

[Working Papers](#)

Implicit Taxation in Lottery Finance

Charles T. Clotfelter & Philip J. Cook

SHARE   

WORKING PAPER 2246

DOI 10.3386/w2246

ISSUE DATE May 1987

State lotteries as they are operated in the United State today involve four distinct aspects: legalization of lottery games, monopolistic provision by the state, marketing of lottery products, and extraction of a portion of the surplus they derive from sales for state revenue. In this paper we use conventional tools of applied public finance to examine the implicit tax levied by lottery agencies through this fourth function . We examine the incidence of the implicit lottery tax, focusing on the dominant lottery games used in the 1980s. We find that the implicit tax is regressive in virtually all cases. We then consider whether the implicit tax rate on lotteries is too high, comparing that rate to excise tax rates on alcohol and tobacco.

[Download a PDF](#)

[Information on access](#)

Acknowledgements and Disclosures



Download Citation



Published Versions

"[Implicit Taxation in Lottery Finance](#)." From National Tax Journal, Vol. 40 , No. 4, pp. 533-546, December 1987.

Related

TOPICS

Macroeconomics

PROGRAMS

Public Economics

More from NBER

In addition to [working papers](#), the NBER disseminates affiliates' latest findings through a range of free periodicals — the [NBER Reporter](#), the [NBER Digest](#), the [Bulletin on Retirement and Disability](#), the [Bulletin on Health](#), and the [Bulletin on Entrepreneurship](#) — as well as online [conference reports](#), [video lectures](#), and [interviews](#).



15th Annual Martin Feldstein Lecture:

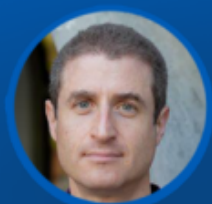
The Next Flight of the Bumblebee: The Path to Common Fiscal Policy in the Eurozone

Mario Draghi, former President, European
Central Bank and former Prime Minister, Italy
Summer Institute, 2023

2023, 15th Annual Feldstein Lecture, Mario Draghi, "The Next Flight of the Bumblebee: The Path to Common Fiscal Policy in the Eurozone"

LECTURE

Dr. Mario Draghi, who served as President of the European Central Bank and Prime Minister of Italy, presented the 2023...




Methods Lecture:

Linear Panel Event Studies

Jesse M. Shapiro, Harvard University and NBER
Liyang Sun, CEMFI
July 28, 2023

2023 Methods Lectures, Jesse Shapiro and Liyang (Sophie) Sun, "Linear Panel Event Studies"

Overview: Linear panel event studies are increasingly used to estimate and plot causal effects of changes in policies...



Panel Discussion:

Long-Term Dynamics of the Employment-to-Population Ratio

Karen Glenn, Social Security Administration
Stephen Goss, Social Security Administration
Nicole Maestas, Harvard University and NBER
Julie Topoleski, Congressional Budget Office
July 26, 2023

2023, SI Economics of Social Security, Panel, "Long-Term Dynamics of the Employment-to-Population Ratio"

Supported by the Alfred P. Sloan Foundation, the National Science Foundation, and the Lynde and Harry Bradley...

National Bureau of Economic Research

Contact Us

1050 Massachusetts Avenue

Cambridge, MA 02138

617-868-3900

info@nber.org

webaccessibility@nber.org

[HOMEPAGE](#)

[Accessibility Policy](#)

[Diversity Policy](#)

[Privacy Policy](#)

FOLLOW



© 2024 NATIONAL BUREAU OF ECONOMIC RESEARCH. ALL RIGHTS RESERVED.