

# 2020 Report to the Alabama Governor's Gambling Policy Study Committee

*Submitted by Joe Godfrey, Executive Director of the Alabama Citizens Action Program (ALCAP)*

## Seven questions concerning gambling in Alabama:

- 1) How is government-sanctioned gambling different than every other business, including other vices like alcohol and tobacco?
- 2) Do lotteries and local casinos contribute to racial unfairness and economic inequality between whites and blacks?
- 3) Are state lotteries and local casinos effective at improving the financial condition of state governments?
- 4) Does government-sanctioned gambling lead to economic growth and good paying jobs for ordinary citizens?
- 5) Should we simply let the people vote on a state lottery and local casinos by statewide referendum and let them decide?
- 6) People are going out of state to gamble so should we try to keep the money they are losing here in Alabama?
- 7) Should people be free to gamble if they want to do so?

*[Answers to these questions, taken from the website [www.StopPredatoryGambling.org](http://www.StopPredatoryGambling.org), are found on the following pages. Pages 8-9 present the official statements concerning gambling by two major Christian denominations in Alabama]*

## 1) How is government-sanctioned gambling different than every other business, including other vices like alcohol and tobacco?

What separates commercialized gambling like lotteries and local casinos from every other business, including vices like alcohol and tobacco, is it's a big con game based on deceit and exploitation. Commercialized gambling is a form of consumer financial fraud, similar to price-gouging and false advertising. Citizens are conned into thinking they can win money on games that are designed to get them fleeced in the end. If you pay for a pizza, a ticket to a sporting event, or a glass of wine, that's what you receive in return. With commercialized gambling, what you receive is a financial exchange offering *the lure* that you *might* win money. But this financial exchange is mathematically rigged against you so inevitably you lose your money in the end, especially if you keep gambling. Any success only comes at someone else's expense. All of this explains why commercialized gambling is illegal *unless* you run the gambling scheme in partnership with state government.

The most revealing truth about this big con is that nearly all of the people who run local casinos and state lotteries, as well as the public officials who lobby to bring them in, rarely if ever gamble themselves. Yet these hypocrites cause life-changing financial losses for millions of citizens.<sup>1</sup>

## 2) Do lotteries and local casinos contribute to racial unfairness and economic inequality between whites and blacks?

Commercialized gambling like state lotteries and local casinos are a significant contributor to the massive wealth disparity between whites and blacks. Nationwide, African Americans spend five times more on lottery tickets than white people.

**Over the next eight years, the American people are on a course to lose more than \$1 trillion of their personal wealth to government-sanctioned gambling and at least half of this wealth – \$500 billion – will be lost to state lotteries, much of it taken from African-American families.<sup>2</sup>**

While differences in income are a major contributing factor, the disparity between whites and blacks in the accumulation of wealth-building assets is staggering. According to the Federal Reserve, 60% of whites have a retirement fund while only 34% of blacks; 73% of whites own a primary residence but only 45% of blacks; and 61% of whites own publicly-traded stocks compared to just 31% of blacks.

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<sup>1</sup> "The Hypocrite Hall of Fame," March 2020 <https://www.stoppredatorygambling.org/hypocrite-hall-of-fame/>

<sup>2</sup> H2 Gambling Capital, 2018 <https://h2gc.com/>

Building assets and the accumulating and investing of savings are the keys to financial peace. Owning a home, a college fund, retirement accounts, and a stock portfolio are the hallmarks of middle and upper class America, and these assets are all the result of savings. With fewer African-Americans and people of color holding these essential assets, they miss out on higher average returns than low-risk assets, as well as the power of compound interest.

Creating wealth by the accumulation of assets and the investment of savings is the direct opposite of what state lotteries represent and encourage. “The Fastest Way to a Million Dollars,” “Road to Riches,” “\$200,000 a Year for Life,” “\$10,000,000 Bankroll,” and “\$7,000,000 Supercash” are just a sampling of the hundreds of different lottery scratch tickets that state governments across the United States are marketing at this very moment during a time when more than 20 million citizens are unemployed, of which a disproportionate amount are African-American.

Commercialized gambling sanctioned by the state would cause another serious harm on black lives, especially black women: a severe gambling addiction problem. Results of a large nationally-representative study that investigated ethnicity and rates of problem gambling found that African-Americans had twice the rate of gambling addiction compared to whites and they were also more likely to be women in the lowest income brackets.

### **3) Are state lotteries and local casinos effective at improving the financial condition of state governments?**

In 1969, New Jersey congressman Cornelius Gallagher [wrote](#) that if the Garden State enacted a lottery “we could abandon all taxation in New Jersey and increase every service in our state four times over.”

Today, New Jersey has a state lottery, several casinos, online casino gambling, and commercialized sports betting. Yet the state is in the worst fiscal condition of any U.S. state, ranking 48<sup>th</sup> in the nation in George Mason University Mercatus Center’s [report on the fiscal condition of states](#).

New Jersey exemplifies how government-sanctioned gambling has been a spectacular failure as a revenue source. It’s proven to be THE biggest budget gimmick and the calling card of anti-reform politicians across the U.S.

Yet gambling lobbyists and some public officials continue to tout government-sanctioned gambling as a way to raise tax revenue. But history has shown repeatedly that this argument is either overstated or wrong. [According to the Rockefeller Institute of Government](#) at State University of New York-Albany, the organization doing the best independent research on public revenues from gambling, states creating new revenue streams from gambling may see momentary bumps in tax income but “in the long-run, the growth in state revenues from gambling activities slows or even reverses and declines.”

That's because income from government-sanctioned gambling does not grow over time like general tax revenue and expenditures on education and other programs will grow more rapidly than gambling revenue. As a result, new gambling operations that are intended to pay for normal increases in state spending add to, rather than ease, long-term budget imbalances.

Many states tout lotteries as a way "to improve education" yet these states have not seen significant improvement in their education rankings over the last two decades.

Beyond its obvious status as a budgetary shell game, government-sanctioned gambling incurs major social costs that end up footed by all taxpayers. In addition to targeting and exploiting the financially desperate and cultivating addiction, government-sanctioned gambling leads to increases in rates of personal bankruptcy and provides new avenues for crime and money laundering. Gambling operators don't pay for the harms they cause families, businesses, and communities. **Taxpayers do.** Lower-income Americans lose money on gambling, get it back by relying on more financial help from their government, who get it from taxpayers.

Also 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. Rhode Island, Delaware, and New Jersey, to just name a few, have all taken special steps to help casinos that might otherwise fail. Public tax dollars too often prop up gambling operators.

All the citizens who don't gamble also pay another way. Government-sanctioned gambling lowers a state's standard of living because it's a sterile transfer of money from millions of ordinary people's pockets into a small number of other people's pockets, producing nothing new and nothing of lasting value. Its economic impact is similar to throwing your money on the street so someone else can pick it up – it redistributes wealth without creating it. Because this nonproductive activity nevertheless uses up time and resources, we experience a reduced standard of living, a consequence that impacts all of us.

The way we raise money to pay for our government says as much about our democratic principles and values as the way we spend it.

#### **4) Does government-sanctioned gambling lead to economic growth and good paying jobs for ordinary citizens?**

Commercialized gambling is a naked money grab disguised as economic development. Let's contrast it with any other business that sells a product or a service. Take a blanket-selling business, for example. If you go out to buy a blanket for you or your family, other people don't have to give up their blankets for you to get one. But imagine a blanket-selling business where in order for a few people to get a blanket, mostly everyone else had to turn in their own blankets and go without. And many people actually ended up *owing blankets*.

The primary winner in a blanket-selling business such as this are the people who operate the blanket redistribution scheme. *It's an exchange where, over a period of time, they are guaranteed statistically to end up with all the blankets.*

Despite the inherent predatory and dishonest nature of the scheme, it escapes from being shut down because the blanket sellers provide state governments a percentage of their bounty. In fact, only those who partner with states are allowed to run the scheme and they're usually handed regional monopolies to do it.

Those who never buy a blanket also lose. They end up paying extra for those who gave up their blankets and now need help. They also have to subsidize the state budget problems that result when the gimmick revenues inevitably dry up.

This is the essence of the government-sanctioned gambling scheme.

The analogy underscores how the economic impact of commercialized gambling is similar to throwing your money on the street so that someone else can pick it up — it's redistributing wealth without creating it.

The gambling lobby feeds on the job insecurity of Americans because people, whether gambling or seeking employment, have fewer viable ways to make good money.

By relying on slot machines and other forms of gambling as its primary revenue source, a casino may employ some citizens but it doesn't produce economic growth.

Any activity the state puts money into will stimulate the economy. Government can stimulate the economy with good things, things that help people build wealth.

We are told one of the primary rationales for state-sanctioned casinos is to "create jobs" but facts show that casinos leave behind far more gambling addicts than jobs. According to the most recent numbers made available by the [Illinois Gambling Board](#), the total enrollment of citizens in the state's *voluntary* Self-Exclusion Program was 11,119 and the total number of full and part-time casino jobs was 7,137 – *almost 35% higher*. Thousands more gambling addicts have banned themselves from the state's casinos because their lives have been ruined than there are people who work inside the state's casinos.

But that figure is literally the tip of the iceberg. *The actual amount of gambling addicts created by state-sanctioned casinos is far greater than the number of citizens who have self-excluded.* That's because only about 10% of people experiencing problems with gambling [seek help](#) from problem gambling services- *90% never even come forward for help.*

State-sanctioned casinos also create unfairness for other businesses. When casino lobbyists call for a “limited number of casinos” to be allowed into a state, what they are really doing is attempting to rig the system to hand out special privileges to a few powerful political insiders at the expense of everyone else. Government, in this case, is not merely permitting private, consensual behavior. It is granting monopolies and awarding regulatory advantages to favored firms.

## 5) Should we simply let the people vote on a state lottery and local casinos by statewide referendum and let them decide?

When the gambling lobby declares “Let the People Vote,” recent history shows what they are really saying is “Let Us Buy the Vote.”

It’s blatantly disingenuous for any gambling lobbyist or public official to say a fair debate leading to an informed, educated public will happen during a commercialized gambling referendum campaign because it won’t. If every legislator in a state was outspent 3 to 1 during his or her campaign, most would lose reelection regardless of their merit. **Yet some legislators allow commercialized gambling operators to hijack the ballot process by outspending predatory gambling opponents by a margin of at least 250 to 1. How many sitting elected officials would win a campaign if they were outspent by at least 250 to 1?**

Here are just a few examples of the massive spending that has occurred in other states:

- In Colorado, gambling interests outspent opponents 1,734 to 1.<sup>3</sup>
- In Massachusetts, citizens collected signatures to place a casino repeal referendum on the 2014 ballot. Gambling interests spent more than \$15 million to defeat it.<sup>4</sup> In the last 30 days, gambling interests including MGM ran more than 4000 TV ads. Repeal advocates ran zero because it was too costly to go on TV. **In addition to the massive difference in ad spending, almost none of the TV ads run by gambling interests even mentioned the word casino.**<sup>5</sup>
- In Maryland, another MGM-led casino campaign spent more than \$40 million to pass a statewide ballot question.<sup>6</sup>

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<sup>3</sup> “Never a Sure Bet,” a 2009 report from the National Institute on Money in State Politics, <http://stoppredatorygambling.org/wp-content/uploads/2012/12/Never-A-Sure-Bet-Report-from-National-Institute-on-Money-in-State-Politics.pdf>

<sup>4</sup> [https://ballotpedia.org/Massachusetts\\_Casino\\_Repeal\\_Initiative,\\_Question\\_3\\_\(2014\)](https://ballotpedia.org/Massachusetts_Casino_Repeal_Initiative,_Question_3_(2014))

<sup>5</sup> To view the casino advertising aired to block casino repeal in MA 2014, visit Stop Predatory Gambling’s YouTube channel SPG America: <https://www.youtube.com/playlist?list=PLA6B145FA31CCA40A>

<sup>6</sup> “MGM gets the deal for Maryland’s sixth casino,” The Washington Post, December 20, 2013 [https://www.washingtonpost.com/local/mgm-gets-the-nod-to-build-marylands-sixth-casino-at-national-harbor-in-prince-georges/2013/12/20/059e7276-693e-11e3-a0b9-249bbb34602c\\_story.html?utm\\_term=.87301d4b47cb](https://www.washingtonpost.com/local/mgm-gets-the-nod-to-build-marylands-sixth-casino-at-national-harbor-in-prince-georges/2013/12/20/059e7276-693e-11e3-a0b9-249bbb34602c_story.html?utm_term=.87301d4b47cb)

- In Ohio, gambling companies spent almost \$50 million to pass a ballot question allowing them to open casinos in the state.<sup>7</sup>

## 6) People are going out of state to gamble so should we try to keep the money they are losing here in Alabama?

When a practice is fraudulent, its advocates will speak of it fraudulently. One example of this reality is the “They’re-Going-Out-of-State-To-Gamble” narrative, a phony, recycled public relations strategy used by gambling interests in almost every state in America to breathe artificial life into efforts to establish lotteries.

Big national lottery gambling operators like Scientific Games and International Gaming Technology (IGT), often *running lotteries in neighboring states*, fund lobbying campaigns to legalize lotteries in the states without them. “Legalize the lottery and recoup the money going out of state,” they deceitfully cry. ***They profit as the lottery vendor in those nearby states!*** They pit one state against another state, over and over again, in a continuing race to the bottom in which the only winner are the big gambling interests.

## 7) Should people be free to gamble if they want to?

No one is forcing people to gamble away their future financial security on state lottery games or at local casinos, some say. While true, it is more like luring people into a life-changing financial trap difficult to escape. State governments deliberately concentrate lottery outlets and local casinos in economically-distressed regions to entice more low-income citizens, often clustering gambling locations communities with large numbers of minorities. Lotteries also aggressively target these communities with marketing campaigns exempted from truth-in-advertising laws under the Federal Trade Commission.

Government is not simply permitting private, consensual behavior as some public officials who support state-sanctioned gambling attempt to argue. If it was their true intent, then this purpose could be achieved by allowing small, unlicensed games and keeping gambling private and local. Such an approach would be in line with the most effective and appropriate state stance toward gambling which is not encouragement, but rather containment.

This is a big government program that actively advertises more and more extreme forms of gambling at higher and higher wagering amounts in our communities. It also grants monopolies and awards regulatory advantages to favored firms.

State government shouldn’t be telling people how to live by encouraging them to gamble on state lotteries or at local casinos, especially on games they are guaranteed statistically to get fleeced.

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<sup>7</sup> “Ohio Casino Approval referendum, Question 3, 2009  
[https://ballotpedia.org/Ohio\\_Casino\\_Approval\\_and\\_Tax\\_Distribution,\\_Amendment\\_3\\_\(2009\)](https://ballotpedia.org/Ohio_Casino_Approval_and_Tax_Distribution,_Amendment_3_(2009))

And in the process, they are violating the rights and freedoms of the two-thirds of the public who almost never gamble yet are being forced to foot the bill for the lower standard of living and budget deficits that state-sanctioned gambling leaves behind.

One can be a libertarian on this, while at the same time, believing that we cross an unacceptable ethical line when we go from allowing individuals to gamble to allowing our government to set up a massive marketing and distribution scheme urging people to do so.

## **What churches have said about gambling:**

### ***UNITED METHODISTS...***

Gambling is a menace to society, deadly to the best interests of moral, social, economic, and spiritual life, destructive of good government and good stewardship. As an act of faith and concern, Christians should abstain from gambling and should strive to minister to those victimized by the practice....

The Church's prophetic call is to promote standards of justice and advocacy that would make it unnecessary and undesirable to resort to commercial gambling-including public lotteries, casinos, raffles, Internet gambling, gambling with an emerging wireless technology and other games of chance-as a recreation, as an escape, or as a means of producing public revenue or funds for support of charities or government.

~Excerpt from [Gambling \(Social Principles\)](#)

### ***ALABAMA BAPTISTS...***

The Alabama Baptist Convention meets annually to conduct business. Messengers from over 3000 churches from throughout the state have passed various resolutions throughout the years condemning state-sponsorship and state-sanctioning of gambling in Alabama. Their most recent anti-gambling statement, a resolution, was passed unanimously during their 2016 Convention, meeting in Montgomery, AL, in response to then-Governor Robert Bentley's formation of the Alabama Advisory Council on Gaming (Gambling). The following is the entire resolution that was passed:

#### **ALABAMA BAPTIST CONVENTION 2016 RESOLUTION ON GAMBLING**

WHEREAS, The Governor of Alabama has established a council to study gambling in Alabama (the Alabama Advisory Council on Gaming) that is expected to make recommendations to the Alabama Legislature concerning changes in the gambling laws of the state; and

WHEREAS, The existence of such a council on gambling is not necessary, but the enforcement of existing laws against gambling is needed; and

WHEREAS, The Bible gives numerous principles that show gambling to be an activity that Christians should oppose (Exodus 20:3-5 and Matthew 6:33; Exodus 20:15; Exodus 20:16 and Leviticus 19:11; Exodus 20:17; Philippians 4:19; Philippians 2:4; 1 Corinthians 4:1-2; Ephesians 4:28; Romans 12:10; and Romans 14:13); and

WHEREAS, Many in the Alabama Legislature continue to introduce and advocate for gambling expansion in the state, including (but not limited to) a state-sponsored lottery, casino gambling, a tribal compact, and internet gambling in the form of daily fantasy sports betting; and

WHEREAS, State-sponsored and/or state-sanctioned gambling preys upon the poorest citizens of Alabama; and

WHEREAS, State-sponsored and/or state-sanctioned gambling is based on deceiving the state's own citizens into believing that gambling is a solution to their financial struggles, while in fact, in most cases, it worsens an individual's or family's financial difficulties; and

WHEREAS, State-sponsored and state-sanctioned gambling hurts the local and state economies by depleting other, more established revenue streams, such as sales taxes; now, therefore, be it

RESOLVED, That the messengers to the Alabama Baptist State Convention meeting in Montgomery, Alabama, on November 15-16, 2016, oppose any and all attempts by the Governor and/or State Legislators to expand any form of state-sponsored, state-sanctioned and predatory gambling in Alabama; and be it finally

RESOLVED, That the President of the Alabama Baptist State Convention and the Executive Director of the Alabama Baptist State Board of Missions be authorized to send a copy of this resolution to the Governor, members of the Alabama Advisory Council on Gaming and all Alabama Legislators.