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**Business Insider**

# 18 Signs That The Lottery Is Preying On America's Poor

[Dina Spector](#), [Gus Lubin](#) and [Michael Kelley](#) | Apr. 6, 2012, 9:58 AM | 34,773 | [14](#)



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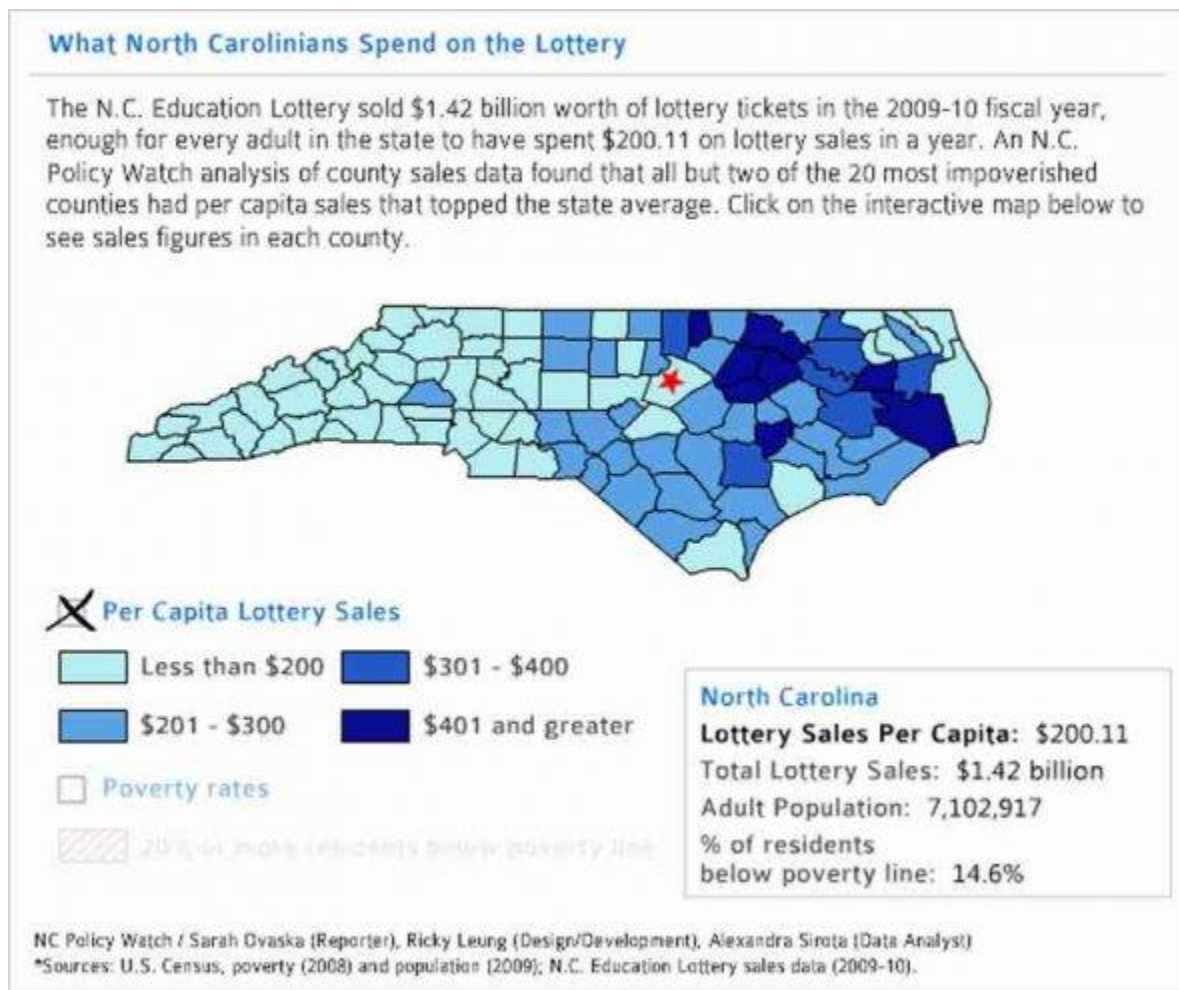
A week after America went crazy over the [record Mega Millions jackpot](#), we want to reiterate the cruel truth about lotteries.

They are (1) regressive taxes on poor people, in that a ticket costs relatively more for a poor person than a rich person, and (2) punitive taxes on the poor and uneducated people who are the most avid buyers.

The people who can least afford it are throwing away on average 47 cents on the dollar every time they buy a ticket. And the government, which relies increasingly on the lottery for funding, goes out of its way to tell them it is a good idea.

Obviously we have an opinion here, but it is an opinion grounded in numerous studies.

## Per capita lottery sales are highest in North Carolina's poorest counties



[NC Policy Watch](#)

Source: [North Carolina Policy Watch \(2010\)](#)

**People in households earning under \$40,000 accounted for 28 percent of South Carolina's population but made up 54 percent of frequent players. Uneducated people also made up a disproportionate share.**

Getty

Source: [A 2009 review of demographic studies commissioned by the South Carolina Education Lottery](#)

**Poor people were 25 percent more likely to play for money, rather than fun, compared to average in one survey. In other words, they play for the wrong reason.**



[Flickr/Johnny Grim](#)

Source: [Blalock, Just and Simon \(2005\)](#)

**49 percent of Californians with less than a high school education participated during one week in 1986, compared to 30 percent of those with a college degree. Lottery play was most popular among laborers and least among advanced professionals.**



[Flickr/Jeremy Brooks](#)

Source: [Clotfelter & Cook \(1990\)](#)

**Texas instant tickets were more likely to be purchased by a person who was out of work than someone who was employed or retired.**



[Flickr/Mark Scott AustinTX](#)

Source: [2009 survey conducted by University of Texas-Arlington's School of Urban and Public Affairs](#)

**The highest concentration of Connecticut lottery players was in the poorest cities—New Haven, Hartford and Bridgeport.**



[Flickr/basykes](#)

Source: [Hartford Courant \(2009\)](#)



**Of six counties studied on the west side of Chicago in 2008, the two with the highest unemployment — Bellwood and Maywood — also generated the highest per capita sales.**



[Flickr/pirate johnny](#)

Source: [West Suburban Journal](#)

**A 1994 study from Indiana University found that from 1983 to 1991 lottery sales tended to rise with unemployment rates.**



[Flickr/Indiana Public Media](#)

Source: John Mikesell in [National Tax Journal](#)

**Historical data implies that when the economy goes bad, lottery revenues go up, because "when people are feeling desperate, they are more likely to stop by the gas station and buy five lottery tickets, hoping they get a big windfall."**

[Flickr/S.C. Asher](#)

Source: Garrick Blalock, a Cornell University economist who co-authored a 2005 study on lottery revenues, in an interview with [ABC News](#)

**In 2008, during the height of the recession, at least 22 of the 42 states with lotteries — including New York, New Jersey and Connecticut — set sales records.**



[Flickr/BSH Shooter](#)

Source: [The New York Times](#)

**In Massachusetts, the state with the most popular lottery, annual ticket sales amount to a staggering \$663 per citizen in 2003.**

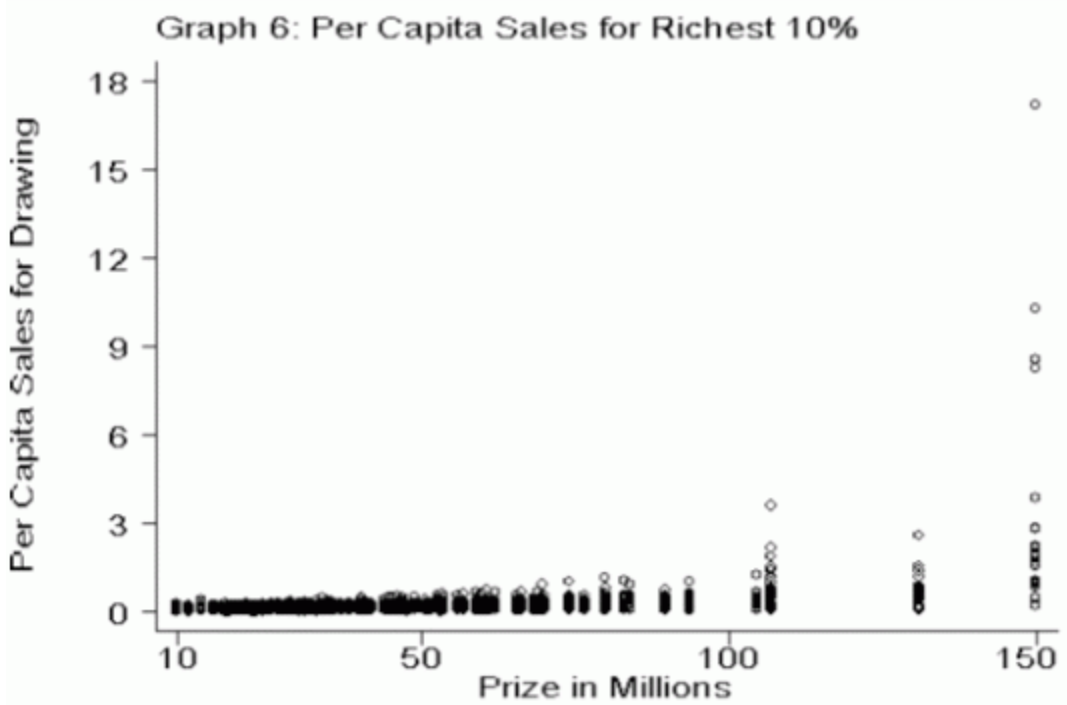
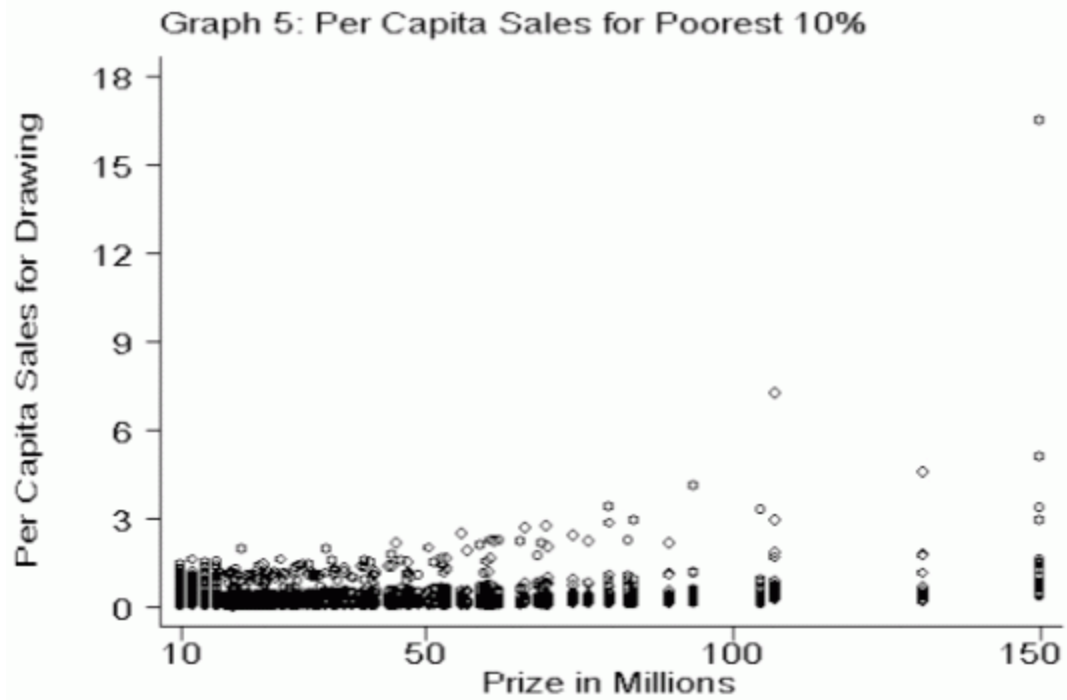




[Flickr/Mark Sardella](#)

Source: [Blalock, Just and Simon \(2005\)](#)

**On those rare super jackpots where the lottery has a positive expected value, rich people swoop in to buy tickets**



Source: [Oster \(2002\)](#)

**Lotteries are worse for poor people who have a "smaller margin of error" and can't survive loss of income that would be negligible for more affluent persons.**



[Flickr/mtarlock](#)

Source: [Bertrand \(2004\)](#)

**"State lotteries have the lowest payout rate of any form of legal gambling and provide a much lower rate of return than the assets that more affluent families tend to invest in."**





[Flickr/ShapeThings](#)

Source: [Coughlin in Federal Reserve Of St Louis Review \(2006\)](#)

**"The researchers conclude that lotteries set off a vicious cycle that not only exploits low-income individuals' desires to escape poverty but also directly prevents them from improving upon their financial situations."**

[Flickr/Kim Scarborough](#)

Source: [2008 Carnegie Mellon University study published in the Journal of Behavioral Decision Making](#)

**Studies show that lottery winners are no happier than people who did not win and often lose pleasure in everyday**

**activities. Winning the jackpot has also been shown to cause negative life events.**

[Flickr/Lottery Monkey](#)

Source: *Brickman, Coates, & Janoff-Bulman (1978) and Nissle & Bschor, 2002 in [Coughlin \(2006\)](#)*

**Twenty percent of callers to the 1-800-GAMBLER national hotline had trouble controlling spending on state lottery tickets.**



[Flickr/aepec](#)

Source: *[Journal of Behavioural Decision Making \(2008\)](#)*