



**Testimony of Les Bernal, Stop Predatory Gambling National Director,
H.F. 778 (Stephenson) Sports Wagering
Judiciary Finance and Civil Law
March 24, 2022**

Dear Chair Becker-Finn and Members of the Committee:

On behalf of our Minnesota members of Stop Predatory Gambling, we are writing in opposition to H.F. 778 that would allow online gambling and commercialized sports gambling in Minnesota and strongly urge you to vote NO.

About Stop Predatory Gambling

Stop Predatory Gambling believes people are worth more than money. Our members work to reveal the truth behind commercialized gambling operators to prevent more victims. A 501c3 non-profit based in Washington, DC, we are a national education and advocacy network of citizens and partner groups of all political stripes with members from all 50 states. We do not accept contributions from commercialized gambling interests.

There are several important and urgent reasons why H.F. 778 is not in the public interest. Our testimony focuses on two of those reasons

- 1) If approved, H.F. 778 would further extend the institutionalized racism of state-sanctioned gambling and how it has reconfigured Minnesota's tax code to benefit whites at the expense of black and brown people.**

Over the past two years almost every aspect of American life has been rightly scrutinized for its impact on black lives. State-sanctioned gambling, including its latest offering of online gambling and commercialized sports betting, has eluded the spotlight because most state governments, including Minnesota's, are reaping billions of dollars from it.

While on paper, racial groups are not required to pay different sets of taxes, the tax dollars derived from citizen gambling losses to commercialized sports betting and other forms of state-sanctioned gambling represent a form of systemic racial discrimination if not by intent, then certainly *by effect*.

The proliferation and continual expansion of government-sanctioned gambling cannot be fully understood unless seen through the lens of race. Government-sanctioned gambling began to intensify during the early 1970's when many whites blamed people of color, especially blacks and Latinos, for their own economic insecurities caused by real income stagnation and looming tax debts. It's since snowballed into an avalanche.

Commercialized gambling has now become the preferred method by legislators from both parties to fund state government services that everyone uses. The result has been a continual reconfiguration of state tax code to redistribute tax liability along racial lines in which black and brown tax dollars have steadily displaced white tax dollars. State-sanctioned gambling has blocked capital accumulation for people of color, it has hoarded resources for many whites, and reallocated minority capital through unfair distributions of tax burdens.¹

Meanwhile, rationales for this mode of public finance places blame on minorities themselves for self-imposing these tax burdens. It's an example of racial oppression that extends Jim Crow practices into the 21st century. What makes it so pervasively insidious, however, is that it is accomplished in ways that are institutional, covert, and racial in almost every way but name.

Online gambling, commercialized sports betting and other forms of government-sanctioned gambling are a key contributor to the massive wealth disparity between whites and blacks. State governments like Minnesota's deliberately concentrate gambling locations in economically-distressed regions to entice more low-income citizens, often clustering outlets in neighborhoods with large numbers of minorities. They also aggressively target these communities with marketing campaigns shielded from truth-in-advertising regulations under the Federal Trade Commission.

¹ Hendricks, Dr. Kasey. 2017. *State Lotoeries: Historical Continuity, Rearticulations of Racism, and American Taxation*. Pg. 105

The types of gambling that used to occur in African-American neighborhoods were local and private, and the money exchanged stayed in the community. Today, much of the tens of billions of dollars that state governments extract in Minnesota and elsewhere comes from low-income and minority communities and is redistributed to benefit residents of middle-class and upper-class communities which are disproportionately white.

This reality will only worsen if the Legislature passes more gambling taxes in the form of online gambling and commercialized sports betting. A disproportionate amount of the money lost will be taken from the state's black and brown citizens, further intensifying the outflow of personal wealth from these communities who are already the most targeted by gambling operators.

2) A second urgent and important reason to vote NO on H.F. 778 is the bill has no provisions shielding kids from gambling advertising. The Legislature has a responsibility to protect Minnesota kids from the harmful advertising and marketing of commercialized gambling operators, just like kids are protected from tobacco advertising.

Do you think that children in Minnesota should be exposed to an onslaught of gambling advertising by big online gambling corporations?

Online sports gambling and massive gambling advertising campaigns are inextricably linked. Relentless gambling advertising on television, social media, radio, and streaming platforms is undeniably what lures people to betting. You can't permit internet sports gambling without a blizzard of gambling advertising invading the lives of Minnesota residents, including young people.

In states like Pennsylvania that have allowed online sports gambling, gambling advertising is literally everywhere. The 5:30 PM news sportscast in Philadelphia is sponsored by an online sports gambling company and the image of the sportscaster on the screen is fully surrounded by a gambling company's advertising, along with a QR code to take you to the gambling company's website. The Philadelphia Eagles football stadium has giant QR codes for gambling companies on the video scoreboards directing fans to continually place bets during every moment of the game. During this past Martin Luther King holiday, the NBA is broadcasting basketball games

during the daytime with more than 50 gambling ads – to repeat, in the middle of the day - while hundreds of thousands of young school children are home from school watching the games.

How does this saturation of gambling ads affect children? Bombarding kids with gambling ads normalizes and desensitizes them to the dangers of commercialized gambling. It also makes them more likely to develop problems later in life. Young people grow up mistakenly thinking this is a harmless activity.

In regions where government officials have effectively encouraged sports and other internet gambling for more than a five-year period, like in the United Kingdom, gambling has become part of everyday life for children as they have suffered through a constant stream of gambling advertising.² Carolyn Harris, a British Labor MP, said a new report on the prevalence of gambling among young people showed that “Britain is suffering an epidemic of child gambling.” Earlier that year, Harris told *The Guardian*, “Those who are targeted today will be the problem gamblers of tomorrow. It's time they [gambling firms] realized the harm they're doing via this indoctrination.”

The Daily Mail in 2018 cited research that “more than half of 16-year-olds have gambling apps on their smartphones –two years before they are legally allowed to place bets.” It also cited a study showing that about half the teens surveyed said some television ads “made gambling look like a good way to make money.”

The UK experience is highly relevant to Minnesota because many of the gambling operators lobbying in this state have partnered with gambling companies and/or gambling technology companies operating in the United Kingdom. These companies are bringing the same dangerous and predatory business practices to the U.S.

To prevent an epidemic of child gambling that has occurred in other regions with commercialized sports gambling, Minnesota state legislators should strongly oppose the current push by gambling companies and others to actively promote online gambling and commercialized sports betting to this state. **Kids are worth more than money.**

² “Children more likely to become gamblers due to high volume of betting ads,” *The Guardian (UK)*, March 26, 2020
<https://www.theguardian.com/society/2020/mar/27/children-more-likely-to-become-gamblers-due-to-high-volume-of-betting-ads>

Thank you for your serious consideration on the facts we present in our testimony. I invite you and your staff to please contact me by email les@stoppredatorygambling.org or phone (202) 567-6996.

Thank you for your work.

Sincerely,

A handwritten signature in blue ink that reads "Les Bernal". The signature is written in a cursive, flowing style.

Les Bernal, National Director
Stop Predatory Gambling