

YOU BETCHA

Despite Shirley Jackson, lotteries have enjoyed a rejuvenation in America over the last half-century. The modern era of state-run lotteries began in 1964 when New Hampshire instituted what is today the oldest lottery in the United States. North Carolina runs the nation's newest lottery, not yet six years old. Only seven US states do not conduct lotteries, although some are considering legislation to join those that do.

In 2004, US lotteries generated \$14.5 billion for public coffers on sales of roughly \$53.2 billion. Proponents often tout lotteries as nothing more than a voluntary tax that, although inefficient to collect, precludes debate on the politically charged issues of need, fairness, and burden. Even so, state-run lotteries rarely escape controversy.

State-run lotteries generate myriad concerns. Some problems, like fraud, can be effectively addressed by adding safeguards that increase transparency. Other problems, such as the potential to exacerbate gambling addiction—even though a link to the lottery has not been demonstrated — generate support for public programs to address such problems.

Still other objections are not so easy to address. For example, data indicate that lotteries act as a regressive tax. Commonly proposed paternalistic remedies to the regressive tax problem raise even thornier questions over the appropriate role of government. Some question whether the government should promote the unrealistic expectation of wealth, a hope, incidentally, that undergirds support for conservative fiscal policies.

The new frontier in lottery legislation and litigation is the privatization of these games of chance. As states struggle with historic budget shortfalls, public officials increasingly propose to sell lottery enterprises to private groups as a way to trade long-term revenues for immediate infusions of cash. Privatizing lotteries mirrors the actions of legislatures that have sold future tobacco settlement payouts for an immediate lump sum. Most problematic for this strategy of selling lottery enterprises is that current federal law seems to forbid the practice.

In the end, it may be legislators' failure to keep faith with constituents over the issue of lotteries that may retard the expansion of lotteries. The diversion of lottery revenues from their intended purposes, burgeoning administration budgets and questionably targeted marketing campaigns represent but a few unkept promises to voters.