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Scope and Method of Study: Historically, Oklahoma has based most of the State's income on taxes generated from the production of oil and wheat. Since the fall of the oil prices and the drop in the price of wheat the State has been forced to look to other avenues for income. A lottery for the State has been discussed for quite some time but has not yet been adopted. There are numerous reasons for this. A statewide survey was conducted in 1986 and the results revealed that the general population did in fact want a lottery. Partial results of this survey are recorded along with an explanation of what steps are necessary to implement a lottery in the State of Oklahoma.

Findings and Conclusions: The question of whether or not to adopt a State lottery is very much a political issue. While the general public of this State do want a lottery the lawmakers are very hesitant to bring it to a vote. It appears that the only way a lottery will be adopted is by the introduction of an initiative petition. Two petitions have been introduced thus far but neither has yet been successful. The petition of 1986 is still being reviewed by the State Supreme Court and the most recent is still being reviewed by the State Department. It does appear that the State of Oklahoma will eventually initiate a lottery but this will not occur for several more years.

ADVISOR'S APPROVAL _____

OKLAHOMA LOTTERY: WOULD IT BE A
FISCAL FIX OR FISCAL FOLLY?

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OKLAHOMA LOTTERY: FISCAL FIX OR FISCAL FOLLY?

PURPOSE

The purpose of this project is to take an in depth look at the lottery issue and to come to an educated conclusion on whether a state lottery for Oklahoma would be of benefit to the State as a whole. Oklahoma has fallen from a State of great wealth in the oil boom days to the present situation of numerous bank closings, property foreclosures and a worrisome unemployment rate. In addition, Oklahoma ranks toward the bottom of the states with regard to teachers salaries. Many people seem to feel that a quick and easy solution to our problems would be to initiate a state lottery. Individuals have mixed feelings about gambling in this state. Many who condemn organized gambling enjoy sitting down to a friendly game of poker. In Oklahoma, the State government encourages one form of gambling, horse racing, while officially condemning others. Marx (1952) states that gambling has been with us since the days of the cave man. Originally gambling was done with animal bones, which were the precursors of dice. This paper will aid in the understanding of the issues involved. On one hand we have the noted sociologist, Edward Devereux Jr., who spent three years of his life studying lotteries and gambling, culminating in a 1,000 page doctoral thesis at Harvard, concluding that petty gambling, done for small stakes, is probably a good thing for most people. On the other hand, the Russian novelist, Dostoevsky (1948), wrote that gambling can

be a devastating evil. Certainly there is no subject that can stir more controversy and heated argument than the issue of a state lottery.

OBJECTIVES

The objectives of this creative component are to enable the reader to have a better understanding of the social, legal, and moral issues surrounding lotteries. In addition it will provide a list of current and readily available resources for readers interested in further study of the issue. Lastly, it will draw a reasonable conclusion regarding the lottery issue in Oklahoma.

REVIEW OF LITERATURE

A. Introduction and History of Lotteries

Before looking into the source of revenue that a lottery provides we must first define which lottery games are being discussed. Mikesell & Zorn (1987) state that there are basically five different lottery games being played in the twenty-three states having lotteries. The five types are: passive, instant, numbers, lotto, and keno. A brief description of each follows.

1. Passive. These games are periodic drawings from eligible entrants in sweepstakes style for predetermined prizes. The player does not specify an entry number.

2. Instant. Tickets contain a section with an opaque coating that when scratched off by the player, reveals what prize, if any, has been won. Certain tickets may then be entered in a later drawing for larger prizes.

3. Numbers. This game involves selection of a three or four digit number in a frequent, usually daily, drawing. Prizes are usually fixed amounts. The game is closely patterned after the illegal games by the same name.

4. Lotto. The player selects numbers from a defined range, such as six numbers from a field of one to forty-four (a 6/44 game). A drawing, usually weekly, awards a prize determined by the amount bet on that game to be divided among those choosing the correct numbers. Monies not won roll over into the prize pool for the next week. Because

there are many possible number combinations (for instance, 7,059,052 in a 6/44 game), the prizes often roll over and the pool can become enormous.

5. Keno. Keno is patterned after a casino game in which the player selects a group of numbers from a larger group of numbers. For example, you may pick ten different numbers from a group of eighty. The lottery then selects a group of numbers from this field, such as twenty. The greater the number of correct selections, the higher the payoff. Both the predetermined payoff and the odds depend on how many numbers the player has selected. The game typically yields better middle range prizes than does lotto.

The first lotteries to raise revenue appeared in Europe in the sixteenth century. Italian merchants sold lottery tickets to attract customers and to dispose of unsold goods. Francis I, of France, was unable to finance and support his court by ordinary taxes. Thus, he set up the first known government sponsored lottery in 1539 (Sullivan, 1972).

Queen Elizabeth I introduced the first English lottery in 1566 (Blakey, 1979). The monies from this endeavor were used for the much needed harbor repair. To serve as an enticement in these early lotteries all tickets were winners, although seldom did the prizes match up with the cost of tickets. Many won "plate and certaine sorts of merchaundizes" (Sullivan, 1972, p. 32). After the death of Queen Elizabeth the colonists brought the first lottery to America. This was in 1612. The Crown authorized the Virginia Company of London to conduct the lotteries. These lotteries proved quite successful, so much so that the Virginia Company sought to expand. Tradesman and business vendors soon

complained that the lottery siphoned money from honest industry and sought to shut the lotteries down (Weiss, 1968). Charges of mismanagement followed and the House of Commons removed the authority of the Virginia Company to conduct lotteries (Sullivan, 1972).

Eventually lotteries were once again introduced in America. The Quakers were the first organized opponents of the lottery and in fact won a ban on the games in Pennsylvania (Blakey, 1979). Political and economic considerations kept the Colonial lottery alive and well. Lotteries were used to raise money for coastal fortifications during King George's War (Ezell, 1960). In the early days of the lottery money generated was used primarily for national defense and other public programs. Private lotteries for personal gain were looked upon as common nuisance and in general were not allowed (Blakey, 1979). Benjamin Franklin, John Hancock, and Thomas Jefferson were among the well known Americans who supported the use of lotteries to raise federal funds. The proceeds were used to support everything from the steeple at Christ Church, in Philadelphia, to supporting the Revolution of 1776. It is most noteworthy that all lottery sales were not necessarily successful.

While most of the private sales went well, the federal lottery was the greatest failure of the war years. While trying to raise more than one million dollars to maintain troops in the field, the government failed, and one of the largest lottery efforts of the century failed also. The Continental Congress, in an effort to salvage the situation, asked the states to buy the remaining tickets. Not all the tickets were sold and the drawings were never held. Thus, the first federal lottery collapsed (Ezell, 1960). The federal government conducted two more

unsuccessful lottery attempts. The first was held from 1793 to 1799 to fund the development and building of Washington, D.C. Amidst sluggish sales and charges of mismanagement, the lottery director abandoned the project and was subsequently sued by disgruntled bettors (Sullivan, 1972). The second was a lottery to raise money to finance a canal between Maryland and the District of Columbia. Federal promoters sold tickets in Virginia even though lotteries were illegal in that state. When taken to the Supreme Court the ruling was upheld and the sale of tickets in Virginia ceased. Due to the narrowed ticket market, this lottery also failed (Blakey, 1979).

In 1842 Congress enacted a ban on federal lotteries. Texas and California banned the games in their first state constitutions. By the mid-1800s even the Supreme Court, opinions reflected the anti-lottery mood. However, the lottery issue was not laid to rest for long. In 1868 two men began a lottery in the state of Louisiana. This shaped the lottery history for decades. Mr. John A. Morris, a wealthy horse racing enthusiast, and Mr. Charles T. Howard devised the plan. Graft and corruption soared along with ticket sales and profits. Tickets were sold everywhere. At its peak the company netted almost five million dollars in profit each year (Sullivan, 1972). This is especially significant when remembering this happened in the late 1800s. Eventually, federal lottery laws squeezed the life out of the famous Louisiana lottery. Although the lottery companies could control the state government through bribes and corruption, they could not overcome the federal government. This lottery in Louisiana was one of the most famous lotteries ever held.

B. Lotteries as a Source of Revenue

State lotteries are once again becoming big business. New Hampshire introduced the first new state lottery in 1964. Since that time twenty-three more states have followed in New Hampshire's footsteps. Annual sales have risen to in excess of eleven billion dollars a year (Deboer, 1986). In the four years from 1980 to 1984 sales grew by an annual rate of thirty-one percent. As one lottery official noted, "We've been watching incredible growth for ten years. There's a limit to people's discretionary income....there's got to be a top somewhere, but we haven't seen it" (Curry, 1984, p. 16). Sales started out slowly and from 1964 until 1971 showed only a modest 137 million dollar gain.

Through 1984 the numbers game proved to be the biggest money maker. Since then lotto has moved quickly to become the number one lottery game. States recently adopting the lottery have quickly moved to introduce lotto games as their game of choice (Mikesell & Zorn, 1987). New Jersey introduced a most successful lottery in 1970. Other states soon followed. Bettors tend to easily cross state lines to gamble. This explains why lottery states tend to crop up adjacent to each other. As an example, eight per cent of the lottery sales in the state of New Hampshire during the 1960's went to out-of-state participants.

The types of games played also tend to affect the income. States began to introduce the numbers game in 1975 and lotto in 1979. These two games now account for over eighty per cent of the total lottery sales (Fallis, 1985). It would also seem to follow that when a new state starts a lottery the sales in adjacent states would fall slightly. This has not proven to be the case. It appears that the introduction of

both new lottery games, and new lottery states, actually stimulates the sale of the existing games. Another reason many experts feel sales have greatly increased is because in the games of lotto and numbers the bettors may choose their own numbers or sequence of numbers. Such active participation fosters what Langer (1975) calls the Illusion of Control. Participants feel that they have some control over the lottery outcome. The more gamblers think they are exercising a skill the more likely they are to play. Since the instant games do not have these incentives the sales decline shortly after their introduction.

Table I, on the following page, shows the course of state adoptions. To illustrate how fast the lottery is growing, in 1980 only thirteen states had instituted lotteries. By 1983 seventeen states and the District of Columbia, had joined the ranks of the lottery states. In 1986 five more states had joined and the most recent is Kansas in 1987. Eleven more states could enact a lottery with only legislative action. However, the remaining states would require constitutional action to first remove a prohibition prior to enacting a lottery. Table I also indicates that six states give donations directly to the school funds. This would certainly be a boost for the Oklahoma school system. The majority of the rest of the states give the proceeds directly to the general fund which can also feed the school funds. Oklahoma is one of the states which would only require legislation to enact a lottery. This legislation has now been introduced to the House of Representatives. This will be discussed more in depth in chapter six of this report.

Muller (1935) stated that people will gamble; it is a part of the mental, emotional, and spiritual nature of normal men and women. He

Table I

State Lotteries: Authorization, Initial Operation,
and Use of Net Revenues

<u>State</u>	<u>Authorization</u>	<u>Initial Operation</u>	<u>Use of Net Revenue</u>
AZ	Initiative	July, 1981	Yearly minimum set by local transportation assistance fund. Balance to general fund.
CA	Initiative (Nov, 1984)	September, 1985	Public Education.
CO	Referendum	January, 1983	50% for capital construction, 40% for conservation trust fund, 10% for parks and recreation.
CT	Legislation	February, 1972	General Fund.
DE	Legislation	November, 1975	General Fund.
DC	Initiative	August, 1982	General Fund.
IL	Legislation	July, 1984	General Fund.
IA	Legislation	August, 1985	Economic betterment, education, agricultural projects, and roads.
KS	Referendum	November, 1987	60% for general fund, 20% for penal institutions, 20% for senior citizens.

(table continues)

<u>State</u>	<u>Authorization</u>	<u>Initial Operation</u>	<u>Use of Net Revenue</u>
ME	Referendum	June, 1984	General Fund.
MD	Initiative, Legislation, and a Referendum	May, 1973	General Fund. Eff. 10/31/83, lotto profits allocated to 24 political subdivisions, to expire 10/84.
MA	Legislation	March, 1972	Dist. to 351 cities and towns for discretionary use. The first \$3 million of lotto is allotted for arts.
MI	Legislation	November, 1972	Primary and secondary education.
MO	Referendum (Nov, 1984)	Early 1986	General Fund.
NH	Legislation	March, 1964	Education.
NJ	Referendum	January, 1981	Ed. and state institutions. \$75,000 per year for compulsive gambling studies.
NY	Referendum	September, 1976	Elementary and secondary education.
OH	Legislation	August, 1974	General Fund until 1983, education since.
OR	Initiative (Nov, 1984)	April, 1985	Economic development.
PA	Legislation	March, 1972	Senior Citizens.
RI	Referendum	May, 1974	General Fund.
VT	Referendum	February, 1978	General Fund.
WA	Referendum	November, 1982	General Fund.

(table continues)

<u>State</u>	<u>Authorization</u>	<u>Initial Operation</u>	<u>Use of Net Revenue</u>
WV	Referendum (Nov, 1984)	November, 1985	General Fund.
Tristate	Legislation	September, 1985	Maine, New Hampshire, and Vermont split.

Source: Assorted annual reports, financial reports, and the Book of States (Lexington: Council of State governments). Original table from Mikesell and Zorn (1986, p. 312).

goes on to point out that even Moses was too wise to include a prohibition against drinking and gambling in the Ten Commandments. States stand to collect large amounts of money through their lotteries. In fiscal year 1984, net proceeds ranged from approximately \$1.2 million in Vermont, to \$514.8 million in Pennsylvania. More than \$2.6 billion was collected nationwide (Mikesell & Zorn, 1986). Overall there is a great support of the lotteries in the United States. From the pattern of states presently licensed to have lotteries it would appear that the same popularity is not evident in the midwest and the so-called "Bible Belt". One could hardly argue the fact that the lottery could become a significant source of state income. Consider the following: in the states of Maryland, New Jersey, and Pennsylvania the lottery sales were equivalent to adding another penny on the state sales tax. The consensus of opinion is that throughout the United States the overall effect of the lottery is the same as increasing state taxes from one to two percent (Curry, 1984). However, unlike the paying of taxes, participation in the lottery is strictly voluntary. No one takes pleasure in paying taxes, but people do enjoy playing the lottery. Therefore the lottery is both voluntary and popular.

Consider that in fiscal 1984 Massachusetts allocated over \$24 million to cities and towns and the arts; Michigan's school system benefitted from a \$236 million dollar influx of funds; New Hampshire transferred over \$5.6 million to schools; New Jersey allocated over \$358.3 million to education and state institutions; New York's schools received over \$392 million, Ohio education benefitted from an influx of \$250 million; and Pennsylvania senior citizens benefitted from over \$432.2 million in funds (Mikesell & Zorn 1986). There can be no doubt

or argument that lotteries do tend to relieve pressure on the fiscal system.

However, those opposed to the lottery system, for other than moral reasons, are quick to point out that the income potential of lotteries is unstable. In spite of the above, it appears that more and more states will be adopting lotteries as a source of income. It should also be noted that there is no reason a lottery needs to be operated by the state. The lottery could be a privately owned enterprise and taxed in much the same manner as horse racing or dog tracks. This would relieve that state of the burden of cumbersome record keeping and totally remove the expense to the state of running the lotteries. Table II shows net proceeds to state treasuries for calendar year 1985.

Table II

State Lottery Sales and Net Proceeds to
State Treasuries 1986

State	Gross Sales	Net Proceeds
		(Millions of Dollars)
Arizona	\$ 72.9	\$ 22.0
Colorado	105.3	32.0
Connecticut	344.5	148.8
District of Columbia	112.0	35.0
Delaware	38.7	15.0
Illinois	1,200.0	516.8
Maine	15.9	4.4
Maryland	681.0	250.1
Massachusetts	1,300.0	341.1
Michigan	885.5	360.0
New Hampshire	13.7	4.3
New Jersey	924.6	390.5
New York	1,300.0	600.0
Ohio	854.6	338.6
Pennsylvania	1,300.0	565.0
Rhode Island	52.3	18.7
Vermont	5.2	1.2
Washington	149.5	51.9
Total	\$ 9,355.7	\$ 3,695.4

Source: National Conference of State Legislatures. Original table from
 Corrigan (1986, p. 2430).

C. Psychology of Lottery Participants

Big jackpots create the most excitement. Five million dollars no longer excites people. Now the players don't really get excited until top prize money runs into ten million dollars or more (Corrigan, 1986). What kind of a person goes after money like this? The odds against winning a multi-million dollar jackpot are about one in four million. The lotto games, in which a bettor tries to pick a six number sequence, are the only ones designed for this kind of money. Greed is the one ingredient that the gaming people can count on to renew interest in the games when it slows. Playing on human psychology in another way, the gaming people will increase the number of prizes without revealing a corresponding decrease in their size. Thus, they increase the probability of winning (Bird, 1972). All of this is used to fool the public and get more players. The public responds beautifully. As the players increase it is noted that low income people do tend to spend a larger share of their income on lotteries compared to higher income people. Many of the opponents of the lottery in Oklahoma feel that the people who can least afford it are the ones who will be playing. In all the research that has been done there is no study that bears out this theory. Wealthier people tend to spend more actual dollars but a lesser percentage of income. (Lester, 1979).

The popularity of the state lotteries seems to be clear evidence that the people are getting what they want (Brinner & Clotfelter, 1975). The only aspect left is what happens to the lives of the winners and the lives of their spouses? Once again the studies were rather surprising. One of the most in depth studies was done by Kaplan, 1985. The patterns of their lives seemed to change relative to the amount of money won.

Winning a lottery of up to one hundred thousand dollars has very little change on a person's life. Once a winner crosses the one million dollar mark the changes begin to occur. Table III, on the following page, shows the change in work behavior of the winners and their spouses.

These results tend to show a strong adherence to the work ethic. Thus, it would appear that neither the players nor the winners are negatively affected by the lottery issue.

Table III

Type of Change in Work Behavior of Winners
And Spouses After Winning

Type of change	Winners		Spouses	
	#	%	#	%
Quit	49	11	34	13
Retire	59	13	35	14
Quit second job	10	2	3	1
Worked reduced hours	37	8	11	4
Change jobs	23	5	8	3
Increase hours	15	3	5	2
Stayed same	249	56	157	62
Other	4	1	-	-

Source: Lottery Winners and Work Commitment, 1985. Original table from Kaplan (1985, p. 6).

INTERVIEWS

An interview was conducted with one of the foremost experts in the state of Oklahoma on the lottery issue, Ms. Carolyn Thrift. Ms. Thrift was hired by the Oklahoma Tax Commission in 1982 to serve as a staff assistant in charge of lottery issues. She was to delve into the lottery issue from all aspects, from revenues that might be expected, to what the chances were for passage. Because of her years spent studying the lottery it was felt that her experiences and opinions would add balance to this paper.

Ms. Thrift travelled extensively to other lottery states to study problems they had and also to see what kind of profit was made from the lottery. From these studies she ascertained that by 1983 standards, Oklahoma would have realized a net profit of approximately fifty-one million dollars. Projection for 1987 set the figure for net profits at sixty to sixty-five million dollars. Gross sales would exceed these figures by about thirty-seven per cent. By 1986 the commission felt that they were prepared to start a petition campaign to bring the lottery issue to a vote. Private gaming companies donated five hundred million dollars toward this endeavor. In the State of Oklahoma, to introduce a petition of this sort, you must obtain the signatures of at least eight percent of the eligible voters who voted in the last general election. The petition must be completed within ninety days. For this particular petition the target number of signatures was one hundred and fifty-three thousand. This number was obtained in only forty-two days.

The petition was then filed according to the law. Ten days after it was filed a protest was brought before the commission. It was filed on behalf of seventeen local churches. This protest was led by Richard McCarthy, who was then head of the Southern Baptist Convention. It is interesting to note at this point that in a poll which was conducted at that time, ninety-five per cent of the Catholics and sixty-five per cent of the Baptists, statewide, supported the lottery issue. The main thrust against the lottery was by the fundamentalist churches. Note that Mr. McCarthy was hired not by the Baptist Churches, but by the seventeen fundamentalist churches. The protest was based on the fact that the petition contained illegal signatures. Although like any other petition this one did have some erroneous information, there were enough legal signatures to uphold the petition. Then in September of 1986, the State Supreme Court ruled the petition unconstitutional according to Oklahoma law. The court further stated that a formal opinion would be forthcoming. To date, no such opinion has been rendered.

Defending this petition cost in excess of one hundred and eighty-six thousand dollars. Approximately the same amount was spent by the Council of Churches. The gaming companies have since lost their interest in Oklahoma because many other states are interested in starting lotteries and seeking their assistance. It is rather difficult to comprehend but at the same time this was going on Oklahoma was busy passing legislation for the construction of a new horse racing track in the State. From all appearances the lottery issue is a political one and not an economical one. Ms. Thrift feels that although public opinion seems to support a lottery at this time, as evidenced by a 1986 poll, due to the political aspects of the issue it may be another ten

years before a lottery is introduced to the State. She also learned from her studies in other states, that the co-existence of a horse track and a lottery did not have a detrimental affect on either. Quite the contrary, many states feel that these two programs actually complement each other. A copy of the initiative petitions filed with the State of Oklahoma may be found in the appendices of this creative component.

A second interview was conducted with State Representative Ken Harris. Mr. Harris has been a member of the House Judiciary Committee for eight years and also serves as Chairman of the State-Federal Relations and Regulation Committee. He was asked what steps would be necessary to introduce a state lottery in Oklahoma. There are three ways for this to be done. One way is through legislation. Legislation does not involve a popular vote of the people, but rather the law is passed by legislators. A second method for passage would be for the people to go to their senators and representatives and convince them that the people of Oklahoma want a lottery. The representative would then file a bill and it would be brought to a committee vote. Once it passes the House and the Senate it would be put on a ballot and go to the people for a vote. Even though polls show that the majority of the people of Oklahoma favor a lottery, there are some very powerful lobby groups and individuals who do not want a state lottery. The third way the issue may be brought to a vote is by an initiative petition. Most people questioned seem to feel this will be the means used if a lottery ever does pass in Oklahoma. Utilizing Title 34 of the State Code, a petition must be filed with the Secretary of State. Once filed, the petitioner has ninety days to collect the required amount of signatures. As stated earlier, the petition must contain the signatures of at least

eight per cent of the eligible voters who voted in the last election. The petition is then sent to the State Supreme Court where it is checked for accuracy. The Court approves the petition and then there is a ten day period in which the petition may be challenged. If there is no appeal the Oklahoma Supreme Court then submits it to the election board and it is submitted to the voters of the state.

OKLAHOMA STATEWIDE LOTTERY SURVEY OF 1986

In September, 1986, Thomas Kielhorn & Associates, conducted a statewide base survey regarding the lottery. Following is a brief sampling of some of the questions asked and the corresponding responses. Respondents had to be registered voters in the State of Oklahoma. A proportionate number of respondents were surveyed from each county in Oklahoma based on population of the counties.

1. Oklahoma needs to raise 300 million dollars to continue to support state programs or else cut services by 9 per cent. Do you prefer to raise taxes and continue to support programs or cut state programs by 9 per cent?

Raise taxes	25%
Cut programs	42%
Both	4%
Neither	12%
Not sure	17%

2. To increase state revenue some people have suggested a state-run lottery. How would you vote on this issue?

Strongly favor	36%
Somewhat favor	27%
Somewhat oppose	8%
Strongly oppose	23%
Undecided	6%

3. If Oklahomans were voting on the issue, do you think it would pass or fail?

Pass big	11%
Pass close	36%
Lose close	30%
Lose big	9%
Don't know	14%

4. In your opinion, is playing the lottery a serious form of gambling or a fun game of chance?

Serious gambling	31%
Game of chance	62%
Don't know	5%
Refused	1%

5. A state-run lottery would raise a great deal of money for the state treasury.

Strongly agree	42%
Mildly agree	30%
Mildly disagree	9%
Strongly disagree	12%
Don't know	7%

6. A lottery would be bad for poor people because they would spend more money on tickets than they could afford.

Strongly agree	25%
Mildly agree	17%
Mildly disagree	23%
Strongly disagree	33%
Don't know	2%

7. Playing a state lottery would be a lot of fun.

Strongly agree	36%
Mildly agree	34%
Mildly disagree	9%
Strongly disagree	16%
Don't know	5%

8. I don't think our state government is capable of running a lottery fairly or efficiently.

Strongly agree	25%
Mildly agree	24%
Mildly disagree	17%
Strongly disagree	23%
Don't know	11%

9. A state-run lottery would lead to more organized crime coming into the state.

Strongly agree	24%
Mildly agree	15%
Mildly disagree	22%
Strongly disagree	35%
Don't know	4%

10. People are going to gamble anyway, so the state may as well benefit.

Strongly agree	45%
Mildly agree	21%
Mildly disagree	10%
Strongly disagree	21%
Don't know	3%

11. A lottery would hurt the horse racing industry in Oklahoma.

Strongly agree	4%
Mildly agree	8%
Mildly disagree	21%
Strongly disagree	53%
Don't know	14%

12. A lottery would encourage other forms of gambling in Oklahoma.

Strongly agree	20%
Mildly agree	17%
Mildly disagree	24%
Strongly disagree	35%
Don't know	3%

13. Revenue from a state-run lottery would mean fewer tax increases in the future.

Strongly agree	23%
Mildly agree	30%
Mildly disagree	18%
Strongly disagree	21%
Don't know	8%

14. A lottery would lead to more corruption in state government.

Strongly agree	19%
Mildly agree	21%
Mildly disagree	25%
Strongly disagree	28%
Don't know	7%

15. It is a personal right to be able to place a bet or buy a lottery ticket and the state should have no right to restrict it.

Strongly agree	43%
Mildly agree	20%
Mildly disagree	13%
Strongly disagree	18%
Don't know	6%

16. All gambling, including the lottery, is immoral.

Strongly agree	20%
Mildly agree	10%
Mildly disagree	18%
Strongly disagree	50%
Don't know	3%

In the following list, the people were asked if the suggested proposals would make them much more likely to vote for the lottery, some more for, some more against, much more against, or no difference.

1. Lottery profits will be split 50% to education, 30% to economic development, 20% to the elderly and needy.

Much more for	46%
Some more for	21%
Some more anti	4%
Much more anti	5%
No difference	26%

2. The lottery would be administered by a seven member commission independent of state agencies.

Much more for	23%
Some more for	23%
Some more anti	10%
Much more anti	11%
No difference	33%

3. The commission would be made up of two law enforcement officials, two educators, and one retired judge.

Much more for	29%
Some more for	24%
Some more anti	5%
Much more anti	8%
No difference	34%

4. No one under the age of 18 can buy a lottery ticket.

Much more for	53%
Some more for	19%
Some more anti	3%
Much more anti	6%
No difference	20%

5. The proposal does not put a limit on how much the commission can spend on administering the lottery.

Much more for	5%
Some more for	7%
Some more anti	29%
Much more anti	37%
No difference	22%

6. The law requires the Oklahoma State Bureau of Investigation to conduct background checks on all lottery vendors and sellers.

Much more for	56%
Some more for	18%
Some more anti	3%
Much more anti	5%
No difference	18%

7. One out-of-state lottery company, Scientific Games from Atlanta, has contributed 500,000 dollars to the pro-lottery campaign.

Much more for	8%
Some more for	11%
Some more anti	12%
Much more anti	24%
No difference	45%

8. That a law continues the ban on casino gambling in Oklahoma.

Much more for	30%
Some more for	17%
Some more anti	7%
Much more anti	12%
No difference	35%

9. 50% of all proceeds will go to winners, 40% to education and economic development, and 10% to operating the lottery.

Much more for	35%
Some more for	25%
Some more anti	5%
Much more anti	10%
No difference	26%

10. Most state church leaders oppose the lottery.

Much more for	11%
Some more for	6%
Some more anti	6%
Much more anti	11%
No difference	67%

11. Most educators and senior citizens favor the lottery.

Much more for	24%
Some more for	17%
Some more anti	4%
Much more anti	5%
No difference	51%

Having heard all the argument for and against, how would you vote today?

Definite for	38%
Probably for	27%
Probably against	7%
Definite against	25%
Undecided	3%

The next question stated, some Oklahomans like to make wagers and others don't. Do you.....

1. Occasionally make wagers with your friends on the outcome of sporting events like football, basketball, or baseball?

Yes	39%
No	60%
Refused	1%

2. Ever play bingo for cash prizes?

Yes	26%
No	74%
Refused	0%

3. Occasionally make a bet at a racetrack?

Yes	25%
No	74%
Refused	0%

4. Ever placed a bet at a casino?

Yes	25%
No	74%
Refused	0%

5. Ever bought a lottery ticket in another state?

Yes	23%
No	76%
Refused	0%

Lastly, they were asked...

Did you favor or oppose the passage of liquor by the drink in 1982?

Favored	57%
Opposed	37%
Unsure	5%

Did you favor or oppose the passage of pari-mutuel horse racing in 1982?

Favored	58%
Opposed	33%
Unsure	9%

SUMMARY

According to the lottery survey conducted in Oklahoma in 1986, by Thomas Kielhorn & Associates, the main reason the population of Oklahoma supports the lottery is because of the increased revenue to the State. The lottery is a voluntary and fun way to raise additional money for education, economic development, and senior citizens. Very strong safeguards could be implemented to protect the honesty and integrity of a State lottery and this has been demonstrated by the performance of lotteries in other states. There are too many checks and balances in place and there is not enough profit for organized crime to be interested.

If a person is interested in gambling they will find a way to do so whether it is betting on horses, playing cards, betting on baseball pools, etc. No reliable studies have linked lotteries to a compulsive gambler. The action provided is not fast enough - he does not have the patience to wait (Panche, 1984).

As a consumer issue it appears that the lottery would be a tremendous benefit to the State. Not only would you have the proceeds from the lottery going to State agencies, there would also be more capital generated in the form of salaries, equipment, property rentals, etc. The gross proceeds would be of benefit in addition to the net proceeds.

CONCLUSION

As one of our founding fathers, Thomas Jefferson, succinctly stated in 1826, "If we consider games of chance immoral, then every pursuit of human industry is immoral; for there is not a single one that is not subject to chance, no one wherein you do not risk a loss for the chance of a gain". Conclusions drawn from the Kielhorn & Associates survey clearly show that the people of Oklahoma do want a lottery. Lawmakers tend to want to avoid the issue because there are some very influential groups and influential people opposed to the lottery. It seems to appear that the only way the State of Oklahoma will get a lottery in the near future would be through an initiative petition. Appendix B shows the contents of the petition presently filed with the State Department. This petition has some serious flaws and has little chance of passage. Until the people of this State quit waiting for something to happen, and instead make it happen, little will be done. The people can force the lawmakers of this State to enact a lottery but this will be a few years from now. As stated in the text of this creative component, once a state begins a lottery, the surrounding states seem to do the same. Since Kansas has just instituted their lottery maybe Oklahoma will soon follow.

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APPENDICES

APPENDIX A

INITIATIVE PETITION FILED MAY 5, 1986

The gist of the proposition is as follows:

Shall a statute creating a lottery to be operated by the State of Oklahoma; providing at least 50% of total annual revenues be returned to public in form of prizes; providing that 50% of net revenues of lottery be used to benefit education, 30% be used to benefit economic development and job creation, and 20% be used to benefit programs for the elderly, the handicapped, and the needy, which programs shall include, but not be limited to, primary health care, civil legal services, child support enforcement, and child care; creating the Oklahoma Lottery Commission; providing for composition, qualifications, appointments, and terms of Office of the Commission; providing for appointment of a director; providing for an assistant director for security and a security division; providing for independent audit of lottery finances, independent audit of lottery security, and financial reports; providing that public sales of tickets begin no later than 135 days after effective date of act; providing for the operation and administration of the lottery and funds; providing for contracting with lottery game retailers; providing for procurement of goods and services necessary to operate the lottery; providing for security and background investigations to be conducted by the Oklahoma State Bureau of Investigation; providing for creation and administration of the Oklahoma Lottery Revolving Fund; providing for an appropriation in the amount of

nine million five hundred thousand dollars to be repaid with interest during the first twelve months after the effective date of act; providing for effective date of the act to be January 15, 1987, except for preliminary study by the Oklahoma State Auditor and Inspector be adopted by the people?

APPENDIX B

INITIATIVE PETITION FILED DECEMBER 31, 1987

The gist of the proposition is as follows:

Shall a statute Amending Title 21, Section 1051, to permit city-option lotteries with 50 percent of lottery revenues to be spent for prizes, 10 percent for administration, six per cent for ticket salesmen (7 per cent for every winning ticket sold), and the remaining 34 per cent net profit would go the general fund of incorporated municipalities holding a lottery. Lottery officials would be required to use the State's central purchasing system. An eight-member State Lottery Commission made up of four males and four females would be appointed by the governor with State Senate confirmation be adopted by the people?

VITA

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