

of this Committee it means that the General Assembly will have no power to pass any legislation giving the right to grant a lottery permit or a lottery grant to anyone whether it is a corporation, an individual, or a political subdivision of the state, meaning a city or a county.

If you turn this recommendation down, then it will mean that the legislature may grant lotteries, may provide for the manner of their operation, but I ask you to keep this one thing in mind, because in a few moments I will go into it in detail.

We have passed by our action in connection with the local government provisions a series of recommendations with respect to local government. They will have their home rule, they will retain the powers which they have at the present time. Except with respect to changes in taxing power or the judiciary on the local level, the local subdivisions, meaning the cities as well as the counties, will retain all of the power that they have.

I ask you to keep in mind that if the constitution of Maryland removes the restraint on lotteries, unless and until the legislature acts, the local subdivision may issue their own lottery grants.

This may provide this State with something inconceivable and unheard of. Now bear this in mind, it is true that the General Assembly, if it wishes, could take this power away from the local subdivisions, and leave it only with the State.

Our recommendation is that the General Assembly not have this power but that the restraint be in the constitution.

We have found from our studies and from our hearings that lotteries have a debilitating effect on the economy and on the tax structure of the state. This something for nothing psychology that is inherent in lotteries we think adversely affects the will of the people to face up to public needs and to pay for them.

Now, what is the result of lotteries for tax revenues? In the September 1966 issue of the magazine "Taxes", Professor Rosen, Professor of Economics at the University of New Hampshire, concludes in this fashion, and I quote, "No lottery can be expected to have a significant impact on either federal or state public finances over any sustained period of time. Gross revenue let alone net revenue raised by this means will always be negligible as a percentage of total returns from other sources.

Whatever amount is collected, it will be at relatively great administrative cost."

This has been found to be sadly true in the states of New York and in New Hampshire. I am sure that there will be some details given to you in the course of this discussion showing full well that what was promised was pie in the sky, but it just did not come out that way.

I am going to anticipate the Minority Report in this discussion, because I think it is best to let you know how the issues come into focus.

The majority believes that legalized lotteries breed other forms of gambling. We do not accept the argument that the legalization and control of lotteries would assist in the suppression of gambling rackets, because this is not borne out by history.

We refer you to the January 13, 1964 report of the Baltimore Criminal Justice Commission on Legalized Gambling. We also point out that lotteries bear most heavily on the poor. They weaken the belief that reward will come from effort, and as a form of revenue they are more regressive than any other known tax. They take their toll from those who are least able to pay. Now, you have before you this decision to face up to squarely. Is the removal of lotteries from the Constitution, is the granting to the legislature of this unlimited power to grant lotteries of constitutional import?

I do not think that anyone can argue that adding twelve words to this particular constitution ought to give you any concern. I pass that over. The real question is: is this of constitutional dimension.

I remind you that lottery grants have been prohibited by all four Maryland Constitutions heretofore: the one of 1776 by later amendment, the one of 1851, the Constitution of 1864, and the Constitution of 1867. The Constitutions of 35 other states also contain provisions like Maryland's against lotteries.

We think it is rather difficult to say that a ban on lotteries is not of constitutional dignity when you realize that 35 other states think so and Maryland has thought so since the 1839 amendment to the 1776 Constitution.

I also say to you because of the statement we have made and because of the argument we believe will come from the minority, that organized gambling inter-