

1999 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HCR 3008

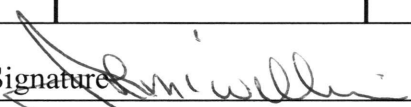
1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3008

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 1-21-1999

Tape Number	Side A	Side B	Meter #
2	X		40.6 - 61.7
2		X	0 - 39.5
Committee Clerk Signature 			

Minutes: Some of the individuals testifying submit written testimony. When noted please refer to it for more detailed information.

Representative Klein, Chairman of the GVA Committee opened the hearing on January 21, 1999.

Summary of the Resolution: Relating to participation by the state of North Dakota in a multistate lottery.

Testimony in Favor:

Vonette Richter, Attorney for Legislative Council appeared before the committee to explain the Resolution. As a result of our study the committee recommended this resolution. It would amend section 25 of article 11 of the constitution and appear on the general election ballot in the year 2000.

Representative Maragos, Appeared before the committee to introduce this resolution. Let the people decide themselves. We can allow them to do it in this state, because currently we don't. I

would not sponsor an activity that we can't do here, but that they can do else where. I have this hard to comprehend that we are letting our people go across the border to spend their money and not do it here. Use this activity in our best interests. ***he read and talked quite a bit on the subject, please refer to the tape to get the whole testimony.** Thirty nine states have the lottery at this time. Even if it goes to the general election and passes, the other members of the lottery(powerball) still have to let us in. They can deny us entrance if they get 1/3 of the total votes to keep us out. Do you think Minnesota and our other neighbors would want us in, so that they give up the money that our citizens spend in their state.

Representative Klein, Do you have any amount of the dollars going out of state?

Maragos, Well those numbers have been disputed, but the two largest outlets in MN are in East Grand Forks and Moorhead. Right across our borders. Why aren't we getting this money? This will only allow the people of ND the right to express themselves on this issue. The people of ND will know exactly where this money is going and how it is to be used. I encourage this committee to give this a do pass, send it to the floor and let us have a chance to see if the people of ND can have another chance.

Representative Klein, How many times have we voted on this and do you recall the times and the approximate percentages?

Maragos, I believe 4 maybe 5. The last one was put on the ballot by the ND Hospitality Assoc. They were concerned about their own pocket.

Representative Klemin, Line 21, the "a" in the sentence, does that mean singular and if so why?

Maragos, There is only one.

Richter, Doesn't have to be interpreted as singular.

Representative Klemin, Do you have a cost figure on this to join?

Maragos, Nothing than establishing the outlets that would sell, and they would purchase their own equipment.

Ron Ness, ND Petroleum Marketing Association stated that they are concerned because people are going across the border to buy their lottery tickets and they then buy gas at the same time and our people are losing revenue. We support this resolution.

Testimony in Opposition:

Art Link, Former Governor ND and ND Council on Gambling Problems submitted a written testimony which he read in its entirety (**please refer to his testimony**).

Chris Dodson, ND Catholic Conference submitted a written testimony which he read in its entirety (**please refer to his testimony**).

Representative Klein, Is it true or some truth to the fact that lower income people spend more money? Do you have any evidence?

Dodson, Yes, it is true, because they are more apt to think of it as a quick way of getting rich.

Representative Thoreson, If it's such a bust for the states that do this and no revenues, why do they do it?

Dodson, It's the lure, the states get hooked on the revenue. It's appealing.

Representative Thoreson, This is an observation, not a fact?

Dodson, There have been studies.

Representative Winrich, I would think that the gambling that we already have in our state, such as slot machines and cards would be more addictive.

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House Government and Veterans Affairs Committee

Bill/Resolution Number HCR 3008

Hearing Date 1-21-1999

Dodson, Some forms of gambling are more addictive.

The following individuals/private citizens made brief short comments in opposition to the resolution. Refer to the tape if your interested in their short comments. Tape 2/B 21.9 to 39.5.

Howard Helm, Uel Stevenson, Berrel Harrison, Warren Wenzel, Ken Koehn, Warren DeKrey,

Rich Asplund.

Representative Klein, Closed the hearing on HCR 3008.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3008

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 1-28-1999

Tape Number	Side A	Side B	Meter #
2		X	34.5 - 39.2
Committee Clerk Signature			

Minutes: Representative Klein instructed the committee to take out HCR 3008. Were not going to do anything on this.

Committee Action:

Representative Hawken, Made a motion for a Do Pass.

Representative Thoreson, Seconded the motion.

Motion Fails: Do Pass ~~5-9-2~~.

Representative Klein, Lets have another motion.

Representative Grande, Made a motion for a Do Not Pass.

Representative Haas, Seconded the motion.

Motion Passes: Do Not Pass ~~9-5-2~~.

Representative Gorder, Is the carrier for this bill.

Roll Call Vote #: 1 Date: 1-28-99

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 3608

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS → FAILS

Motion Made By HAWKEN Seconded By THORESON

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN		✓	REP. WINRICH	✓	
VICE-CHAIR KLINISKE	✓				
REP. BREKKE					
REP. CLEARY		✓			
REP. DEVLIN		✓			
REP. FAIRFIELD		✓			
REP. GORDER		✓			
REP. GRANDE		✓			
REP. HAAS	⊗	✓			
REP. HAWKEN	✓	⊗			
REP. KLEMIN		✓			
REP. KROEBER		✓			
REP. METCALF	✓				
REP. THORESON	✓				

Total (Yes) 5 No 9

Absent 1

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Roll Call Vote #: 2 Date: 1-28-99

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 3008

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DC NOT PASS

Motion Made By GRANDE Seconded By HAAS HAAS

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP. WINRICH		✓
VICE-CHAIR KLINISKE		✓			
REP. BREKKE					
REP. CLEARY	✓				
REP. DEVLIN	✓				
REP. FAIRFIELD	✓				
REP. GORDER	✓				
REP. GRANDE	✓				
REP. HAAS	✓				
REP. HAWKEN		✓			
REP. KLEMIN	✓				
REP. KROEBER	✓				
REP. METCALF		✓			
REP. THORESON		✓			

Total (Yes) 9 No 5

Absent 0 0 1

Floor Assignment GORDER

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
January 29, 1999 9:34 a.m.

Module No: HR-19-1456
Carrier: Gorder
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3008: Government and Veterans Affairs Committee (Rep. Klein, Chairman)
recommends **DO NOT PASS** (9 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING).
HCR 3008 was placed on the Eleventh order on the calendar.

1999 - TESTIMONY

HCR 3008

NORTH DAKOTA CONFERENCE OF CHURCHES

227 West Broadway, #1 • Bismarck, North Dakota 58501 • (701) 255-0604

STATEMENT ON GAMBLING

In the course of human life, each individual faces normal risk-taking situations, opportunities to make prudent investments, and other ordinary choices on a regular basis. We understand gambling to be very different from these experiences. North Dakota legalized small stakes, entertainment gambling in 1977 and now has large casinos, blackjack, pull-tabs, bingo and other forms of gambling. In 1992, the amount of money spent on gambling was \$239 million. This spread of gambling in our state is alarming to the member churches of the North Dakota Conference of Churches.

The North Dakota Conference of Churches opposes gambling and further legalization of gambling in the state for the following reasons:

* Gambling undermines the work ethic on which our state is founded. The work ethic suggests that all should contribute to the welfare of society to the degree they are able, and be rewarded in accordance with their gifts or needs.

* Gambling has no long term economic benefit and creates no new wealth for our state and communities. Money spent on gambling is money that could be spent in other ways (and therefore taxed through normal channels,) or invested in other segments of the economy to create more value.

* Gambling promotes the untruth that an individual can "get something for nothing," and do so at the expense of a neighbor. Therefore, gambling has a corrupting effect on personal character and community spirit as it raises false hopes in the face of real needs.

* State sponsored gambling for the purpose of raising revenue for governmental operations is a regressive tax. It has been proven to be a larger tax on the poor than on those most able to pay the tax. It is a tax based on the weaknesses of the people. The state itself becomes a victim. The state become dependent on gambling and must begin promoting gambling among its citizens.

* Gambling costs our society more than it generates. Family problems, broken lives, financial crises and other human tragedies are a by-product of the abuse of gambling.

Having considered all of the evidence listed above, it is our considered judgment that the gambling industry is not in the best interest of the State of North Dakota.

February, 1995

MEMBER DENOMINATIONS: American Baptist Churches of the North Dakotas • Church of Brethren, Mon-Dak Area • Church of God (Anderson) • Episcopal Diocese of N.D. • Evangelical Lutheran Church in America, Eastern ND Synod, Western ND Synod • Moravian Church in America, Northern Province • Presbyterian Church, U.S.A., Presbytery of the Northern Plains • Religious Society of Friends (Quaker) • Roman Catholic Church, Bismarck Diocese, Fargo Diocese • United Church of Christ, N.D. Conference • United Methodist Church, N.D. Conference.

ASSOCIATE MEMBERS: Catholic Family Service • CHARIS • Church Women United • Great Plains Institute of Theology • Home on the Range • Jamestown College • Lutheran Social Services of North Dakota • University of Mary • North Dakota Chaplains Association • Unitarian/Universalist Fellowship • The Village Family Service Center.



January 1999

Dear Friends,

Did you know that Americans gamble more money each year than they spend on groceries?¹ Or that more than \$600 billion is wagered legally in the United States annually?² Or that nearly 1 in 5 homeless people admit that gambling contributed to their poverty, and yet 37 percent said that they continue to gamble?³ Or that 5 to 8 percent of American adolescents are already addicted to gambling?⁴ Or that 75 percent of pathological gamblers admitted that they had committed at least one felony to support their habit?⁵ Or that more money is spent on gambling in the state of Mississippi than on all retail sales combined?⁶ Or that a decade ago, only New Jersey and Nevada permitted casinos, but now 48 states have legalized some form of gambling?⁷ Or that more than 30,000 video poker machines, which are called the "crack cocaine of gambling,"⁸ are scattered through South Carolina, and that the governor who opposed them (David Beasley) was voted out in November?⁹ Or that children as young as four years of age can put money in those poker machines legally in South Carolina as long as they don't accept their earnings?¹⁰ Or that the massive Las Vegas casino called "New York, New York" was completed in 1996, at a cost of \$460 million,¹¹ and *more than half* of it was paid for in a period of only one year!¹²

Clearly, "gambling fever" has engulfed the nation and has penetrated every age group from the very young to the very old. It now threatens the work ethic and the very foundation of the family. Thirty years ago, gambling was widely understood in the culture to be addictive, progressive and dangerous. Parents taught their children about its evils, and some families, including my own, would not even permit playing cards in the home. More recently, however, betting has been given a face-lift by the industry—even changing the name from gambling to "gaming." The effect of this relentless propaganda has been dramatic. Most Americans now think of gambling not as a vice or unsavory habit, but as harmless entertainment.

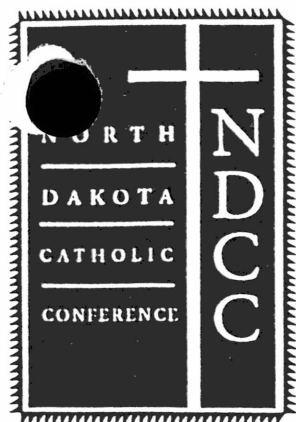
In inner-city areas, gambling is seen as a "ticket out of poverty" and a last chance for riches. As such, it preys on the desperation of the poor and its promises are based on lies. When state lotteries are proposed, for example, the public is assured that enormous funds will be generated for education, despite studies showing that after states legalize lotteries they actually *reduce* spending for education.¹³ The promised "money for schools" has been a scam, just like so much that is associated with the gambling industry.

It was these concerns and the sudden obsession with gambling that attracted the attention of several members of Congress in 1994. Rep. Frank Wolf (R-Va) led an effort to evaluate the impact of this industry on the economy, on families, and on those who become addicted to it. Largely through his leadership, a bill was finally passed in 1996 that created the National Gambling Impact Study Commission.¹⁴ It was charged with the responsibility of evaluating legalized gambling in all of its forms. The panel was given two years to investigate everything from casinos to lotteries, from dog and horse racing to video poker, from Indian gambling to sports betting, and finally, Internet gambling, the most unregulated, pervasive and potentially destructive form of all.

Congress specified that nine members be appointed to the Commission, three to be selected by the President, three by the House, and three by the Senate. Kay Coles James (dean of Regent University School of Government and a member of the Focus on the Family board of directors) was designated as Commission chair. She has done a wonderful job with this controversial and difficult assignment. I was

ENDNOTES

- ¹ U.S. Bureau of the Census, *Statistical Abstract of the United States: 1997*, (117th edition,) Washington D.C., 1997, p. 769; Eugene Martin Christiansen, "A New Entitlement," *International Gaming and Wagering Business*, August 1998, p. 3
- ² Christiansen, op. cit
- ³ Tim Poor, "1 in 5 of Homeless in Survey Blame Gambling," *St. Louis Post-Dispatch*, March 15, 1998, p. A9
- ⁴ Andrew Quinn, "Studies Find Many Teens Hooked on Gambling," *Philadelphia Inquirer*, August 16, 1998
- ⁵ Arnold Wexler, "Statistical Information on Compulsive Gamblers," Council on Compulsive Gambling of New Jersey, Inc., p. 2
- ⁶ Joe Rutherford, "Resist Expansion of Casino Gambling," *Northeast Mississippi Daily Journal*, September 30, 1995, p. 6A
- ⁷ Patricia McQueen, "North American Gaming at a Glance," *International Gaming and Wagering Business*, September 1998, p. 21
- ⁸ Viveca Novak, "They Call it Video Crack," *Time*, June 1, 1998, p. 58
- ⁹ Edward Walsh, "Gambling's Election Win," *The Washington Post*, November 6, 1998, p. A1
- ¹⁰ Testimony of Dr. Frank Quinn, Carolina Psychiatric Services, Columbia, S.C., before the National Gambling Impact Study Commission, Las Vegas, Nevada, November 10, 1998
- ¹¹ Carol Bidwell, "Welcome to Boomtown: New York-New York is Just One of Many Megaresorts Rising from the Desert," *Ft. Worth Star-Telegram*, March 2, 1997, Travel Section, p. 2
- ¹² "MGM Grand, Inc., Reports Ninth Consecutive Increase in Quarterly Net Income and Record Annual Earnings," *PR Newswire*, January 29, 1998
- ¹³ Peter Keating, "Lotto Fever: We All Lose!" *Money*, May 1996, pp. 144, 147; Donald E. Miller and Patrick A. Pierce, "Lotteries for Education: Windfall or Hoax?" *State and Local Government Review*, Winter 1997, pp. 40-41
- ¹⁴ "Clinton Signs Gambling Study Bill," *United Press International*, August 3, 1996
- ¹⁵ Geoff Dorman, "Nevada's Gambling Industry Turns 50," *United Press International*, March 20, 1981
- ¹⁶ Ed Vogel, "702 Fight May Split Nevada," *Las Vegas Review-Journal*, January 13, 1998, p. 1A
- ¹⁷ Henry Lesieur, "Measuring the Costs of Pathological Gambling," Revision of the presentation to the Tenth International Conference on Gambling and Risk Taking, Montreal, Quebec, June 1997; E.J. Grinols and J.D. Omorov, "Development or Dreamfield Delusions?" *Assessing Casino Gambling's Costs and Benefits, The Journal of Law and Commerce*, University of Pittsburgh School of Law, Fall 1996, pp. 58-60
- ¹⁸ Illinois Gaming Board, "Patron Survey," April 1998, p. 2
- ¹⁹ Jean Sonmor, "High Rollers . . . and Big Losers," *Toronto Sun*, May 11, 1997, p. 12
- ²⁰ Mike Dupree, "Are Slots Too Big a Gamble?," *Cedar Rapids Gazette*, March 9, 1998
- ²¹ U.S. Bureau of the Census, *Statistical Abstract of the United States 1997*, 117th edition, p. 99
- ²² *Ibid.*, p. 108
- ²³ *Ibid.*, p. 161
- ²⁴ Sue Glick, "Number of Females Murdered by Males in Single Victim/Single Offender Homicides and Rates by States, 1996, Ranked by Rate," Violence Policy Center, Washington D.C., September 1998
- ²⁵ Rob Bhatt, "Assigning Responsibility for Responsible Gambling," *Las Vegas Business Press*, June 22, 1998, p.8; "Gaming Industry 'Amazed' Over Neighborhood Slots Debate," *Las Vegas Sun*, February 20, 1998; Rex Buntain, "There's a Problem in the House," *International Gaming and Wagering Business*, July 1996, p. 40; Paul Pringle, "Dealing with Addiction: Las Vegas' Gaming Industry a Backdrop for High Rate of Compulsive Gamblers," *Dallas Morning News*, May 30, 1997, p. 1A.
- ²⁶ Source: Mana Zarinejad, Public Affairs Coordinator, American Bankruptcy Institute
- ²⁷ U.S. Bureau of the Census, op. cit., p. 87
- ²⁸ *Ibid.*, p. 202
- ²⁹ *Ibid.*, p. 79
- ³⁰ "County Alcohol Problem Indicators 1986-1990," *U.S. Alcohol Epidemiologic Data Reference Manual*, Volume 3, National Institute on Alcohol Abuse and Alcoholism, July 1994
- ³¹ U.S. Bureau of the Census, op. cit., p. 202



Representing the Diocese of Fargo
and the Diocese of Bismarck

Christopher T. Dodson
Executive Director

To: House Government and Veterans Affairs Committee
From: Christopher T. Dodson, Executive Director
Subject: House Concurrent Resolution No. 3008 (Multistate Lottery)
Date: January 21, 1999

Mr. Chairman, members of the committee, my name is Christopher Dodson and I am the executive director of the North Dakota Catholic Conference. The North Dakota Catholic Conference opposes the expansion of gambling in North Dakota, recognizing that widespread availability of gambling threatens the common good. We urge a Do Not Pass recommendation on this resolution.

The experience of states with lotteries demonstrates that they do not provide the benefits often promised. The administration and advertising costs make lotteries an inefficient way to raise public money. Lotteries have been proposed to relieve tax burdens, but states with lotteries have seen a higher growth in tax rates than states without lotteries. Some states have set aside lottery revenues for education, but those states, on average, spend less on education than states without lotteries. When considered with the social costs of increased gambling, lotteries already add an estimated \$10.9 billion a year to the financial burdens of the states and their taxpayers. (For more information, see attached *Money* magazine article of May, 1996. We know of no more recent information to refute the conclusions of that article.)

There are, however, even more fundamental problems with lotteries. Legalizing participation in multistate lotteries expands gambling in North Dakota at a time when we are already struggling to deal with the social effects of gambling in our state. Moreover, lotteries constitute a regressive tax, the most unjust form of raising revenue. This injustice is compounded by the fact that lower income persons spend disproportionately more on lotteries. Lotteries amount to a cheap

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House Government and Veterans Affairs Committee
Page 2
January 21, 1999

and deceptive way of getting more money into the public coffers while placing the burden of the tax on those who can least afford it.

Judging from the public response to recent proposals, including lottery proposals, to expand gambling in North Dakota, the vast majority of people in our state do not want more gambling. I have also had the opportunity to share this proposal with representatives from other religious organizations. As a result of those conversations, the Western North Dakota Synod of the Evangelical Lutheran Church in America, the Northern Plains District of the Church of the Brethren, the Northern Plains Conference of the United Church of Christ, the Methodist Church, the Presbytery of the Northern Plains (Presbyterian USA), the Episcopal Diocese of North Dakota, and the Northern Province of the Moravian Church have asked me to share their opposition to this bill. Copies of some of their letters are attached.

Thank you for your consideration. We urge a **Do Not Pass** recommendation on this resolution.



Western North Dakota Synod

EVANGELICAL LUTHERAN CHURCH IN AMERICA

1614 Capitol Way • Post Office Box 370
Bismarck, North Dakota 58502
Phone: (701) 223-5312

January 4, 1999

Christopher Dodson
Executive Director, NDCC
227 W. Broadway, Suite 2
Bismarck, ND 58501

SUBJECT: Gambling

Dear Mr. Dodson,

Thank you for your letter informing me that there will be new attempts to expand gambling in North Dakota brought before the 1999 ND State Legislative session. The voting members from congregations of the Western North Dakota Synod of the Evangelical Lutheran Church in America, in assembly action, have twice voted to approve resolutions calling into serious question the wisdom of using legalized gambling as a revenue source.

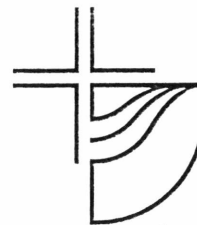
As Bishop of the WND Synod, I, too, register my objection to gambling in our society. There are so many links between gambling and the problems left for society to face in terms of children, marriages, homelessness, bankruptcies, and addiction, that any short-term gain in revenue is clearly offset by the long term decay to society. I believe that as people become increasingly aware of the destructive faces inherent in the gambling industry, they will resist any attempt to have government promote gambling simply as an easy way to raise revenue. I encourage the citizens of North Dakota to be willing to pay taxes in the amount necessary for the state of North Dakota to meet its responsibilities to the people. The legislature is encouraged to work for fair and equitable systems of taxation that can provide for good government. Gambling, specifically, should not be viewed by the legislature as a source of revenue for government or non-profit charities.

Sincerely,

Duane Danielson
Bishop

Northern Plains District Church of the Brethren

P.O. Box 493
Ankeny, Iowa 50021-0493
(515) 964-4816



Church of the Brethren

January 4, 1999

To North Dakota House of Representatives considering House Bill No 1133 and House Concurrent Resolution No. 3008

The Northern Plains District of the Church of the Brethren, of which I am the judicatory executive, includes congregations in **North Dakota**, Montana, Minnesota, and Iowa. I write to voice Church of the Brethren opposition to expansion of gambling in North Dakota. I join other judicatory executives, bishops, and other religious leaders in voicing opposition to House Bill No. 1133 and House Concurrent Resolution No. 3008.

The Church of the Brethren has historically been opposed to gambling and continues to oppose expansion of gambling in its various forms, including sports pools and multistate lotteries. We believe that gambling is morally wrong and that it causes much destruction and poverty for individuals and families. Gambling creates many problems that both the churches and the government will have to address. As I understand it, the proposed legislation would allow or expand those types of gambling. I hope that you would consider the voice of the faith community as you deliberate these items.

Sincerely,

A handwritten signature in cursive script that reads "Connie R. Burkholder".

Rev. Connie R. Burkholder
District Executive

The Northern Plains Conference

United Church of Christ

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Email: revsev@aol.com • Home Page: [www:http://angelfire.com/biz2/npucc](http://angelfire.com/biz2/npucc)

The Rev. Dr. Jack J. Seville, Jr.
Conference Minister

Rose Mary Hertz
Administrative Assistant

January 7, 1999

Christopher T. Dodson
Executive Director
North Dakota Catholic Conference
227 W. Broadway, Suite 2
Bismarck, ND 58501

Dear Chris:

Greetings from the Northern Plains Conference of the United Church of Christ!

Thank you very much for the alert on the two items that will come before the state legislature regarding gambling this session. Please know that I stand where I have always stood on this issue. I am opposed to any introduction of gambling in the State of North Dakota. The United Church of Christ, as a denomination, has taken numerous steps at General Synods in the past to speak out against the proliferation of gambling in our country. Unfortunately, I do not think that our denomination has gone far enough in that it has not taken a stand regarding casino gambling on Indian reservations. However, please know that you have the support of the Northern Plains Conference of the United Church of Christ in any effort to oppose the introduction of more gambling into the state of North Dakota.

"May the Peace of the Lord Jesus Christ be with you."

Sincerely,



The Rev. Dr. Jack J. Seville, Jr.
Conference Minister

LOTTO FEVER: WE ALL LOSE!

States sell lotteries as a painless substitute for taxes—and a way to raise money for good causes like education. But an exclusive MONEY investigation reveals that lottery states collect more in taxes and spend less on schools than states that go without the games. **by Peter Keating**

IT'S 9 P.M. ON A WINTRY THURSDAY NIGHT AS THREE sweatshirt-clad New York State Lottery agents start working the crowd at a small tavern named Cavanaugh's in Blue Point, N.Y., a Long Island suburb of New York City. From their corner table at Cavanaugh's—one of 3,157 bars, restaurants and delis in which the state of New York has recently installed lottery machines—the officials schmooze with patrons, offering them baseball caps and key chains as well as free lottery tickets. They hope to persuade the crowd to play Quick Draw, a video keno—or bingo-type—game so addictive that players call it Lotto Crack.

The lottery agents don't have to do much selling. Quick Draw, displayed on three of the 10 television screens at Cavanaugh's, already has the zombie-like attention of a dozen or so customers. Players fill out cards, choosing as many as 10 numbers from 1 through 80, and then bet as much as \$100 per card. When the game starts, 20 electronic balls float across the screens, landing on numbers. Players win prizes according to how many of their choices match. And win or lose, a new game begins every five minutes. As is typically the case with lottery games, tonight most players will lose far more than they win. Cavanaugh's Quick Draw winners collect \$1.250 on an average night, about half of the \$2,500 spent by all the players. "I know I'm probably going to lose," says Joe

Doucett, a 29-year-old electrical engineer, "but I keep playing because I might just get lucky."

That, of course, is the idea. Tempted by the possibility of turning \$1 into \$1 million, Doucett and his fellow gamblers throw more than \$88 million every day into lottery games—more than Americans spend on all spectator sports combined. As a result, lottery sales in the District of Columbia and the 36 states that have the games soared 12.2% in 1995 to \$32.1 billion, up from just \$2.9 billion 15 years ago, according to the North American Association of State and Provincial Lotteries in Cleveland. (This year, New Mexico became the 37th lottery state.) What the estimated 55 million Americans who play the lottery at least once a month probably don't realize, however, is how big a rip-off the state-run games are for them as taxpayers. A six-month investigation by MONEY reveals that the lotteries have neither lowered taxes for their residents nor boosted funding for education, as their champions have often promised. What's more, by helping turn people like Andy D. into compulsive gamblers (see the box on page 147), lotteries are adding an estimated \$10.9 billion a year to the financial burdens of the states and their taxpayers. Among our findings: ♦ **Lotteries are an inefficient way to raise public money.** Of the \$32.1 billion that states took in from lotteries last year, they kept just \$11 billion—a mere third of sales—after shelling



Illustrations by Lou Beach

out about \$21 billion on administrative costs and prizes (see the table at right).

◆ **Cash-strapped states typically rely on lottery revenues to plug ever-widening budget holes rather than using the cash to lower taxes.** Indeed, state spending by lottery locales (which make up 84% of the U.S. population) is projected to grow more than twice as fast in 1996 as it is in nonlottery states, according to data compiled by the National Conference of State Legislatures (NCSL) in Denver.

◆ **Despite marketing slogans such as New York's "Supporting education since 1967," lottery states spend less of their budgets on education than do states that go without lotteries, on average.** Some lottery lovers are enticed not only by the prospect of getting rich quick but also by the comforting notion that their money will go to pay for teachers and schoolbooks. But MONEY has learned that states that specifically target lottery dollars to pay for public schools often go on to decrease the share of general tax dollars budgeted to pay for education. The result: The proportion of state spending dedicated to education has remained relatively unchanged in the '90s—about 50% for lottery states and 60% for non-lottery states—despite the growth in lottery revenues.

When you add it all up, the marketing claims by most state lotteries are like losing numbers on instant tickets. They seem promising at first but are disappointing once you scratch beneath the surface. Let's examine some actual marketing pitches:

"Giving people the choice to raise money by purchasing lottery tickets will let your state hold the line on taxes." So said Gov. Thomas Meskill of Connecticut when he successfully proposed a lottery in 1971. But despite strong lottery sales (\$670.8 million last year), Connecticut state legislators enacted the state's first income tax in 1991. That's because a lottery does not inoculate a state against higher taxes. To the contrary, most states create lotteries because they need all the income they can possibly generate. That explains why, although states with lotteries have raked in more than \$128 billion in ticket purchases over the past five years, average



HOW YOUR STATE IS SPENDING YOUR LOTTERY MONEY

If you think lotteries offer an ingenious way for states to raise extra money for schools, this table will set you straight. The first surprise: Lotteries are an extremely inefficient way to raise money. In the first column, we rank states according to the percentage of lottery revenue they keep after spending money on operating costs and prizes. The average state keeps only 34.3% of the total proceeds; least efficient Idaho pockets only a fifth, vs. most efficient New Jersey and New York at 41.1%.

Despite the recent explosive growth in lottery sales, which have soared by 60% nationwide in the 1990s, lottery money remains a fraction of most state budgets, as the next four columns show. Partly as a result, lotteries have had little effect in limiting state tax hikes. Since 1990, per capita taxes in lottery states have risen more than three times as fast as in nonlottery states.

The final four columns reveal the states' changing fiscal priorities in the '90s. Contrary to what officials in many lottery states have promised, the average share of their state spending devoted to education has actually declined slightly since 1990, from 50.1% to 49%. At the same time, education spending has inched up in states that lack lotteries, from 58.2% to 58.9%. Where is the lottery money going? In large part to pay for skyrocketing state Medicaid bills.

—PK

State (YEAR LOTTERY BEGAN)	Efficiency (profits as % of lottery sales)	1995 lottery sales (in millions)	Growth (or decline) in lottery sales since 1990
New Jersey (1970)	41.1%	\$1,576.0	28.8%
New York (1967)	41.1	3,028.6	47.2
Pennsylvania (1972)	39.7	1,591.8	3.1
Oregon (1985)	39.3	670.9	315.7
Michigan (1972)	39.2	1,381.4	15.3
Florida (1988)	39.1	2,238.1	10.2
Delaware (1975)	37.9	114.1	71.8
Illinois (1974)	37.4	1,574.4	3.4
Connecticut (1972)	37.2	670.8	27.7
District of Columbia (1982)	37.1	230.2	54.4
Maryland (1973)	37.0	1,042.0	28.4
Georgia ¹ (1993)	36.4	1,375.4	29.0
Louisiana ² (1991)	35.7	305.3	(19.7)
California (1985)	35.5	2,166.2	(12.7)
South Dakota (1987)	34.7	161.3	147.8
Virginia (1988)	34.5	902.5	90.1
Washington (1982)	33.4	400.9	62.8
Texas ³ (1992)	32.9	3,036.5	66.3
Arizona (1981)	31.9	286.0	(0.7)
Wisconsin (1988)	31.8	518.8	67.4
Missouri (1986)	31.4	411.7	84.3
Kansas (1987)	31.0	171.9	166.5
New Hampshire (1964)	31.0	141.0	44.0
Nebraska ³ (1993)	30.7	79.0	49.3
West Virginia (1986)	30.6	180.8	169.9
Ohio (1974)	30.0	2,182.3	34.6
Indiana (1989)	30.0	610.7	51.5
Vermont (1978)	29.6	71.7	67.1
Colorado (1983)	28.6	351.9	151.5
Iowa (1985)	28.0	207.6	23.4
Kentucky (1989)	27.6	512.6	159.3
Maine (1974)	26.9	153.2	59.6
Montana (1987)	26.2	32.8	52.6
Minnesota (1990)	25.2	335.9	4.5
Massachusetts (1972)	23.0	2,793.2	78.7
Rhode Island (1974)	22.9	334.6	408.5
Idaho (1989)	21.1	88.0	33.3
LOTTERY STATES¹ (PER CAPITA, IN DOLLARS)	34.3	868.1	60.2
NONLOTTERY STATES (PER CAPITA)	N.A.	N.A.	N.A.

Notes: All years are fiscal years. N.A.: Not applicable. N.R.: Not reported. ¹Sales growth, tax and spending data from 1994, the first fiscal year lottery was in effect. ²Sales growth, tax and spending data from 1992. ³So after 1990. ⁴La State and Prov.

	Growth (or drop) in lottery sales 1990-95	1995 state tax revenues (in millions)	Growth (or drop) in state tax revenues 1990-95	Education's share of state spending in '90	Education's share of state spending in '94 ⁶	Medicaid's share of state spending in '90	Medicaid's share of state spending in '94 ⁶
576.0	28.8%	\$15,022.9	91.8%	39.0%	39.7%	9.3%	12.0%
028.6	47.2	33,158.0	15.6	42.6	39.8	11.9	18.8
591.8	3.1	15,910.5	38.5	47.3	43.8	10.5	15.2
670.9	315.7	3,368.9	55.3	43.7	51.5	8.6	12.0
381.4	15.3	7,995.2	11.4	44.6	52.7	11.5	9.8
238.1	10.2	14,043.0	40.0	63.2	54.3	7.0	14.0
114.1	71.8	1,601.6	41.5	49.3	51.5	4.9	8.1
574.4	3.4	17,001.6	32.4	46.1	47.0	11.8	18.5
670.8	27.7	8,479.7	38.7	34.8	22.9	8.1	9.6
230.2	54.4	3,247.6	5.2	N.R.	N.R.	N.R.	N.R.
042.0	28.4	7,043.7	22.8	42.1	42.1	10.2	14.7
375.4	29.0	10,244.0	11.0	38.5	48.3	22.2	14.3
305.3	(19.7)	4,906.0	(23.9)	31.1	57.8	25.5	6.1
166.2	(12.7)	42,189.0	7.5	51.6	44.6	8.7	14.5
161.3	147.8	598.4	36.3	50.9	48.4	10.1	13.7
902.5	90.1	6,829.5	24.3	53.1	51.8	7.9	13.5
400.9	62.8	8,517.0	35.8	60.8	59.7	9.0	12.8
036.5	66.3	21,714.6	7.1	44.1	61.0	21.0	11.7
286	(0.7)	4,406.3	41.3	56.3	56.2	8.7	11.0
5	67.4	7,906.5	38.6	46.7	49.1	10.0	11.7
411.7	84.3	5,241.5	28.9	54.2	54.4	7.1	5.7
171.9	166.5	3,293.1	44.2	57.5	66.0	7.5	4.7
141.0	44.0	939.8	58.2	23.0	20.6	11.4	17.0
79.0	49.3	1,738.0	14.3	40.4	55.7	14.4	12.6
180.8	169.9	2,227.5	29.3	68.7	71.2	6.1	6.8
182.3	34.6	12,155.6	5.7	52.0	48.3	11.5	15.2
610.7	51.5	7,014.7	51.6	59.6	56.1	10.1	16.4
71.7	67.1	684.8	21.1	46.0	39.5	10.5	17.0
351.9	151.5	3,911.9	55.6	62.0	56.7	10.5	14.3
207.6	23.4	3,838.4	33.7	59.0	59.1	6.8	9.1
512.6	159.3	5,070.1	41.6	64.0	64.1	7.1	8.3
153.2	59.6	1,671.7	17.9	51.9	43.0	8.2	12.7
32.8	52.6	934.4	114.0	59.7	62.5	6.0	8.2
335.9	4.5	8,706.6	26.1	46.7	49.0	10.6	13.0
1,793.2	78.7	16,391.8	39.5	27.4	20.6	12.5	15.3
334.6	408.5	1,665.0	21.3	35.3	36.4	12.8	20.4
88.0	33.3	1,293.6	54.8	62.9	66.0	4.3	8.3
668.1	60.2	6,404.4	27.6*	50.1*	49.0*	9.1*	12.9*
\$145		\$1,401	21.7%				
N.A.	N.A.	3,190.4	33.4	58.2	58.9	5.3	6.9
		1,049	7.2				

R. N. the ending
 from 1992. ³Sales growth, tax and spending data from 1993. ⁴All figures are averages. ⁵Excludes the four states that created lotteries after 1990. ⁶Latest data available. Sources: State lottery agencies, *La Fleur's 1995 World Lottery Almanac*, North American Association of State and Provincial Lotteries, National Conference of State Legislatures, National Association of State Budget Officers

per capita taxes in those states have increased 21.7% anyway, to \$1,401 a year. That growth rate is three times as high as in nonlottery states, where annual per capita taxes are now \$1,049, up just 7.2% since 1990.

Last year, when many state legislatures were in tax-slashing moods, your odds of seeing your taxes go up or down were pretty much the same whether or not your state had a lottery. Of the 36 states with lotteries in 1995 and Washington, D.C., 20 of them (56%) cut taxes and nine (25%) raised them, for a net tax reduction of \$2.8 billion. Similarly, seven of the 14 states without lotteries (50%) reduced taxes, while only two (14%) passed increases, for an overall savings of \$465 million.

According to gambling industry experts, lotteries don't offer much in the way of tax relief for two reasons. First, huge as they appear, lottery sales do little to alleviate state budget problems, because state governments don't get to keep most of the proceeds. Lotteries pay a majority of revenues back to players as prizes—about 54% in 1994 (the latest year for which data are available), according to data from *International Gaming & Wagering Business*. Operating costs—including advertising, salaries and commissions to agents and businesses that install ticket machines—gobble up another 12¢ of every sales dollar. That leaves states with only \$34.30 in profits for every \$100 of lottery tickets sold. By contrast, the typical charity retains \$79.80 of every \$100 it raises.

What's more, states typically treat lottery revenues as "found money" that they use to close budget gaps rather than to cut taxes or spending. This year, lottery states plan to spend a total of \$315 billion, or \$11 billion more than they did in 1995. That's a 3.7% spending increase and matches exactly the \$11 billion in profits that lottery states kept in 1995. Spending in nonlottery states, by contrast, is slated to grow just 1.46% this year, to \$40.2 billion, according to NCSL. "Voters want states to spend more, and politicians look at lotteries as a way to get tax money for free," says Elizabeth Davis, policy analyst at the Center for the Study of the States in Albany, N.Y.

"We are going to need new money if we want to have good schools. Either we have a huge tax bill or we approve a lottery." That's what then Gov. Ann

Gambling on state lotteries nearly drove this man to kill himself

ANDY D. (NOT HIS REAL NAME), 53, recalls all too well the wretched days back in 1990 when he realized that his gambling addiction was out of control: "I was stealing from my mother just to play the lottery." By the time he finally sought help he had lost his job, his New Jersey home,

His personal life was a shambles as well: His wife divorced him and kept the house, which he couldn't afford. He moved in with his 69-year-old mother, while vowing to his teenage daughter and son that he would pull himself together. "I told them all that I had a job," he says, "but I was actually driving across the state border every day, playing the New York and Pennsylvania lotteries with money I stole from my family."

Andy hit bottom on July 31, 1990, a date he remembers as "a good day for gamblers" because there were three local lottery drawings. "This was my last shot at covering my daughter's first semester at college," he says. "After losing all three games, I went into the men's room at the public library and tried to slash my wrists with a razor." That's not an unusual fate for people like Andy. Says Ed Looney, executive director of the Council on Compulsive Gambling in Trenton: "Eighty percent of compulsive gamblers think

about committing suicide, and one in eight actually tries."

Andy's salvation finally came after a three-week hospital stay, when, at the urging of the hospital staff, he got in touch with Gamblers Anonymous, the worldwide self-help group. A local chapter helped him formulate a budget plan, and since then he has been paying down his debts out of the \$75,000-a-year salary he earns as a textile-plant manager. And best of all, Andy hasn't bought a lottery ticket in 5½ years. His daughter is now in law school and his son in college; Andy, together with his ex-wife and mother, helps pay the tuition bills. "My children believe in me, and I have peace of mind," he says. "It's pretty amazing: Everything I wanted from gambling I got from *not* gambling." —P.K.

Richards told her fellow Texans in a televised address the day before the state voted to establish a lottery in 1991. Money for education is the explicit or implicit promise that most lottery promoters make: 18 states specifically earmark lottery money for education, and most others claim that schools benefit from the games. Says Mary Fulton, a policy analyst at the Education Commission of the States in Denver: "There's a deep and widespread perception among the public that lottery revenues are being used to substantially fund education."

During this decade, however, states with lotteries actually dedicated a declining share of their total spending to schools. In 1994 (the latest year for which data are available), lottery states devoted 49% of their total spending to education, down slightly from 50.1% in 1990, according to the Center for the Study of the States. Meanwhile, over the same time period, the average budget share for education increased slightly for nonlottery states, from 58.2% to 58.9%.

Florida, which created its lottery in 1988 to "enhance education," is one of several states that claim to earmark lottery money for schools but in reality mix it with general funds, so it's next to impossible to know where the money goes. This year Florida plans to spend just \$114 million, or 14%, of its projected \$829 million in lottery profits on specific statewide education projects. The other \$715 million will be sucked into the general budget. "We've been hurt by our lottery," says Gary Landry, spokesman for the Florida Education Association, the local school employees' union. "The state has simply replaced general revenues with lottery money—at a time when enrollments are increasing. It's a big shell game."

In New York State, lottery profits (\$1.24 billion in 1995) are earmarked by law for education, and the phrase "Supporting education since 1967" appears on the back of every Quick Draw play card. The truth: Education funding is set by the state legislature and does not



Lotto fever cost "Andy D." his marriage, his job and nearly his life.

his marriage and nearly his life.

In the '70s and early '80s, Andy had been a successful electronics manufacturing executive and the owner of a disco. At his peak, from 1982 to 1984, he earned \$100,000 a year. But his real passion was the lottery, which he played compulsively every day for eight years. "I spent whatever I had, 50¢ or \$200 a day," he says. "I gambled on vacation, even on the day I had an emergency appendectomy. I wanted to win millions. Then I *needed* to win millions."

Andy remembers the first time he bought a lottery ticket, in 1982. "I knew it was a sucker's bet," he says. "But no matter what else I did, there was no other way I could make \$1 million for a buck." Instead, eight years and \$100,000 worth of lottery tickets later, Andy's disco business had collapsed and he was \$1 million in debt.

“We’ve been hurt by our lottery. It’s a shell game.”

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YOUR TAX DOLLARS

automatically rise with lottery sales. "If they want to use half the money to plug a hole in the budget, there's nothing to say they can't," says Bill Pape, spokesman for the New York State School Boards Association. "Once it's in the general fund, it can be used for anything."

"The benefits of the lottery far exceed the social costs." These are the words of Jeff Perlee, director of the New York Lottery. Wanna bet? The odds are that you will pick up some of the estimated \$10.9 billion tab run up by the 1.5% to 7% of lottery gamblers who lose self-control from compulsive wagering. Robert Goodman, professor of public policy at Hampshire College in Amherst, Mass. and author of *The Luck Business* (Free Press, \$23), conservatively pegs the annual cost to the U.S. economy of each additional problem gambler at \$13,200. Reasons for the hefty price tag: Compulsive gamblers are more likely than healthy consumers to attempt suicide, destroy their families, write bad checks, embezzle money, go bankrupt and land in court or jail.

The proportion of callers to the Trenton, N.J.-based Council on Compulsive Gambling's national hotline who say they're addicted to lotteries has risen from 16% to 43% over the past decade. And the problem of compulsive lottery gambling seems destined to rise, as states offer more and more quick-action games. "If anyone thinks that putting lotteries and video terminals on every block won't lead to addictive and criminal behavior, they're in outer space," says Dr. Valerie Lorenz, director of the Compulsive Gambling Center in Baltimore. "We saw keno addicts within two weeks after it was introduced in Maryland." Even some state lottery officials agree. "Problem gambling was not apparent in Oregon before the state took video lotteries out of back rooms and turned them into a public experience," admits David Hooper, public affairs manager for that state's lottery.

Currently, state governments are spending more than \$350 million a year to market a new wave of especially addictive instant-jackpot lottery games. Oregon, Rhode Island, South Dakota and West Virginia, for

example, have legalized video lottery terminals, which blur the lines between lotteries and slot machines, generating \$3.8 billion in sales last year alone. Keno games similar to New York's 12-games-an-hour Quick Draw are now available in 13 states and produced more than \$1.6 billion in sales in 1995. "It's a consistent pattern," says public policy professor Robert Goodman. "Revenues are never able to meet the demands of the states over time, so they raise the stakes of the games. The states are the real addicts."

WHAT YOU SHOULD DO

Here are three tips for taxpayers:

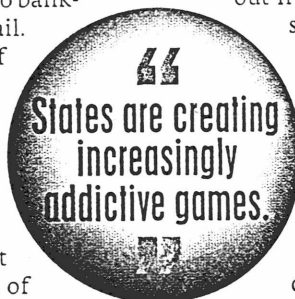
◆ **Find out how your state is using its lottery money.** Call your state lottery commission or department of revenue, and ask how lottery revenues are allocated. Inquire whether lottery money is being used to replace general fund spending on schools, and find

out if plans exist to expand your state's lottery games. If you don't like what you hear, write to your governor and state legislators and let them know.

◆ **If you or someone you know is having trouble controlling spending on lotteries, get help.** You can

call the National Council on Problem Gambling (800-522-4700), a nonprofit agency whose staffers will refer you to local counselors and meetings.

◆ **If you live in a state with an income tax and want to help its fiscal health while profiting at the same time, consider investing in your state's tax-free municipal bonds.** Today, such bonds—yielding about 4.65% to 5.75%—often pay more after taxes than taxable alternatives such as bank CDs for people in the 28% tax bracket or higher (married couples with taxable incomes above \$40,100 and singles with incomes above \$24,000). Since the odds of winning a standard lotto jackpot are 1 in 13.8 million, according to James Walsh, author of *True Odds* (Merritt, \$19.95), your chances of making money are substantially higher with muni bonds than they are with lottery tickets.



Reporter associates: Joan Caplin
and Karyn McCormack

North Dakota Council on Gambling Problems

Arthur A. Link
Chairman

January 21, 1999

RE: HCR 3008

Hon. Chairman Matthew M. Klein and members
of the House Government and Veterans Affairs Committee:

My name is Arthur A. Link, Chairman of the North Dakota Council on Gambling Problems.

The North Dakota Council on Gambling Problems is opposed to expansion of gambling.

The intent of HCR 3008 is to put the State of North Dakota in the lottery business. Here are the first five lines of the resolution: A concurrent resolution for the amendment of Section 25 of article X1 of the Constitution of North Dakota, relating to the state of North Dakota in a multistate lottery.

Statement of Intent

This amendment requires the legislative assembly to provide for participation by the State of North Dakota in a multistate lottery.

This would create a substantial increase in gambling which we oppose. But there is much more than that to consider.

It puts our state government in the position of encouraging its citizens to participate in a game of chance where players lose so government can get easy, painless revenue without using the dirty word of taxes. It is dishonest for government to prey upon the citizens to get revenue from the people that way. Consider also the cost of rehabilitating the addicted gamblers, the broken homes, bankruptcies, domestic violence and suicide.

Finally, why are we even here considering this issue again. North Dakota voters have spoken loud and clear seven times in the last ten years against lotteries and video gambling.

Ladies and Gentlemen of this committee stand up for honesty in government and give HCR 3008 a Do Not Pass recommendation.

Thank you.



Arthur A. Link

Measures voted on by the people of North Dakota

From the records of the Legislative Council.

	FOR	AGAINST
1986 -- Initiative - Establish a state lottery	127,136	156,777
1988 -- Const.Amend(Petition)allow legislature to establish a state lottery	43,951	61,331
1989 -- Referendum - Provide for the use of electronic video gaming devices	89,073	152,563
1990 -- Const. Amend(Petition)Provides that the Legislature shall allow games of chance in Roland Township in Bottineau County.	73,649	155,534
1990 -- Const. Amend (Petition) Authorizes electronic video gaming by private citizens, for profit entities, and non-profit organizations	76,700	152,918
1990 - Initiative - Regulates private games of chance conducted by use of video gaming devices	82,019	145,973
1996 - Const.Amend.(Petition) Authorize lotteries by alcoholic beverage sellers and allows Legislature to establish a state lottery	36,374	80,122

Gamblers pay harsh price of addiction

■ Habit often destroys careers, families

MATEA GOLD and
DAVID FERRELL, *Los Angeles Times*

Rex Coile's life is a narrow box, so dark and confining he wonders how he got trapped inside, whether he'll ever get out.

He never goes to the movies, never sees concerts, never lies on a sunny beach, never travels on vacation, never spends Christmas with his family.

Instead, Rex shares floor space in cheap motels with other compulsive gamblers, comforting himself with delusional dreams of jackpots that will magically wipe away three decades of wreckage.

He has lost his marriage, his home, his Cadillac, his clothes, his diamond ring. Not least of all, in the card clubs of Southern California, he has lost his pride.

Rex no longer feels sorry for himself, not after a 29-year losing streak that has left him scrounging for table scraps to feed his habit. Still, he agonizes over

what he has become at 54 and what he might have been.

Articulate, intellectual, he talks about existential philosophy, the writings of Camus and Sartre. He was once an editor at Random House. His mind is so jampacked with tidbits about movies, television, baseball and history that card room regulars call him "Rex Trivia," a name he cherishes for the remnant of self-respect it gives him.

"There's a lot of Rexes around these card rooms," he says in a whisper of resignation and sadness.

And their numbers are soaring as gambling explodes across America, from the mega-resorts of Las Vegas to the gaming parlors of Indian reservations, from the riverboats along the Mississippi to the corner mini-marts selling lottery tickets.

With nearly every state in the union now sanctioning some form of legalized gambling to raise revenues, evidence is mounting that society is paying a steep price, one that some researchers say must be confronted, if not reversed.

Never before have bettors blown so much money — a whopping \$50.9 billion last year — five times the
(More on GAMBLE, Page 8A)



LOS ANGELES TIMES

Once a promising book editor, **Rex Coile**, takes part in a poker game at the Crystal Park Casino in Compton, Calif.

Gamble: Living with the addicted very difficult

FROM PAGE 1A

amount lost in 1980. That's more than the public spent on movies, theme parks, recorded music and sporting events combined.

A substantial share of those gambling losses — an estimated 30 percent to 40 percent — pours from the pockets and purses of chronic losers hooked on the adrenaline rush of risking their money, intoxicated by the fast action of gambling's incandescent world.

Studies place the total number of compulsive gamblers at about 4.4 million, about equal to the nation's ranks of hard-core drug addicts. Another 11 million, known as problem gamblers, teeter on the verge. Since 1990, the number of Gamblers Anonymous groups nationwide has doubled from about 600 to more than 1,200.

No longer is habitual gambling an affliction suffered almost solely by men. More women, teen-agers and the elderly are rolling the dice than ever before. The addiction rate among youth is more than double that of adults.

Many gambling addicts, no matter what their age or sex, share a common beginning: a thrilling and hefty payday that they spend years trying to recapture, turning their early luck into a curse.

Although pathological gambling was recognized as an impulse control disorder by the American Psychiatric Association in 1980, the problem has been afforded neither the urgency nor the treatment funding of substance abuse, despite its similarly corrosive impact on society.

Compulsive gambling has been linked to child abuse, domestic violence, embezzlement, bogus insurance claims, bankruptcies, welfare fraud and a host of other social and criminal ills. The advent of Internet gambling could lure new legions into wagering beyond their means.

"It's the hidden disease of the '90s," says Paul Ashe, president of the National Council on Problem Gambling. "You can't see the card tracks on their arms. You can't smell the dice on their breath."

Clearly, most of the public views gambling as a relatively harmless, if somewhat expensive, recreational activity. The vast majority of people know when to stop, much like someone who can enjoy a single glass of wine over dinner. But even the gambling industry conservatively acknowledges that at least one out every 100 Americans has a serious betting problem — chasing the elusive exhilaration of a big win, rarely retreating from the staggering losses.

In South Carolina, for example, so many people are spending sleepless nights sinking their savings into the state's 31,000 video poker machines that the governor has dubbed them "the crack cocaine of gambling."

Every once in a while, a case is so egregious it makes headlines: A 10-day-old baby girl in South Carolina dies after being left for nearly seven hours in a hot car while her mother plays video poker. A suburban Chicago woman is so desperate for a bankroll to gamble that she allegedly suffocates her 7-week-old daughter 11 days after obtaining a \$200,000 life-insurance policy on the baby.

But these tragedies that flash before the public eye are just lightning strokes of a roiling night storm. Far more often, compulsive gambling bends lives more subtly, less sensationally, over the course of years.

Essential family needs are compromised — food, clothing, simple affection. Faced with mountainous debts, many gamblers lose their homes. Some steal and swindle to stay afloat another day. Too many end their free fall with a bottle of pills or a handgun.

"If this were a children's toy, it would be pulled off the market immediately," University of Illinois economics professor Earl Grinols says of gambling. "We would not tolerate it."

Grinols and other gambling critics believe that governments, no matter how strapped for cash, should not be creating victims, granting a stamp of approval to gambling that would never be extended to drugs, alcohol or tobacco. Thirty-seven states now run their own lotteries and spend millions on seductive advertisements.

"When the cigarette industry did this with Joe Camel, the country was outraged," says Valerie Lorenz, executive director of the Compulsive Gambling Center in Baltimore. "Now our government is doing it."

Despite the seedlings of a backlash, the reality is that the gambling industry is one of the most powerful forces in American business and politics, stamping out opposition through high-end marketing, sophisticated spin control and enormous campaign contributions.

In virtually every state where wagering was an issue in the November elections, pro-gambling forces prevailed, even costing two incumbent Southern governors their jobs because they opposed legalized betting.

With so much at stake, many scholars, addiction specialists and gambling foes of various stripes say it is time to examine the social implications of gambling's expansion, to consider not only the estimated \$18 billion generated last year for government but the well-being of those who ante up the money.

No one is sure how much crime is committed for gambling funds. But some surveys show that about half of Gamblers Anonymous members say they've stolen to bet.

In one survey, 47 percent admitted to some form of insurance fraud, embezzlement or arson. In three recent studies in Illinois, Wisconsin and Connecticut, 394 Gamblers Anonymous members reported a combined total debt of \$37.4 million, and four had embezzled at least \$1 million each.

Science has begun to uncover clues to compulsive gambling — genetic predispositions that involve chemical receptors in the brain, the same pleasure pathways implicated in drug and alcohol addiction. But no amount of knowledge, no amount of enlightenment, makes the illness any less confounding, any less destructive.

What the gamblers cannot understand about themselves is also well beyond the comprehension of family members, who struggle for normality in a world of deceit and madness.

"Anybody who is living with a compulsive gambler is totally overwhelmed," says Tom Tucker, president of the California Council on Problem Gambling. "They're steeped in anger, resentment, depression, confusion. None of their personal efforts will ever stop a person from their addiction. And they don't really see any hope because compulsive gambling in general is such an under-recognized illness."

Too often, families of gambling addicts endure more than warped finances and wrecked psyches. They have come to fear for their physical safety.

Many therapists say that, as gambling has proliferated, they have seen a rise in domestic violence and child abuse. In a horrifying case last year, a compulsive gambler in Massachusetts bludgeoned his sleeping wife to death after she had taken control of the family money.

Nancy Lantz, a former domestic violence therapist in Denver, says she saw an increase of battering by men she was treating when gambling was legalized in that state. A survey of battered women at a Colorado Springs shelter revealed that 10 percent of women seeking restraining orders reported that gambling contributed to the domestic violence.

"If there are already power and control issues in a relationship and you add gambling, it becomes a more lethal combination," says Lantz, who now runs a gambling treatment program in Indianapolis.

Although many spouses silently suffer the physical and emotional trauma, many are salvaging what's left of their lives, striking out on their own.

A study last year by SMR Research Corporation of Hackettstown, N.J., cited gambling as one of the biggest contributors to the dramatic increase in personal bankruptcies nationwide, especially in counties where multiple forms of gambling are legal.

The industry disputes such findings, arguing that factors such as relaxed bankruptcy laws and aggressive solicitation of credit-card customers are largely to blame for the rise in financial failures.

The link between gambling and homelessness is usually lost in the glare of other causes of poverty — especially drugs and alcohol, two other habits that some gamblers embrace. But almost one in five people cited gambling as a factor in their homelessness, according to a survey last spring of 1,100 clients at shelters run by the International Union of Gospel Missions. About 40 percent of those surveyed say they still gamble.

About one of every five compulsive gamblers attempts suicide, according to studies. Though comparative numbers are scarce, some counselors suspect that compulsive gamblers try to kill themselves as often — or more — than any other group of addicts.

With drug or alcohol abusers, there is the hope of sobering up, an accomplishment in itself, no matter what problems may have accompanied their addictions. Compulsive gamblers often see no way to purge their urges when suffocating debts suggest only one answer: a hot streak.

"They have nowhere to turn when they feel cornered," says Dr. Richard J. Rosenthal, a Beverly Hills psychiatrist who founded the California Council on Problem Gambling. "Very often they are motivated by their shame into more and more desperate attempts to avoid being found out."

David Phillips, a University of California, San Diego, sociology professor, studied death records from 1982 to 1988 — before legal gambling exploded across America — and found that people in Las Vegas, Atlantic City and other gambling meccas showed significantly higher suicide rates than people in non-gambling cities.

The gambling industry insists that those numbers reflect other social forces, including high volumes of visitors and natural statistical fluctuations.