

Fact Sheet: America's bad bet on expanding legal sports gambling

An extensive report [by Bloomberg](#) cataloged the harms since (UK) legalization: Sixty percent of industry profits come from the top 5 percent of users; the industry, supposedly regulated, has an estimated 36,000 children addicted to it; the government estimates 8 percent of suicides are gambling related.

None of this would be a surprise to experts in addictive industries. [Mark Kleiman, the late public policy professor](#) who advised states legalizing marijuana, frequently brought up the “80/20 rule” — that 80 percent of most industries’ profits come from its top 20 percent of users.

In a 2013 Vice interview, Kleiman said: The public interest is in the provision of alcohol, cannabis, gambling services to people — adults — who use them responsibly and harmlessly. ... The commercial interest is in finding those people with problems and in making as many of them as possible.

The same logic applies to sports betting. It’s not casual gamblers that will expand these companies’ profits, it’s the addicts. In New Jersey, “About 5% of all sports bettors placed nearly half of all bets and spent nearly 70% of the money,” wrote Lia Nower, the director of the Center for Gambling Studies at Rutgers, [in the Conversation](#).

According to the [National Incident-Based Reporting System used by the FBI](#), there were 893,682 drug offenses reported in the United States in 2021. There were 504 betting/wagering offenses. [Sports gambling was functionally already a decriminalized activity](#).

The specific event that spurred Stewart Kenny, the Paddy Power co-founder, to resign from the directors was [learning that](#) “senior managers shelved a safer gambling campaign it was running in Australia because it had proved too effective and was costing them money.”

Revenue is fungible: As soon as legislators see a service being funded by one source, it’s a green light to [cut its funding](#) from elsewhere. State lotteries, for instance, were widely created with claims that the revenue would bolster, say, education. But instead of that lottery money being added on top of existing education funding, it often [ended up replacing it](#), as state revenue could be [diverted elsewhere](#). Many states have worse education crises than before lotteries were instituted.

It’s also a conceptually odd use of a [sin tax](#), considering that the entire point of one is to discourage activities that are damaging to public or societal health. Alcohol and tobacco taxes artificially raise the market price of those goods because higher prices curb [alcohol](#) and [tobacco](#) use. But here, the logic is reversed, and [we are intentionally expanding the amount of gambling and gambling addiction in order to juice state revenue numbers](#).

These industries are already huge lobbying players, and there’s very little historical precedent for re-criminalizing liberalized industries. The United States’s expansive First Amendment rights will likely make advertising restrictions difficult to pass, [as with prescription drugs](#).

Which is why, [as the Times reports](#), the end goal is full “casino” gambling on your phone — slot machines, roulette, and so on. The industry has tried to rebrand this as iGaming, with the chief executive of DraftKings telling lawmakers at a conference: “It is time for your state to add iGaming ... Not in the future, but now.” <https://www.vox.com/23641580/draftkings-fanduel-sports-betting-gambling-problems-march-madness>