

The Argument Against a Lottery... In the Words of Liberals

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There has been a **distinct resurrection** of **discussion** in Alabama's media about allowing a vote on a state lottery as we consider whom we will elect in November.

Proponents of a state lottery argue that it is a way to make up the shortfall in higher education budgets, both providing for more scholarships and lowering tuition rates without directly increasing taxes.

Many states, including our neighbor Georgia, have used the lottery to fund scholarships for qualifying college students as well as primary and secondary education classrooms.

But are the promises of a lottery too good to be true?

As much as lottery proponents in Alabama like to tout the benefits that may come from extending the lottery into our state, they are seemingly reluctant to share many of the negatives that often accompany lotteries.

Interestingly enough, reporters at several liberal media outlets are more forthcoming in detailing the cons of a lottery. So without further ado, the argument against a lottery... in the words of liberals:

From Think Progress:

- “With odds stacked sky high against actually winning a jackpot, lottery players **lose an average of 47 cents on the dollar** for each ticket. With such low payouts, tickets act as an **implicit tax of 38 percent**.”
- “One study found that a reason for this is that **“lotteries set off a vicious cycle** that not only exploits low-income individuals’ desires to escape poverty but also directly prevents them from improving upon their financial situations.” The loss in income of buying tickets that provide no reward is harder to bear on a slim budget.”

- “The revenues from lottery tickets act as a regressive tax because states use them to fund many public services, such as education. Lotteries netted 11 states [more revenue than their corporate income tax](#) in in 2009. But [states don't fare well either in the long run](#). While states that have lotteries increased per-capita spending on education at first, after some time they ended up decreasing overall spending, while states without them increased investment.”
- “One study found that “nonlottery states spend, on average, [10 percent more of their budgets on education](#) than lottery states.” In fact, lottery revenues may not end up increasing funds and could actually increase budget imbalances. There are only so many tickets that a state's population can buy, making it a short or medium term fix but not a long term source of revenue.”

Hmmm... Not good news so far. Let's look at another news source popular among progressives.

[From Salon.com:](#)

- “State lotteries amount to a hidden tax on the poor. They eat up about 9 percent of take-home incomes from households making less than \$13,000 a year. They siphon \$50 billion a year away from local businesses—besides stores where they're sold. And they are encouraged by state-sponsored ads suggesting everyone can win, win, win!”
- “What many people don't know about lotteries is that they prey on those who can least afford it; most people never win anything big; and 11 states raise more money from lotteries than from corporate taxes. Beyond the moral, mental health or religious debates over gambling, lotteries are another example of how society preys on the poor and the working-class.”

- **“They redistribute money up the economic ladder.”** Most people buy tickets and win little or nothing. This is taking more money from the poor, working and lower middle-classes than from those most able to pay taxes. These billions also are diverted away from local businesses—with the exception of the stores where tickets are sold. “This is exacty [sic] the opposite of the kind of economic stimulus a depressed economy needs,” wrote economist Wolff.”

So, not only is the lottery a *de facto* tax on those least able to afford it, it is often bad news for those who do win.

But what about the constant comparisons to Georgia? Well they aren’t doing so hot either. [A 2011 study showed](#) that Georgia’s lottery-funded HOPE scholarship was “hemorrhaging money,” generating \$37 million less than expected and leaving the programs it funds in the lurch.

So at ACMA we find ourselves asking the question, why are social-justice minded Alabama reporters, who generally advocate *against* regressive taxes, such ardent proponents of a lottery? Surely, balancing the state budget while ensuring education is adequately funded should be one of the state legislature’s top priorities, and the lottery will continue to be brought up as a potential solution. But as the ThinkProgress and Salon stories above demonstrate, there is more to the story than some supporters of the lottery are willing to admit.

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