
Recent Legislative History of the Lottery in North Carolina

At least one lottery bill has been introduced in every session of the General Assembly since 1983. For the superstitious reader, that's nine sessions and nine lives for the lottery. These bills have typically sprung from the Senate, although there are a couple of House bills in the lot. As a body, only the Senate has taken a vote. Lottery bills in the House have rarely emerged from committee, and there are only a few instances of recorded votes on the floor of either chamber.

All of the bills were written by the same person, Kenneth S. Levenbook of the legislature's Bill Drafting Division, and all call for a public referendum on whether to institute a lottery. Most have been structured similarly, with 50 percent returned to the players in prizes, 34 percent to the state as profit, and the remainder devoted to various expenses. The bills have been tweaked subtly over the years to reflect issues that surface nationwide regarding how lotteries are run, Levenbook says. Under the current versions, for example, odds must be posted at retail outlets and cartoon characters that might appeal to minors cannot be used in advertising. While the 1983 bill would have devoted the revenue to education, some bills would have pumped the profits straight into the general fund, while others would have funded various capital projects.

What follows is a brief history of lottery legislation that has been debated on the floor of the House or Senate since 1983, courtesy of Levenbook.

- 1983: Senate Bill 275, introduced by Sen. Richard Barnes (D-Forsyth), passed second reading May 12, 1983, but failed a third reading 26–21.
- 1985: Senate Bill 532, introduced by the late Sen. Kenneth Royall Jr. (D-Durham), passed second reading by a 24–19 vote July 9, 1985. The bill failed to advance on third reading when the Senate deadlocked 24–24, and Lieutenant Governor Bob Jordan declined to vote.
- 1989: Senate Bill 4, introduced by Royall, passed third reading in the Senate, 24–19, on August 7, 1989, and was sent to the House. There, the bill was referred to the House Rules Committee and no further action was taken.
- 1991: Senate Bill 2, again introduced by Royall, passed third reading in the Senate 28–19 on June 13, 1991, by a 29–18 vote. The bill was referred to the House Finance Committee but never emerged from committee.
- 1993: Senate Bill 11, introduced by Sen. George Daniel (D-Caswell), passed third reading in the Senate on June 9, 1993, by a vote of 25–21. Again, the bill died in a House committee, this time the Committee on Constitutional Amendments and Referenda.
- 1995: House Bill 838, introduced by Rep. Toby Fitch (D-Wilson), received some discussion on the floor of the House in July 1995. Ultimately, the bill was referred to the House Judiciary II Committee, where it received an unfavorable report in June 1996.
- 1995: Senate Bill 624, sponsored by Sen. J.K. Sherron Jr. (D-Wake), failed second reading in the Senate by a vote of 19–27 on July 10, 1995.

According to Levenbook, no other lottery bills have been considered by either body *on the floor* since 1995. And while the lottery has its proponents in the House, the legislative history reveals that most of the action has been in the Senate. That much is unlikely to change unless the political makeup of the two chambers changes. Besides this history of support, the Senate has a larger Democratic majority (35–15 in the Senate vs. 66–54 in the House), and the Democratic nominee for Governor in 2000 is featuring the lottery as a key part of his campaign platform.

—Mike McLaughlin

of the lottery debate has some merit. The **arguments for a lottery** can be summarized as follows:

1. The lottery amounts to a voluntary tax, a painless way to gain additional revenue. Estimates are that North Carolina would raise \$300 million the first year after expenses and prizes.
2. Public opinion polls show that a majority of North Carolinians want a lottery. People should be allowed the freedom to play if they so chose. There is no need for the state to play big brother.
3. Lotteries have been used to raise money throughout the history of this country, including in North Carolina, and society has not fallen into ruin. Quite the contrary, the lotteries proved invaluable in financing wars, as well as education and infrastructure.
4. Thirty-seven states, including the neighboring states of Virginia and Georgia, now offer lotteries. North Carolinians are traveling to these states to gamble, spending an estimated \$86.5 million in the 1998–99 fiscal year on lottery tickets in Virginia alone, according to spokespersons for the Virginia lottery.⁸ That money could be staying in North Carolina. After deducting prize and expense money, about a third of the \$86.5 million went to support state government programs in Virginia.
5. Lottery revenues can be earmarked for socially acceptable purposes. The bills introduced in the 1999–2000 North Carolina legislature would use lottery receipts to fund college scholarships, to expand the preschool program Smart Start, to put technology into public schools, and to bolster the Clean Water Trust Fund.
6. There is little evidence that modern-day, state-sponsored lotteries are corrupted by criminal elements.
7. North Carolina already allows gambling in the form of religious and nonprofit-sponsored bingo games and raffles with proceeds going to charity. In addition, there is casino video gambling on the Cherokee Indian Reservation in Western North Carolina.

The **arguments against a lottery** are equally numerous. They include the following:

1. The state should not be sponsoring gambling, a widely recognized societal evil. The lottery

will encourage teenagers and others to participate in gambling.

2. Lotteries on average generate only about 2.2 percent of state revenues, hardly worth the expense to market and administer them.
3. Lottery revenues drop over time, forcing the states into ever-more aggressive marketing and ever-more cunning games.
4. States should raise money honestly through the tax system to generate revenues for perceived needs.
5. Studies show that as a percentage of household income, poorer people spend more money on lottery than people in higher income brackets. In effect, the lottery is a regressive tax.
6. Lotteries do not necessarily increase the amount of money states spend on programs earmarked for lottery revenues, such as education. On the contrary, states without a lottery spend a greater portion of their budgets on education than states with lotteries earmarked for education.
7. Lottery sales do not increase retail sales. On the contrary, dollars spent on lottery tickets are dollars not spent on retail goods.

To help sort out these different arguments, the N.C. Center for Public Policy Research has identified a list of a lucky 13 key questions to which lawmakers and citizens should have answers before voting on a lottery. In recent years, a number of comprehensive studies have been conducted that analyze the experience of other states with lotteries. Their findings provide a picture of what North Carolina would be likely to experience should the state adopt a lottery, as well as options for how to structure a lottery should the state decide to proceed.

II

I was of three minds,

Like a tree

In which there are three blackbirds

—WALLACE STEVENS

“THIRTEEN WAYS OF LOOKING AT A BLACKBIRD”