



FACT SHEET: *February 18, 2010*

Lottery for Mississippi would be a Gamble for State Budget and Working Families

KEY TAKEAWAY:

While budget shortfalls are increasing and projected to continue for at least the next two fiscal years, the ability to address them with a cuts only strategy hurts working families and harms recovery efforts.

Lawmakers are searching for ways to increase revenue, and some have proposed creating a Mississippi lottery. While more revenue is needed for state services, there are better options for Mississippi families than creating a lottery.

Disadvantages of a State Lottery:

LOTTERIES ARE REGRESSIVE

Lottery is a regressive way to raise revenue because it would disproportionately affect low income Mississippians. Persons with lower incomes are more likely to play the lottery and dollars spent on the lottery make up a larger portion of income for lower income residents. Proponents of a lottery in Mississippi would like to see lottery revenues earmarked for college scholarships.

In Georgia where a portion of lottery revenue is directed toward college scholarships, research has shown that while the lottery disproportionately burdens low income and minority families, state expenditures made with lottery revenues disproportionately benefit persons with higher income and white families.¹

What is a Regressive Tax?

A regressive tax is one where people with lower incomes pay a higher percentage of their income towards the tax than people with higher incomes.

LOTTERY ADMINISTRATIVE COSTS ARE HIGH RELATIVE TO THE BENEFIT

Finally, in other states administrative costs and prizes consume a median of about 70% of lottery ticket sales. The dollars spent by residents on lottery tickets may actually have relatively little benefit to the state.²

BETTER REVENUE OPTIONS

To preserve critical investments in education, transportation and workforce development, Mississippi must take a balanced approach that includes raising revenues. By updating the income tax and modernizing the sales tax, Mississippi can generate revenue while taking into account people's ability to pay.

¹ Rubenstein and Scafidi, "Who pays and who benefits? Examining the distributional consequences of the Georgia Lottery for Education" June 2002

² Huddleston and Blankenship, Arkansas Advocates for Children and Families, "Gambling on Our Future" June 2008 <http://www.aradvocates.org/assets/PDFs/LotteryIssue43.pdf>