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Reading Between the Lines of Oregon's Video Lottery Commercials

by [Alicia Hansen](#)

A smoking ban will soon take effect in Oregon, and it has given a surprising boost to the state lottery. [From the \(Eugene\) Register-Guard:](#)

Starting early next month, an actor dressed as a knight will urge Oregonians to try their hands at video gambling.

In one TV ad, this "knight of fun" gives a novice a ride on a white horse from his dreary living room to a neighborhood bar, where video terminals with slot machine-style games await.

The Oregon Lottery is hoping people take the cue and venture into any of Oregon's 2,353 video lottery retailers after a Jan. 1 smoking ban forces all the establishments to go smoke free.

The ads will mark the first time in Oregon government's 16 years in the video gambling business that the Oregon Lottery uses advertising to promote video poker and slot machine gaming.

. . .[G]iven projected losses of tens of millions of dollars in lottery revenue because of the smoking ban, the lottery is ending its own self-imposed practice of limiting advertising to the promotion of traditional scratch tickets and lottery drawings.

The venture into advertising slots puts the state in the sticky spot of touting a form of gaming that some experts decry as highly addictive.

We've written many times about the tax policy problems of state-run lotteries. Rather than just repeat [those arguments](#) here, we'd like to also point out that there's something a bit unseemly—dare we say "hypocritical"?—about a state restricting a dangerous activity (smoking) to promote residents' health while at the same time encouraging residents to consume products (gambling in bars and, by extension, alcohol and food served in bars) that, for many people, contribute to health problems (compulsive gambling, alcoholism, weight gain, etc.).

Assuming state spending has been cut as much as it can reasonably be, aren't there better ways to raise revenue than to advertise state-run gambling? Isn't that what income and sales taxes are for —to raise tax revenue?

If the video gaming machines were made, operated, and advertised by private businesses rather than run and taxed by the state as part of the lottery, that would be a different matter. The machines would still pose health problems for people who use them excessively (as do many goods and services offered in a free market by private businesses and individuals), but at least there would be no government involvement: no hidden lottery taxes to complicate the tax system, no state employees wasting time screening "Knight of Fun" ads (do the taxpayers pay for the popcorn?), and no state interest in residents' gambling or patronizing bars.

These ads have not aired yet, but in the meantime, we present an alternate, more honest, script for the commercials—the ad we'd prefer to see. There will be no actors in our version of the commercial, only various Oregon politicians who voted for or expressed support for both the smoking ban and the state-run video lottery ads. One by one, they will each recite a few sentences of the following script:

As you know, we've decided to prohibit smoking in bars and taverns. Owners, employees, and patrons of these establishments cannot be trusted to make their own decisions about their health, so we've done it for them. The unfortunate downside is that as Oregonians' lungs get healthier, state coffers will suffer: people often buy cigarettes and play the lottery at the same places, and a decrease in smoking could translate into a drop in lottery sales. Lower cigarette tax revenue and lower lottery tax revenue will both create shortfalls that we'll need to compensate for somehow.

We could, in theory, make up this lost revenue by raising state income tax rates a bit, or even by enacting a state sales tax on a broad range of goods and services at a very low rate since [we currently don't have one at all](#). But voters would notice those changes and they might not re-elect us. No one likes politicians who raise taxes!

So we found a better solution. We'll run ads to encourage our constituents to gamble (not *too* heavily, but the state does need the money, and your kids don't need braces *that* badly, do they?). We'll keep a portion of the profits from the video slot machines and call it something vague like "miscellaneous revenue"; if we don't acknowledge that it's implicit tax revenue, no one will suspect.

And while all those gamblers are at the bar, it would be great if they had a few drinks. (No, we're not going to run ads encouraging people to drink like we're doing with gambling, but it's only natural that people will drink if they're already in a bar, right? We knew this when we decided to allow video lottery machines only in establishments with liquor licenses. And excise taxes on alcohol sure would help fill up state coffers!)

Customers will probably also order some food when they're done gambling—chicken wings, nachos, anything fried. Yes, we know that typical bar food isn't too healthy, but the customers' lungs will be in better shape without all that smoke, so they can afford to raise their cholesterol levels and clog their arteries a bit. (Anyway, don't blame us if you develop medical problems

from all that bar food and alcohol you consume while playing video lottery: you're responsible for making your own health choices and—um, wait . . . never mind.)

We can't think of a better way for you, our constituents, to spend an evening than heading down to the local bar, having a few drinks, eating fried foods, and gambling for a few hours—or however long it takes to make up your share of the lost lottery tax revenue.