

Abolishing Arkansas'

L O T T E R Y

By Jerry Cox

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Abolishing Arkansas' Lottery And Busting Some Myths Along the Way

Over the summer and fall of 2010, Family Council published a series of blog posts regarding the Arkansas lottery. These posts covered common lottery myths and reasons why Arkansas should abolish its state-run lottery altogether.

We have chosen to compile these seven posts into one easy-to read e-book.

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Busting the Lottery Ticket Vending Machine Myths

<http://familycouncil.org/?p=1279>

Ever since the plans were announced to install lottery ticket vending machines across the state, the Arkansas Lottery Commission has repeated at least three myths that deserve some busting.

Myth #1: Lottery ticket vending machines are necessary for scholarships.

Truth: The lottery exceeded expectations for its first-year's revenue, and yet the Lottery Commission still wants more money. You would think that after about 30,000 students—many of whom were qualified applicants—were denied scholarships, the Commission would look at the percentage of revenue devoted to scholarships. Right now, it's only about 22 cents on the dollar. Thousands more students could receive scholarships if the Commission would reduce its advertising or staff salary budgets.

Lottery ticket vending machines are not necessary to generate revenue for scholarships. What is necessary is for the Lottery Commission to straighten out its priorities, and devote more of its existing money toward Arkansas' students.

Myth #2: Lottery ticket vending machines will reduce lines at checkout counters.

Truth: It has been our understanding for quite some time that vending machines, generally speaking, won't be placed in stores that already sell tickets from the counter. The Lottery Commission is going after dollar stores and other places that don't currently sell lottery tickets. So the argument that vending machines will reduce the time you stand in line at the gas station just doesn't hold up.

Myth #3: Lottery ticket vending machines and the ticket cash-in process have proper safeguards to prevent underage gambling.

Truth: There's a reason why we don't sell cigarettes out of vending machines anymore—they were much too difficult to monitor for underage buyers. Lottery ticket vending machines shouldn't be seen any differently.

Even if a driver's license will have to be swiped to buy a ticket, this is not a sufficient safeguard. All a minor has to do is borrow an older friend's ID or steal one from a parent. Minors will also have no problem getting around the ticket cash-in process—all they have to do is find an older friend willing to split the prize money with them in exchange for cashing in the ticket.

Underage gambling **will** increase if machines are installed, and research shows that minors have a much higher propensity for addiction than adults do.

Posted By Jerry on 08/17/2010

Busting More Lottery Myths

<http://familycouncil.org/?p=1339>

Yesterday, the Arkansas Lottery Commission voted to install lottery ticket vending machines in spite of overwhelming public opinion to the contrary.

At the public hearing on Thursday, 21 people testified against the machines; 2 people testified for them. Before that, more than 1,220 people wrote public comments asking the Commission not to install the machines; only about 40 wrote comments asking for the machines.

Earlier this week, we told you about 3 lottery myths being passed around. After yesterday's display, I felt there were some more myths that still need to be busted, and here they are.

Myth #1: The more than 1,220 comments against the machines represent a vocal, anti-lottery minority—not the voters who support the lottery.

Truth: Lottery officials keep saying their job is to represent the voters who voted for a lottery in 2008. Well, if they had taken the time to read all the comments that were submitted last week, they would have found many of the comments came from people who voted for and play the lottery, but oppose lottery ticket vending machines.

Lottery vending machine opposition is bipartisan. There are people who voted for the lottery who don't want vending machines. There are people who play the lottery who don't want vending machines. The Arkansas Lottery Commission needs to realize that their decision yesterday goes against the will of most Arkansans, not just some vocal minority.

Myth #2: These machines will provide an additional \$5 million in scholarship money.

Truth: The 100 machines they've purchased so far cost \$50,000 each. That means they spent roughly \$5 million buying the machines. That's \$5 million they could have had in scholarships **this year**.

The Lottery Commission's best estimate is that these machines will add \$5 million in scholarship money by next year. So they spent \$5 million in order to get \$5 million. **It's a wash.** At best, they're breaking even, not adding money to the scholarship fund. The worst part is now it's going to take a full year before the scholarships recoup that \$5 million when the Lottery Commission could have just handed it to the kids instead of buying these machines.

And there is no guarantee these machines are going to meet those estimates in years to come.

Myth #3: The Arkansas Lottery Commission has the final say on whether or not lottery ticket vending machines come to Arkansas.

Truth: They don't. The People of Arkansas voted for the lottery amendment in 2008. The Arkansas Legislature passed the enabling legislation for the lottery in 2009. They created the Lottery Commission, and they could abolish it if they wanted to. The Arkansas Lottery Commission needs to respect the power of Arkansas' voters and elected officials, and remember that as a state agency their boss is the People of Arkansas, not the people who run the lottery for a living.

The Arkansas Legislature may have entrusted a lot of power to the Lottery Commission, but the Commission has abused that trust by overstepping its bounds. They may believe they have the authority to implement lottery ticket vending machines, but Arkansas' voters and legislators have the ultimate say on the issue.

Concluding Thoughts

It appeared to us that the Lottery Commission chose not to listen to the People yesterday. They opened a public comment period, and over 90% of the comments they received were in opposition to the machines, yet they unanimously approved the machines anyway.

We did notice that seated at the back of the room during the hearing were representatives of the lottery industry—particularly those who are selling lottery ticket vending machines to the State of Arkansas at \$50,000 a machine. Members of our staff overhead these people in the back of the room say during the hearing, “Don’t worry. We have the votes we need.”

I can only conclude that the Arkansas Lottery Commission was listening to someone other than the People of Arkansas at yesterday's hearing. If that's true, this is not how a state agency is supposed to work, and that's why our next move is to lobby the Arkansas Legislature to rein in this agency.

Posted By [Jerry](#) on 08/20/2010

Abolishing the Arkansas Lottery: Part 1

<http://familycouncil.org/?p=1426>

Over the past few weeks, we've focused considerably on how poorly managed the Arkansas Lottery is. We've talked about the lack of accountability at the Lottery Commission; the Legislative Oversight Committee's toothlessness in being able to provide any actual oversight; and even the Lottery Director's move to award comp time to himself and some high-paid employees who do not qualify for it. However, even though there are more than enough problems with the Arkansas Lottery, I don't want to lose focus of one very important fact: We shouldn't have a lottery in Arkansas to begin with.

There are several reasons Arkansans should repeal the lottery—and we will touch on some of them in the coming days. One very good reason to consider abolishing the lottery is the fact that even though it's called the "Arkansas Scholarship Lottery," the money isn't exactly going for scholarships.

Now, lottery proponents will stop us here and point out that the lottery is planning to hand out roughly \$100 million in scholarship money each year—and this is true. \$100 million is a lot of money—until you look at how many students are standing with their hands out, expecting to get the scholarship they were promised.

The fact is that Arkansas' lottery allocates less than 22% of its revenue for scholarships (the third worst in the nation)—and there's nothing in the law that could keep them from allocating less if they wanted to. What's more, in order to give money to as many students as possible, the lottery only awards each student \$5,000 or \$2,500 per year. There aren't very many schools in Arkansas where that amount of money will cover all your expenses.

Arkansas' lottery was pitched as a lottery for education—something that would open the doors for students to go to college. Lottery officials, however, have made it clear that scholarships are among the least of their concerns—that's why they allocate less than 22% of their revenue for the kids and talk more about prizes than they do education—and that they aren't interested in helping students who truly cannot afford a college education. Otherwise, they would set aside more money for scholarships and would be sure that scholarship recipients at least got enough money to cover tuition costs at most Arkansas colleges.

Lottery proponents knew the best way to pass a lottery was to tie it to education. In Arkansas' case, however, the connection between the lottery and education is tentative at best. That's not what we were promised, and that's why Arkansans should abolish it and find another way to send kids to college.

Posted By Jerry on 09/20/2010

Abolishing the Arkansas Lottery: Part 2

<http://familycouncil.org/?p=1428>

In [Part 1](#) of our series about [overturning the Arkansas Lottery](#), we examined how the “lottery for scholarships” we were all promised has really become more of a “lottery for profit,” with scholarships being almost an afterthought than the primary focus of the Arkansas Lottery. Today I want to examine another reason for abolishing the Arkansas Lottery: The economic harm it is causing our state.

The Arkansas Lottery pays only 21.5% of its revenue in college scholarships. Even though that figure is low, the Arkansas Lottery Commission still expects to dole out \$100 million each year in scholarship money. So how much money do Arkansans have to spend on lottery tickets in order to make that happen.

Using a little 9th Grade Algebra, we know that $0.215 \times \text{Gross Revenue} = 100,000,000$. That means that $\text{Gross Revenue} = 100,000,000 / 0.215$, which equals roughly **\$465,116,280**.

That means that in order to award \$100 million dollars in scholarship money, Arkansans will have to spend nearly half a billion dollars on lottery tickets.

That’s nearly half a billion dollars that could have been spent on groceries, clothing, housing, gasoline, or any number of other products. In other words, that’s nearly half a billion dollars taken out of the Arkansas economy and dumped into the State Lottery’s coffers. Removing half a billion dollars from the economy just doesn’t make sense—especially when our economy is still struggling to recover. The State of Arkansas should promote economic growth by encouraging people to spend their money at Arkansas businesses, not dampen the economy by stripping it of so much money.

Our lottery is hurting Arkansas’ economy, and it’s time we put an end to it.

Posted By [Jerry](#) on 09/21/2010

Abolishing the Arkansas Lottery: Part 3

<http://familycouncil.org/?p=1432>

In Parts [1](#) and [2](#) of our series on abolishing the Arkansas Lottery, we discussed how the Arkansas Scholarship Lottery is not really for scholarships and how economically destructive this state-run lottery really is. Today I want to look at another way the lottery is hurting Arkansas: Social destruction.

It's not a stretch to say that the lottery is contributing to divorce in Arkansas. Financial problems are often cited as the number-one reason for divorce in America. If the Arkansas Lottery is doing financial harm to any of its players—and evidence suggests it is—then we can safely conclude that the money problems are likely hurting marriages.

The social damage goes beyond the divorce rate, though. Problem gambling and gambling addiction are major consequences of having a lottery. When people play the lottery out of desperation, keep gambling in order to win back their losses, or routinely gamble and lose more than they intended to, that's "problem gambling" in action. When they can't stop gambling—or when they begin seriously neglecting necessities in order to afford lottery tickets—that's a sign of gambling addiction.

This sort of behavior affects more than just the individual buying the lottery tickets. It affects children who go hungry because their parents spent the grocery money on scratch-off tickets. It affects families when their car gets repossessed or their home goes into foreclosure because of out of control gambling addiction.

I've heard stories from people who have seen parents buy as much as \$50 worth of scratch-off tickets while simultaneously telling their children there's not enough money to buy bread or milk. In the last year, all of us have seen or talked to someone who has seen similar situations in gas stations and grocery stores across the state.

The Arkansas Lottery Commission knows this sort of thing happens. Otherwise, they wouldn't at least make the token effort to encourage people to "play responsibly," and they wouldn't allocate money to treat gambling addiction—although I'm told the amount they've allocated would treat very few cases, in reality. They openly admit that their "product" is destructive.

All of this bears the question: If we know gambling causes harm, why is the State of Arkansas in the gambling business? The State has an obligation not to do anything that directly harms its citizens.

This is just another reason why Arkansas has no business in the gambling business. We need to abolish the lottery right away.

Posted By [Jerry](#) on 09/22/2010

Abolishing the Arkansas Lottery: Part 4

<http://familycouncil.org/?p=1435>

In Parts [1](#), [2](#), and [3](#) of our series on repealing the Arkansas Lottery, we looked at how little lottery revenue is really going to scholarships; how much economic damage the lottery is causing; and how much social dysfunction the lottery is contributing to. Today, we're going to end our series by looking at one of the most compelling reasons of all: The fact that it puts the State in the gambling business.

So what's wrong with putting the State in the gambling business?

- First, it gives the State an unfair monopoly on an industry.
- Secondly, it puts the State in a position of preying on its citizens.
- And finally, it makes the State increasingly susceptible to corruption and outside influences.

When I say that the Arkansas Lottery gives the State an unfair monopoly on the gambling business, I don't want that to be interpreted to mean that I support casinos run in a free market; I don't. I believe the destructive elements found in a lottery are present everywhere gambling of any kind is—and that includes at the casinos in Hot Springs and West Memphis. However, people who claim to be “libertarian” on the whole state lottery issue need to realize that there's nothing libertarian about this lottery. The State of Arkansas is running a gambling ring all its own, with no competition whatsoever in all but two cities in Arkansas. Monopolies and bureaucracy always create problems—after all, how many of us wish the cable company or the Revenue Office were easier to deal with? I believe they would be, if they had a competitor to deal with.

Second, having a lottery puts Arkansas in the position of preying on its citizens. The State of Arkansas is now encouraging behavior that they acknowledge is addictive and destructive. They're enticing Arkansans to spend money on lottery tickets—counting on them to lose all along. Government is supposed to serve the People. It's simply wrong for any government to prey on its citizens like that.

Finally, it makes the State susceptible to corruption and outside influences. When I went to the public hearing on lottery ticket vending machines, I saw representatives from the gambling industry—in particular Intralot, who had sold Arkansas the machines—sitting in the back of the room. Based on what I heard them saying to people present at the hearing, I got the distinct impression they had been lobbying the Lottery Commission.

Intralot is based in Greece; their business revolves around lotteries and manufacturing gambling machines. They aren't an Arkansas-based company, and they don't have Arkansas' interests in mind—they're primary concern is Intralot.

When companies like these send lobbyists to Little Rock, they send with them all the wealth and influence of the gambling industry. It's hard to fight that much money. It may sound like a bad joke, but mixing politicians with gambling and a big pile of money seems like nothing more than a recipe for corruption to me.

There's simply no reason Arkansas has business in the gambling business. We need to abolish the state lottery right away.

Posted By Jerry on 09/23/2010

How to Abolish the Lottery

<http://familycouncil.org/?p=1455>

Last week, we built the case—in a series of four posts—*why* the Arkansas Lottery should be abolished. Now let's briefly talk about *how* to amend the Arkansas Constitution to abolish the lottery.

There are two primary ways:

Citizen Petition Drive

In Arkansas, citizens have the ability to spearhead a ballot initiative. The process takes a lot of time and energy, but it is well worth the effort—if you commit to it.

If a group of citizens gets their amendment approved by the Arkansas Attorney General and gathers enough signatures for it, the amendment will be placed on the upcoming statewide ballot for Arkansans to vote on.

This avenue was used to pass the Arkansas Marriage Amendment in 2004 and the Arkansas Adoption and Foster Care Act in 2008. It could also be used to abolish the Arkansas Lottery by as early as 2012.

Legislature Referendum

Members of the Arkansas Legislature can refer constitutional amendments to the people.

This November, for example, Arkansans will vote on an amendment that, if passed, will make hunting a constitutional right. A state legislator sponsored this measure during the 2009 legislative session, and got it passed through committee, both houses of the legislature, and signed by the governor. If voters pass the amendment this November, it will be added to the Arkansas Constitution.

The Arkansas Lottery could be abolished the very same way—particularly if enough citizens make their opposition known to the Legislature and encourage lawmakers to take action.

Conclusion

As we discussed last week, there is a strong case for repealing the lottery. If you missed our four-part series, here is a recap:

- **[Part 1: The Lottery Doesn't Provide Enough Scholarships](#)**
- **[Part 2: The Lottery is doing Severe Economic Harm](#)**
- **[Part 3: The Lottery is doing Severe Social Harm](#)**
- **[Part 4: The State Has No Business in the Gambling Business](#)**

Whichever path is taken, the Arkansas Lottery should be abolished as soon as possible to avoid any further damage to our state's economy and families.

Posted By [Jerry](#) on 09/27/2010
