

## **Government-Sponsored Gambling Has Led to Higher Taxes for Less Services and Worse State Budget Problems: “You Pay Even if You Don’t Play”**

An April 2016 report by the Rockefeller Institute of Government at SUNY Albany confirms what is becoming obvious to most Americans: "In the long-run, the growth in state revenues from gambling activities slows or even reverses and declines." <sup>[i]</sup>

**That means higher taxes for less services for the 2/3 of citizens who never or rarely gamble. And their states end up with worse budget problems over the long term. Taxpayers who don’t gamble are footing the bill. You pay even if you don’t play.**

This is because casinos and lotteries have proven to be a failed source of government revenue and have not delivered on their promises to fund education, lower taxes, or pay for needed public services. States generally expand gambling operations when tax revenues are depressed by a weak economy, or to pay for new spending programs. Yet income from casinos and lotteries does not tend to grow over time as rapidly as general tax revenue. Expenditures on education and other programs will generally grow more rapidly than gambling revenue over time. **Thus, new gambling operations that are intended to pay for normal increases in general state spending add to, rather than ease, long-term budget imbalances.** <sup>[ii]</sup>

More troubling for taxpayers, gambling operators are not allowed to fail by the state. For example, when casinos come up short, states usually provide new infusions of money, reduced taxes, reduced funding for gambling addiction measures, or other concessions such as lifting smoking bans and loss limits, in order to sustain revenues and profitability. <sup>[iii]</sup> **Public tax dollars too often prop up and subsidize gambling operators.** Rhode Island, Delaware, and New Jersey, to just name a few, have all recently taken special steps to help operators that might otherwise fail. <sup>[iv]</sup>

**The push for more subsidies from taxpayers is going to intensify moving forward.** Of the 47 states with gambling revenue, 27 states reported declines over fiscal 2014 with nine states reporting declines of more than 5 percent. <sup>[v]</sup>

<sup>[i]</sup> Lucy Dadayan et al, *State Revenues from Gambling: Short-Term Relief, Long-Term Disappointment*, Nelson A. Rockefeller Institute of Government, April 2016, [http://www.rockinst.org/pdf/government\\_finance/2016-04-12-Blinken\\_Report\\_Three.pdf](http://www.rockinst.org/pdf/government_finance/2016-04-12-Blinken_Report_Three.pdf)

<sup>[ii]</sup> Lucy Dadayan et al, *For the First Time, A Smaller Jackpot*, Nelson A. Rockefeller Institute of Government, September 21, 2009, at 19-20, [http://www.rockinst.org/pdf/government\\_finance/2009-09-21-No\\_More\\_Jackpot.pdf](http://www.rockinst.org/pdf/government_finance/2009-09-21-No_More_Jackpot.pdf)

<sup>[iii]</sup> *Why Casinos Matter, Thirty-One Evidence-Based Propositions from the Health and Social Sciences*, Institute for American Values, Council on Casinos, September 2013 <http://americanvalues.org/catalog/pdfs/why-casinos-matter.pdf>

[iv] *Why Casinos Matter, Thirty-One Evidence-Based Propositions from the Health and Social Sciences*, Institute for American Values, Council on Casinos, September 2013 <http://americanvalues.org/catalog/pdfs/why-casinos-matter.pdf>

[v] "State Revenues from Gambling Show Weakness Despite Gambling Expansion," Rockefeller Institute, SUNY, March 23, 2015 [http://www.rockinst.org/pdf/government\\_finance/state\\_revenue\\_report/2015-03-23\\_Data\\_Alert.pdf](http://www.rockinst.org/pdf/government_finance/state_revenue_report/2015-03-23_Data_Alert.pdf)