

# Is the House the Only Winner? How Sports Betting Can Improve Local Communities

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**Introduction** There has been a long standing phrase that the house always wins. To corroborate that story, the Wall Street Journal did a study where they observed the performance of 4,222 gamblers. The result was that only 13.5% of bettors made a profit and that 217 people lost more than \$5000, while only 7 won more than that (Maremont and Berzon 2013). And if you strictly look at sports bettors, the outlook is much more grim. According to the website ElitePickz, only 3% of sports bettors are profitable (Harrelson 2024). The former is definitely a stark number, especially when you contemplate exactly how much the other 97% might have lost altogether. Or you could spin it the other way and think about how much tax revenue the casinos and sports books are paying to their state. In fact, the main argument for legalizing sports betting, as well as why this topic is so important, was the amount of tax revenue that states would earn, which would go towards funding education, public works, and youth sports. Since the opening of mobile sports betting, the state of New York has generated \$1B that will go directly towards education funding (Addabbo Jr. 2023). Because sports betting improves funding for public goods and due to government policy, this is rooted in public economics.

**Research Question** The research question that I will focus on in this paper is, how does the legalization of sports betting affect state budgets? I hypothesize that the legalization of sports betting will significantly increase a state's budget. If this hypothesis is true, it gives even more reason for states that have not legalized sports betting to do so.

Addabbo Jr., Joseph P. 2023. "Addabbo Announces 1 Billion in Funding for Education Earned Through Mobile Sports Betting."

Harrelson, Bill. 2024. "How Many Sports Bettors Are Profitable in 2024?"

Maremont, Mark, and Alexandra Berzon. 2013. "How Often Do Gamblers Really Win?" url<https://www.wsj.com/articles/how-often-do-gamblers-really-win-1381514164>.