



Legislative Report

Problem Gambling: Report on the percentage of gambling revenues from problem gamblers

Behavioral Health Division

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I. Executive summary

This report provides information about Minnesota’s various gambling revenues and attempts to identify the percentage of revenue that comes from individuals who experience problem gambling. Gambling revenue in the state is reported by the Minnesota State Lottery, Gambling Control Board, and State Racing Commission. The proportion of gambling revenue in the state that comes from problem gamblers, however, is neither reported nor collected. To satisfy the requirements of this report, studies from other jurisdictions have been reviewed, and findings from those studies were extrapolated to Minnesota’s gambling revenues to estimate the prevalence of problem gambling in the state and the amount of gambling revenues that come from problem gambling. For the purposes of this report, gambling revenue means the total sales receipts as reported by the above named gambling regulatory agencies.

Pursuant to Minnesota Statutes, section 245.98, the Minnesota Department of Human Services (DHS) administers a program funding awareness and education campaigns, a statewide helpline, treatment for residential and nonresidential gambling addiction, professional training opportunities, and research designated to address the needs of Minnesota communities experiencing problems related to gambling. As with substance use disorders, DHS recognizes a continuum of services including education, prevention, treatment, and recovery supports to minimize the harmful effects of problem gambling. Prevention initiatives include both individual and population-based education strategies minimizing community risk of the harmful effects of problem gambling. Early intervention and treatment efforts involve both early identification of an individual’s risk and treatment to arrest the harmful effects of problem gambling.

The Institute for American Values, a body described as an independent, non-partisan group of scholars and leaders, formed the Council on Casinos to advocate for informed public policy on gambling through research. A report from the Council on Casinos published in 2013 highlights that governments of Great Britain, Canada, and Australia have commissioned comprehensive policy studies of casino gambling, while in the United States the leading funder of gambling research is the gambling industry¹. A lack of non-partisan research can be seen as a barrier to a thorough understanding of problem gambling, which could be compared to well researched public health problems such as risky drinking or drug use. In order to address any risk to public health we first need to understand the scope of the problem through epidemiology. DHS acted on this recommendation and conducted the Survey of Recreation and Well-being, Gambling Participation and the Prevalence of Problem Gambling in Minnesota in 2019.

The Minnesota Department of Human Services (DHS) implements strategies designed to prevent problem gambling and also supports services to treat those experiencing problem gambling. In an effort to collect better, up-to-date information to inform our work, DHS contracted with Wilder Research to conduct a study to learn

¹ A Report from the Council on Casinos, Thirty-One Evidence-Based Propositions from the Health and Social Sciences, Institute for American Values, 2013.

more about Minnesotans' gambling activities and behaviors as well as prevalence of problem gambling/gambling disorder among Minnesota adults. The resulting report, *2020 Report on Gambling in Minnesota: A Study of Participation, Attitudes, and the Prevalence of Problem Gambling*², indicates that 1.3% of adults in Minnesota are problem gamblers and an additional 3.8% are at-risk gamblers.

While the prevalence of problem gambling is small, it directly affects the lives of approximately 56,000 adults. When considering those at-risk for problem gambling as well, there are over 217,000 adults who may need or be close to needing treatment for problem gambling to prevent the negative consequences that may result. These negative consequences impact not only the gamblers, but others in their families and communities. This study showed that 22% of Minnesotans, regardless of their own participation in gambling, have been negatively affected by the gambling behaviors of others they know personally, such as a friend, family member, or coworker.

Studies in other jurisdictions estimate that between 15 and 33 percent of gambling revenue is generated by individuals with problem gambling. Using these figures we can estimate the amount of revenue generated from individuals experiencing gambling problems in Minnesota for State Fiscal Year 2021 to be anywhere from \$591,413,889 to \$1,301,110,555.

² <https://www.wilder.org/wilder-research/research-library/gambling-minnesota-study-participation-attitudes-and-prevalence>

II. Legislation

An annual report on the percentage of gambling revenues that come from problem gamblers is required in Minnesota Statutes, section 245.981.(a) Each year by February 15, 2014, and thereafter, the commissioner of human services shall report to the chairs and ranking minority members of the legislative committees having jurisdiction over compulsive gambling on the percentage of gambling revenues that come from gamblers identified as problem gamblers, or a similarly defined term, as defined by the National Council on Problem Gambling. The report must disaggregate the revenue by the various types of gambling, including, but not limited to: lottery; electronic and paper pull-tabs; bingo; linked bingo; and pari-mutuel betting.

III. Introduction

Minnesota Statutes, section 245.981 requires an annual report on the percentage of gambling revenues that come from problem gamblers. The report must disaggregate the revenue by the various types of gambling.

The National Council on Problem Gambling describes problem gambling and gambling addiction as “...gambling behavior patterns that compromise, disrupt or damage personal, family or vocational pursuits.” The essential features of problem gambling and gambling addiction are:

- increasing preoccupation with gambling
- a need to bet more money, more often
- restlessness or irritability when attempting to stop “chasing losses”
- loss of control manifested by continuation of the gambling behavior in spite of mounting serious and negative consequences

Problem gambling signs and symptoms often go undetected until the problem is severe. When problem gamblers do seek assistance, they likely do so after experiencing related legal, financial or relationship problems. In extreme cases, problem gambling can result in financial ruin, legal problems, loss of career and family, or even suicide. Notably, no other addiction has a higher rate of suicide than gambling disorder.

Gambling disorder frequently co-occurs with substance use disorders (SUDs) and other behavioral health problems. According to the National Epidemiologic Survey on Alcohol and Related Conditions, of people diagnosed with pathological gambling, 73.2 percent had an alcohol use disorder, 38.1 percent had a drug use disorder, 60.4 percent had nicotine dependence, 49.6 percent had a mood disorder, 41.3 percent had an anxiety disorder, and 60.8 percent had a personality disorder. Other studies suggest that between 10 percent and 15 percent of people with an SUD may also have a gambling problem. People who have both an SUD and pathological gambling have high rates of attention deficit disorder and antisocial personality disorder.³

Clinicians use The South Oaks Gambling Screen along with criteria found in the Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM-5) to identify the extent of an individual’s gambling problem. Problem gamblers who do not meet full criteria for gambling disorder might still have significant symptoms and problems related to their gambling. Problems related to problem gambling and gambling disorder may include psychological, financial, emotional, marital or legal difficulties.⁴

³ <https://www.ncpgambling.org/wp-content/uploads/2014/04/Gambling-Addiction-An-Introduction-for-Behavioral-Health-Providers-SAMHSA-2014.pdf>

⁴ <http://www.ncpgambling.org/wp-content/uploads/2014/04/Gambling-Addiction-An-Introduction-for-Behavioral-Health-Providers-SAMHSA-2014.pdf>

Although problem gambling and gambling addiction is clinically defined and is easily identified when an individual is clinically assessed, less clear to policy makers in Minnesota is the prevalence of gambling disorders in the state and how much of the total revenue from gambling in the state is derived from problem gamblers.

The *2020 Report on Gambling in Minnesota: A Study of Participation, Attitudes, and the Prevalence of Problem Gambling*⁵ indicates 1.3% (or 56,000) of adults in Minnesota are problem gamblers and an additional 3.8% (162,000) are at-risk gamblers. These findings are useful in that this study gives an update to the last statewide survey conducted in 1993. This report also gives perspective into Minnesotans gambling activities in contrast to studies conducted elsewhere.

Keeping an eye on upcoming and imminent changes to the regulated gambling options available to Minnesotans there is a high likelihood that sport betting may become legal in the near future. As such, this type of new gambling activity has the potential to generate revenues from problem gamblers.

⁵ <https://www.wilder.org/wilder-research/research-library/gambling-minnesota-study-participation-attitudes-and-prevalence>

IV. Revenues

Minnesota Statutes, section 245.981 requires an annual report on the percentage of gambling revenues that come from problem gamblers. The report must disaggregate the revenue by the various types of gambling. Gambling revenue in the state is reported by the Minnesota State Lottery, Gambling Control Board, and State Racing Commission. However, the proportion of gambling revenue in the state that comes from problem gamblers is neither reported nor collected. For the purposes of this report, gambling revenue means the total sales receipts as reported by the above named gaming agencies.

Without knowing the gambling investments of individual gamblers in Minnesota, determining the amount and proportion of gambling revenue that comes from problem gamblers can be estimated by utilizing findings from the 2020 report “Gambling in Minnesota: A Study of Participation, Attitudes, and the Prevalence of Problem Gambling”⁶. This report indicates 1.3% of Minnesotans are problem gamblers, representing over 56,000 adults. An additional 3.8% (about 162,000 adults) are “at-risk” gamblers. At-risk gamblers may gamble more than intended, chase losses, or attempt and fail to reduce their gambling activities.

Current findings of studies conducted in other jurisdictions estimate that between 15 and 33 percent of gambling revenue are generated by individuals with problem gambling.⁷ Using these figures, we would predict that \$591,413,889 to \$1,301,110,555 of the reported total gross revenue collected by the state through the Gambling Control Board, the State Lottery and the State Racing Commission in 2021 was generated by individuals who have gambling problems.

Nationally in 2013, \$60.6 million dollars of public funds were invested into problem gambling services⁸. In Oregon in 2008, they found that every \$1 spent on treatment saved more than \$2 dollars in social costs⁹.

Furthermore, several of the high-risk populations identified in the current SAMHSA Strategic Plan have been found to be at higher risk for gambling problems. Gambling addiction is an emerging public health priority given the unprecedented amount of existing and expanding gambling. The estimated six million adult problem gamblers are five times more likely to have co-occurring alcohol dependence, four times more likely to abuse drugs, three times more likely to be depressed¹⁰.

⁶ <https://www.wilder.org/wilder-research/research-library/gambling-minnesota-study-participation-attitudes-and-prevalence>

⁷ The Proportion of Gaming Revenue Derived from Problem Gamblers: Examining the Issues in a Canadian Context, Williams and Wood, 2004

⁸ <http://www.ncpgambling.org/wp-content/uploads/2014/08/2013NationalSurveyofProblemGamblingServices-FINAL.pdf>

⁹ <http://www.calpg.org/wp-content/uploads/2012/06/Cost-Benefit-of-Problem-Gambling-Services.pdf>

¹⁰ [http://www.ncpgambling.org/wp-content/uploads/2016/11/Surgeon-General-Landmark-Report-Addiction-](http://www.ncpgambling.org/wp-content/uploads/2016/11/Surgeon-General-Landmark-Report-Addiction-Problem-Gambling-Report-on-the-percentage-of-gambling-revenues-that-come-from-gamblers-identified-as-problem-gamblers)

Problem Gambling: Report on the percentage of gambling revenues that come from gamblers identified as problem gamblers

National Council on Problem Gambling (NCPG) Executive Director Keith Whyte notes: “When gambling addiction is integrated into health systems, treatment for gambling problems will reduce social costs and increase savings for states through improved recovery rates and decreased demand on traditional public sector substance abuse and mental health systems. By providing recovery and therapeutic approaches that are appropriate for problem gamblers and their families alongside other addiction services as called for in the report, recovery rates will increase for a wide variety of health and substance abuse disorders¹¹.”

Gambling Revenue Information

Gambling revenue information is collected by the state through the Gambling Control Board, the State Lottery and the State Racing Commission. The percentage of gambling revenues that come from problem gamblers is not identified in revenues reported, nor is it collected. For state fiscal year 2021, the three agencies identified total gross revenue of \$3,942,759,260. These agencies could not report what percentage of the revenue was from people who have gambling problems. The following information was gathered from reports from each agency:

- Minnesota State Lottery reported gross receipts of \$751,405,158 for fiscal year 2021¹².
- The State Racing Commission reported 2021¹³ revenues of:
 - Card club operations overseen by the Minnesota Racing Commission accounted for \$45,852,355;
 - Live Horse Racing Wagering by Persons Outside of Minnesota: \$9,110,449;
 - Live Racing Wagering On-Site: \$479,497;
- Total State Fiscal Year 2021 Racing Commission handle (total amount wagered): \$114,907,102.
- The Gambling Control Board reported gross receipts of \$3,076,447,000 in fiscal year 2021¹⁴. The fiscal year sales of each type of gambling activity is listed below:

¹¹ <http://www.ncpgambling.org/wp-content/uploads/2016/11/Surgeon-General-Landmark-Report-Addiction-Nov-2016.pdf>

¹² [MNLottery Annual Report SFY2021](#)

¹³ information [received via email from MRC 12/13/2021](#)

¹⁴ <https://mn.gov/gcb/assets/fy2021-annual-report.pdf>

Gambling Activity	FY 2021
Pull-Tabbs	\$2,963,272,000
Bingo	\$80,203,000
Paddlewheels	\$11,963,000
Raffles	\$9,653,000
Tipboards	\$11,216,000
Total:	\$3,076,447,000

The Gambling Control Board highlights the following noteworthy items from charitable gambling from FY 2020 to FY 2021.

- On June 30, 2021, there were 1,146 licensed organizations conducting lawful gambling at 2,891 locations throughout Minnesota. The number of organizations and locations has remained relatively constant over the past four years.
- Despite the COVID-related shut down from mid-November to mid-January, FY21 gross receipts (total sales) totaled \$3.1 billion, a 48% increase from FY20 and a 32% increase from FY19.
- Pull-tab gross receipts (paper and electronic) increased 50.6% in FY21 while gross receipts for all other forms of lawful gambling fell 1.2%.
- Electronic pull-tab sales made up 41.6% of total gross receipts in FY21, up from 33.5% in FY20.
- The number of new games approved for sale in Minnesota fell from 5,593 in FY20 to 4,402 in FY21.
- The percentage of net receipts spent on allowable expenses (costs directly related to the conduct of lawful gambling) fell to 47% - the lowest level since the late 1990s.

Researching the revenues derived from problem gambling in other jurisdictions helps policy makers in Minnesota estimate revenue from problem gambling in this state. The *2020 Report on Gambling in Minnesota: A Study of Participation, Attitudes, and the Prevalence of Problem Gambling* offers insight into behaviors of Minnesota adults regarding gambling but not verifiable amounts of money contributed to regulated forms of gambling. Future research should be seek answers to help address the amount of money contributed to regulated forms of gambling by individuals with gambling disorder/problem gambling.