

Thursday, February 11, 2010

GRAND FORKS HERALD: MINNESOTA MUSTN'T ROLL DICE ON REVENUE

Gambling revenue is not the solution to Minnesota's budget problems, says an editorial in the February 11 [Grand Forks Herald](#). Here is the complete text of the column:

By Tom Dennis, Grand Forks Herald

Some Minnesota lawmakers would like to use gambling as a way to help close the state's \$1.2 billion dollar deficit," a Duluth, Minn., newscast reported.

A DFL senator from Chisholm, Minn., said slots in bars "would be a better alternative to cutting services or raising taxes."

No, they wouldn't.

For one thing, gambling revenue wouldn't fill Minnesota's multi-billion dollar deficit hole. It wouldn't even come close. The state still would have to cut services and/or raise taxes. There is no other way.

More important, while gambling revenue in theory could offset some spending cuts and tax hikes, the reality is that the revenue would be just another dodge, just another "easy choice" for lawmakers desperate to avoid the tough choices needed to balance the budget.

Consider Nevada and New Jersey, states whose budgets depend heavily on gambling revenues. Surely Nevada, with its world-famous casinos and gigantic tourism industry, would have enough income to weather the economic storm. Right?

Wrong. "Nevada's budget is so far out of balance that by one account, the state could lay off every worker paid from the general fund and still be \$300 million in the red," The Associated Press reported last week.

"The economic downturn has hit so hard that prisons may be closed, entire colleges shuttered and thousands left without jobs."

Today in an emergency State of the State address, the governor of Nevada will announce massive budget cuts — so massive that "poor people eligible for free Medicaid health care no longer would receive eyeglasses, dentures, hearing aids or as many adult diapers," the Las Vegas Review Journal reported.

As a previous governor said, "The lesson from the past 20 years is clear: Our revenue system is broken because it has relied on regressive and unstable (gambling) taxes."

OK, how about New Jersey?

“Gov. Chris Christie will declare a state of fiscal emergency Thursday (today) and freeze \$1.6 billion in unexpended funds, including \$475 million that had been intended as school aid,” Gannett News Service reported Wednesday.

Nevada and New Jersey are not alone. Once upon a time, gambling revenue was thought to be recession proof, but the industry’s expansion across the country has made it much less of a sure thing. In state after state, gambling revenues are falling, failing to keep pace with not only government spending but also traditional tax revenue, the Rockefeller Institute of Government reported last year.

Spending on education and other programs “will generally grow more rapidly than gambling revenue over time,” the institute declared.

“Thus, new gambling operations that are intended to pay for normal increases in general state spending may add to, rather than ease, long-term budget imbalances.”

The institute titled its report, “No More Jackpot.”

Then there’s the fact that vital portions of Minnesota already depend on gambling revenue: the state’s Indian tribes. Expanding gambling statewide would slash the tribes’ revenues — revenues the tribes need to combat some of the state’s worst problems of poverty, unemployment and crime.

“When budgets get tight, expanding gambling always looks to lawmakers like the perfect quick-fix solution,” John Kindt, a University of Illinois professor who studies the impact of state-sponsored gambling, told The New York Times last year.

“But in the end, it so often proves to be neither quick nor a fix.”

That’s advice Minnesota should heed.

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