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Thomas E. Lambert

University of Louisville, thomas.lambert@louisville.edu

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Gambling Opinions and Participation in Kentucky versus the Other 49 States

by

Thomas E. Lambert, PhD

University of Louisville

Louisville, KY

502-852-7838

Email: Thomas.Lambert@Louisville.edu

Abstract

Much has been written in the Kentucky press over the last few years about how the state is falling behind other states due to Kentucky's absence of traditional casinos, sports gambling on the NFL, NCAA, etc., and other gambling forms. A major topic has been the potential tax revenues that would be collected if some forms of gambling are legalized in the state. Yet not much has been written about how Kentucky citizens differ from or are similar to citizens in other states with respect to opinions about gambling morality, gambling and spending preferences, and gambling policy. State laws are the major determinants of which forms of wagering that players can choose. The findings of this exploratory paper are interesting in that although there are similarities between Kentucky residents and their counterparts in other states, there are also keen differences which may help to explain why Kentucky policies with regard to gambling are different from those of other states.

Keywords: casinos, gambling, online gambling, parimutuel wagering, sports wagering

JEL Codes: H70, H73

Introduction

Since the late 1970s, the US has seen a proliferation of state run lotteries and casinos as most states have legalized these forms of gambling, and more recently with a 2018 US Supreme Court decision, most states have also legalized sports gambling on various professional and college level sports. (Lambert 2021a, 2022). Additionally, online gambling on online poker, esports, and other games that is regulated within state boundaries has proliferated within different jurisdictions. Yet casino, lottery revenues, parimutuel wagering and gambling revenues in general appear to have reached a plateau if not stagnated over the last decade when adjusted for inflation (Lambert 2022). Currently the Commonwealth of Kentucky permits parimutuel wagering on horse racing, lotteries, and gaming centers (casino like entities that only have machines but no table games) but permits no traditional casinos, sports gambling, online poker, and other forms of gambling permitted in other states. To have a state lottery, Kentucky citizens passed an amendment to its constitution in 1988 to allow it, and the measure passed 60% for with around 40% against (Dave Leap 2019). Repeated attempts to legalize regular casinos and sports gambling have all seen failure in the Kentucky state legislature over the years. An effort to change Kentucky law to allow special slot machines employing a historical horse racing algorithm to continue to operate as parimutuel wagering barely passed the 2021 Kentucky legislature. This was necessary after the Kentucky Supreme Court declared the machines illegal due to how gambling on was defined. Most of the state's race tracks use proceeds from track owned "gaming centers" where the machines are located in order to boost the purses for races (Lambert 2021b).

With such past and present resistance to new forms of gambling in the Commonwealth, this paper seeks to understand why Kentucky citizens are somewhat resistant to gambling in

general and to forms of gambling permitted in other states by looking at how Kentucky residents differ from those of other states. Therefore, this paper proceeds as follows. The next section discusses the survey and questions employed to assess the opinions of Kentucky and non-Kentucky respondents regarding gambling and gambling spending. This section also mentions summary results highlights some direct findings of the survey targeted toward the two groups. Then a conclusion tries to give some ideas on why Kentucky is similar to but also different from the other 49 states when it comes to gambling attitudes and preferences. A call for more in-depth research is also made in this last section.

Survey and General Results

Using Survey Monkey, the same survey (see Appendix A) was completed by 625 Kentucky residents and 572 residents of the other 49 states. The patterns of most responses were similar but there were also differences. For example, for question 1, when asked which type of location best describes their residential location (urban, suburban, semi-rural, or rural), a majority (around 50.5%) of Kentuckians chose urban and suburban whereas for the other states, around 75% chose urban or suburban. For this question, the chi-square statistic is 98.7826, and its p -value is < 0.00001 .¹ Therefore, the difference is significant at an alpha of 0.05. A majority of Kentucky survey respondents also were over the age of 44 (around 52%) as were the respondents for the other states (around 54%). US Census Bureau data has shown over the years that Kentucky has a more rural population than many larger US states (US Census Bureau Quick Facts, Kentucky n.d.). A majority of respondents were also female, 56% for Kentucky and 55% for the 49 other states. These results are not statistically different.

¹ All statistical test results mentioned in this paper can be furnished by the author upon request.

One big difference in the two poll results was regarding household income levels. Around two-thirds of Kentucky respondents indicated an income level below \$50,000. For the others, this was only around 30%. Educationally, around 20% of the Kentuckians had a bachelors degree or higher whereas for the rest of the US respondents, this was around 52%. The educational level differences probably explain the household income gap between the two groups. Kentucky, like most other southern US states, has traditionally lagged behind other states when it comes to lower household income and per capita income estimates (US Census Bureau Quick Facts, Kentucky n.d.).

Kentuckians also responded that they gambled at higher rates on average than other Americans. Approximately 25% of the Kentucky respondents designated that they gambled 4 or more times per month compared to 15% of other Americans who did likewise. In response to the question, “In the past 6 months, which of the following forms of legal gaming or gambling have you legally participated in? (Please select all that apply)” both groups indicated that the lottery was the predominant form of gambling (Kentuckians 50%, others 45%). Around 31% of Kentuckians and approximately 34% of other Americans said that they did not gamble at all. Reports over the years have shown that playing the lottery is the most popular form of gambling in the US (Dadayan 2016 , North American Association of State and Provincial Lotteries (NASPL) 2019). Online and casino slot machines combined were the second most favored form of gambling (32% for Kentucky and 26% for other Americans). Gambling on horse racing in Kentucky was done by more than 5%, and for the US, it was favored by only by a little over 4%. Jurisdictions differ according to what is allowed within each state, yet it is possible for someone in one state to participate in forms of gambling which are not allowed in his/her state by traveling across state lines. Supposedly many Kentucky residents make a trip to southern

Indiana or northern Tennessee in order to participate in sports gambling which is currently prohibited in Kentucky.

In considering the statement “To what level do you agree with the following statement: In general, you think legal wagering or gambling is bad for you.”, Kentuckians were evenly split in either agreeing or disagreeing (around 35% each) whereas 47% of other Americans agreed with the statement to one extent or another. Regarding the statement, “To what level do you agree with the following statement: In general, you think legal wagering or gambling is bad for society”, around 41% of Kentuckians disagreed to one degree or another, and around 25% of other Americans indicated some or strong disagreement. These differences are statistically significant according to Chi-square tests. Kentuckians appear to have more lenient attitudes toward gambling than other US citizens. Around 58% of Kentuckians agreed to one degree or another with the statement “In general, all forms of conventional wagering or gambling should be legal and accessible to all responsible adults.” Around 55% of other Americans indicated the same. These results suggest a less hostile attitude toward legal gambling among the Kentucky populace that is at odds with the anti-gambling stance among many Kentucky politicians.

To replicate how disposable income matters when it comes to gambling, question 11 in the survey asked respondents to assume that they had an extra \$500 to spend, how would they spend it. Regarding gambling, the average spent by Kentuckians and other Americans for their first choice was around \$147 and \$91 respectively for lotteries, and for casino and online slot machines, it was \$164 and \$144 respectively. Preferences appeared to be consistent with preferred forms of gambling, and when the extra income was changed to only \$50, the percentage breakdown of how the extra money was gambled did not change that much. Please see Table 1 below for Kentucky. Other Americans show similar consistency. However, a

substantial amount of dollars were designated as to be spent on things other than gambling averaging approximately 40% of the \$500 and 50% of the \$50 for Kentuckians and higher rates for other Americans (50 and close to 60% respectively for each amount). These results make it appear that the demand for gambling is a normal good for most within both groups, yet little substitution is found among the different groups as income expands or shrinks. The differences between Kentucky and other Americans, however, on the extra amount NOT spent on gambling is statistically significant. Kentuckians appear to be more likely to spend more on gambling versus counterparts in other states.

Table 1—Extra Income Question, \$500 versus \$50

	<u>\$500</u>	<u>\$50</u>
Online poker	8.87%	8.63%
Casino poker	4.88%	4.28%
Other online card or table games	4.50%	2.84%
Other casino card or table games	3.88%	3.06%
Online slot machines	7.76%	7.16%
Casino slot machines	11.00%	7.39%
Sports betting (NFL, NCAA, etc.), but NOT horse racing	5.38%	5.00%
Lottery tickets, lottery scratch-offs, etc.	16.75%	24.58%
Horse racing	4.51%	3.10%
Playing card games or other games for money with friends, family, or others.	4.00%	3.14%
Esports and/or fantasy sports	1.54%	1.46%
Charitable gaming (raffle tickets, bingo, etc.)	3.24%	3.91%
Spending on things other than gaming or gambling.	23.67%	25.43%

For the statement, “If the price of one of my least preferred forms of gambling were discounted by my placing a wager or bet on one of my most preferred forms of gambling, I would place a bet on one of these least preferred gambling choices,” Kentuckians and other Americans appeared indifferent on this choice. More than one-third in each group neither agreed nor disagreed with this statement, and the number generally agreeing roughly equaled the number disagreeing.

Regarding amounts of wagering, around 57% of Kentucky respondents and 63% of other Americans wager or legally gamble zero to \$20 per month. A t-test for independent samples shows no statistically significant difference between how the two groups answered this question. Kentuckians do not appear to gamble more or less than their counterparts in the rest of the US.

Finally, for the last question, “Consider the following situation. Someone is told to roll a fair die 6 times. The chance of rolling a 6 on a fair die is one out of six. If someone rolls a six on her/his first roll, does this mean that the next five rolls will NOT result in a six showing?” is used to examine awareness among gamblers and the general public of how to correctly assess probability and chances of gambling success. According to the literature, those who spend too much on gambling or beyond their income limitations have a propensity to miscalculate or misestimate their chances of successfully winning at gambling. The correct choice in answering the question is “No”. Around 20% of Kentuckians incorrectly answered “Yes” whereas approximately 22% of other Americans did so. A Chi-square test for independence yields no statistical difference between how the two groups answered.

Conclusion

With results that indicate that Kentuckians are not that averse to gambling given recent failures by state leaders at attempts to add new gaming forms over the year, one has to wonder why such initiatives fail and why they lack political support. The Kentucky General Assembly (the state’s legislative body) is the place from where gaming initiatives have to originate. Normally, attempts to allow traditional casinos and sports gambling have failed in this body because most legislators, especially those from rural areas and regardless of party affiliation, do not approve of any form of expanded gambling (Welman 2020). Yet many of the respondents in this survey identified as either living in semi-rural or rural areas and at a greater degree than their

counterparts in other states. Further analysis will have to be done to see if urban support for expanded gambling makes up the largest share of support. However, if Kentucky's legislature is disproportionately made up of legislators who represent small towns and rural areas,² then even if a majority of the state's populace and voters support more gaming alternatives, then this could be the main reason for the failures of expanded gaming initiatives to make headways in the policy process. Another paper will explore this possibility.

² This is possible given the way legislative districts can be arranged geographically.

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Appendix A

We are researchers with the University of Louisville and are investigating people's attitudes towards legal wagering or gaming/gambling and the different types of legal wagering/gambling. You must be at least 18 years of age to do this survey. In our questionnaire, wagering aims at winning money while risking losing money, and it includes government sanctioned lotteries, slot machines (electronic gaming devices), casino table games (Blackjack, Dice, Roulette Wheels, etc.), sports gaming (betting on the NFL, NCAA, etc. games), online poker or other card games online or otherwise, betting on horse racing, and/or charitable gaming. Please answer the questionnaire, and when you choose an answer, please click in " o " before it.

You must be over the age of 18 to complete this survey. You are under no obligation to complete this survey, and all responses are confidential. Your answers will not be shared with or disclosed to anyone. If at any time you want to stop or quit the survey because you feel uncomfortable with any questions, please feel free to do so. Should you have any questions about this survey, please contact Thomas E. Lambert, 502-852-7838 or at Thomas.Lambert@Louisville.edu .

Question Title

* 1. What best describes your current residential location?

Urban

Suburban

Semi-rural

Rural

Question Title

* 2. What is your gender?

male

female

other

Question Title

* 3. Which of the below is your age group?

under 16

16-25

26-35

36-45

46-55

more than 55

Question Title

*4 Which is your approximate household income **range**?

Under \$25,000 per year.

\$25,000 up to \$45,000 per year.

\$45,000 up to \$65,000 per year.

\$65,000 up to \$85,000 per year.

\$85,000 up to \$105,000 per year.

\$105,000 up to \$125,000 per year.

More than \$125,000 per year.

Question title

*5. Which is your highest educational level completed?

Less than high school.

High school.

Some college credits but no degree.

Associates degree

Bachelors degree

Masters degree or higher (e.g., MD, JD, PhD)

Question Title

*6. How many times do you legally wager or gamble in a typical month?

0

1-3

4-6

7-10

11+

Question Title

* 7. What kind of legal gaming or gambling have you taken part in? Please choose all that apply.

slot machine

table games at a casino

card games aiming at winning money, online or not online

government sanctioned lottery

horse racing

sports gaming (NFL, NCAA, etc., but **not** horse racing)

others (for example, charitable gaming such as bingos, raffle tickets, esports, etc.)

all of the above

none (If you choose '0' in question 4)

Question Title

* 8. To what level do you agree with the following statement: In general, you think legal wagering or gambling is bad for you.

Strongly disagree

Disagree

Neither agree nor disagree

Agree

Strongly agree

Question Title

* 9. To what level do you agree with the following statement: In general, you think legal wagering or gambling is bad for society.

Strongly disagree

Disagree

Neither agree nor disagree

Agree

Strongly agree

Question Title

*10. To what level do you agree with the following statement: In general, **all** forms of conventional wagering or gambling should be legal and accessible to all responsible adults.

Strongly disagree

Disagree

Neither agree nor disagree

Agree

Strongly agree

*11. Assuming usual betting prices for each of the following forms of gaming, and assuming that all of the following forms of gambling are legal in your area or are accessible to you (physically or virtually), consider the following. You have \$500 extra of your own money to spend on any one, some, or all of the following forms of legal gaming or gambling listed below or on other items. Please indicate how you would spend or bet the \$500. For example, if you prefer slot machines, card games, horse racing, and sports gaming/gambling equally, but do not prefer any of the others, you would indicate \$125 for slot machines, card games, horse racing, and sports wagering and leave the others blank. On the other hand, if you want to spend only \$200 on those forms of wagering or gambling at \$50 each and \$300 on other things (non-gambling purchases), you would indicate \$200 for each of those gambling types and put in \$300 for spending on other things. If you do not wager or gamble at all, then \$500 would be designated for other things. You can choose any combination of dollars up to and including \$500.

_____ slot machine (online or otherwise)

_____ table games at a casino

_____ card games aiming at winning money, online or not online

_____ government sanctioned lottery

_____ horse racing

_____ sports gaming (NFL, NCAA, etc., but **not** horse racing)

_____ other forms of gaming (charitable gaming such as bingos, raffle tickets, esports, etc.)

_____ Other things—no gaming or wagering.

*12. Refer back to the previous question and assume the same circumstances. However, now you only have \$50 to spend among the different choices. Please choose below any combination of dollars up to and including \$50.

_____ slot machine

_____ table games at a casino

_____ card games aiming at winning money, online or not online

_____ government sanctioned lottery

_____ horse racing

_____ sports gaming (NFL, NCAA, etc., but **not** horse racing)

_____ other forms of gaming (charitable gaming such as bingos, raffle tickets, esports, etc.)

_____ Other things—no gaming.

*13. If the price of one of my least preferred forms of gambling were discounted by my placing a wager or bet on one of my most preferred forms of gambling, I would place a bet on one of these least preferred gambling choices.

Strongly Agree

Agree

Neither Agree or Disagree

Disagree

Strongly Disagree

*14. The amount of legal wagering or legal gambling I that do **each month** usually averages,

Less than \$20 per month.

More than \$20 but less than \$50.

More than \$50 but less than \$75.

More than \$75 but less than \$100.

More than \$100 but less than \$200.

More than \$200 but less than \$500.

More than \$500 but less than \$1000.

More than \$1000.

*15. Consider the following situation. Someone is told to roll a fair die 6 times. The chance of rolling a 6 on a fair die is one out of six. If someone rolls a six on her/his first roll, does this mean that the next five rolls will **NOT** result in a six showing?

Yes

No