

SNG-More gambling won't save Illinois-6-4-18

Don't count on more gambling to save Illinois

By Jim Nowlan

State governments are salivating now that the US Supreme Court has cleared the way for them to authorize sports gambling, a legal (Nevada only right now) and illegal industry that experts say dwarfs the lotteries and casinos in dollars wagered.

But don't count on any future state tax revenues from sports betting to make a dent in our state's huge budget deficit.

Illinois has seven forms of legal gambling, in order of tax revenue to the state: the lottery, video gambling, casinos, horse racing, bingo, pull-tab and jar games.

State revenue from gambling has jumped from \$118 million in 1975, when the state-run lottery was created, to \$1.3 billion (\$567 million in inflation-adjusted dollars) this past year.

The \$2.8 billion spent on Illinois lottery tickets this past year amounts to about \$600 for each of our state's five million households.

The Illinois Lottery returns only 60 cents in winnings for every \$1 spent on tickets, making it a really bad bet, yet a terrific profit maker for Illinois state government.

And, yes, Mildred, the state's \$730 million in lottery revenue this past year does go directly into the Common School Fund, as was ballyhooed when the lottery was sold to citizens. The problem is that budget-makers have taken a similar amount that would otherwise have gone to public schools from other sources and spent it elsewhere. So, little or no net gain for education.

Gambling at video terminals in bars and betting parlors was authorized just five years ago and has already surpassed riverboat casinos in annual revenue to the state, at almost \$300 million.

A friend in Galesburg (population 32,000) in western Illinois told me that this past year people in his town wagered \$86 million at video 139 video gambling terminals, and lost \$7.2 million, or \$225 for every person in his town.

Should Illinois jump on board with even more gambling?

I think the costs of gambling are greater than the benefits. But as a non-gambler, my assessment is highly subjective.

Various sources I turned to on the internet say that about 3 percent of all gamblers are either compulsive or problem gamblers, who create big social problems. Two decades ago, a friend of mine committed suicide, apparently over gambling debts he couldn't pay.

And while middle and upper-income folks spend more on gambling, the poor spend a higher percentage of their income on gambling, much of it taken from basic family needs. All this has to cause great anguish and worse within families.

On the plus side, my tennis partners have some bucks to squander weekly on the lottery, and they enjoy fantasizing about what they will do with their millions when they win the Power Ball or whatever. And on my one visit to an Illinois casino, I saw lots of seniors who seemed to find sitting at the slots preferable to another day of boredom back home.

Illinois will want to get in on the sports betting action, as experts predict most such gambling will be done online, so Illinois won't want to see its gambling dollars go to other states.

I am guessing legal sports gambling may be of the magnitude of the lottery, which might mean \$200-300 million more into our state coffers each year. Of course, it will hurt the other forms of gambling, just as the lottery and then casinos basically killed horse racing in Illinois.

The state's total take of \$1.3 billion from gambling this past year represents less than 2 percent of the \$70+ billion in annual state revenue, or the equivalent in yield of about one-third of a percentage point in the rate of the 4.95 percent individual income tax.

Ultimately, I predict Illinois will authorize sports gambling. Its yield to the state will, however, never come close to filling our multi-billion dollar budget hole. Yet it will add to the social problems generated by gambling addiction, and the spending of grocery money by many poor folks who can't resist the lure of fool's gold.