not be visible for generations. ■

WHAT WOULD THE REACTION BE TO AN AD CAMPAIGN ENCOURAGING LIQUOR CONSUMPTION IN THE 17 STATES WHERE THE GOVERNMENT SELLS LIQUOR?



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