

## RESOLUTION ON PREDATORY GAMBLING IN TEXAS

WHEREAS Government-sponsored gambling has had a devastating impact on taxpayers and many families in Texas, and across the country; and

WHEREAS predatory gambling occurs when powerful corporate gambling interests partner with state governments to use commercialized gambling to exploit and defraud citizens and their communities; when gambling is being run as a business, it creates a predatory and adversarial relationship between the gambling operator and the gambler leaving all taxpayers paying for the already proven consequences and societal costs of addiction, suicides, indebtedness, budget deficits, crime, and broken families; as predatory gambling (profit-motivated systems with a “house” edge, including state lotteries, casinos, sports betting, online casinos, and prediction markets) exploits users in an adversarial, often parasitical relationship; and

WHEREAS this represents “taxation by exploitation,” a modern betrayal parallel to the American Revolution’s stand against “No taxation without representation,” whereby the state partners with corporate gambling interests to extract wealth from its own citizens rather than protecting them; and

WHEREAS commercialized gambling is a con—it is fixed and constitutes a form of consumer financial fraud (like banned false advertising or price-gouging on essential goods), which is why it is illegal, not merely because it is addictive; the phrase “the House always wins” means the longer you play, the more you lose, as graphically demonstrated by the downward spiral of player losses over repeated spins or bets; and

WHEREAS a fundamental and irreconcilable conflict exists between the interests of the state regulating commercialized gambling (online gambling, regional casinos, and state lotteries) and the public good: the state is charged with protecting the public from the very business practices that generate more revenue for the state; and

WHEREAS **State Lotteries**, such as the Texas Lottery, represent a primary form of government-sponsored predatory gambling by marketing addictive instant games and draw tickets disproportionately in low-income areas, preying on those least able to afford losses with promises of instant wealth while the state acts as both promoter and regulator in an irreconcilable conflict of interest; for example, a \$100 Texas Lottery scratch ticket is marketed and sold in low-income communities where many citizens earn the minimum wage of \$7.25 an hour and must work two full days before they can lose it all in five seconds on a ticket pushed by their own state government; generating \$7.91 billion in sales in FY 2025 and contributing \$1.81 billion to the state (including \$1.78 billion to the Foundation School Fund for public education and \$31.2 million to veterans' services), yet this revenue substitutes for general funds rather than increasing total education spending beyond historical trends, fails to deliver on promises of fully funding schools or significant tax relief, and exploits vulnerable citizens through aggressive marketing and high-frequency play options; and

WHEREAS **Regional Casinos**, including out-of-state tribal and commercial facilities in neighboring states like Oklahoma and Louisiana , function as predatory gambling by luring Texas residents across borders to venues designed to maximize losses through slot machines and table games with built-in house advantages; creating far more addiction cases than jobs (as seen in states like Pennsylvania, where self-exclusion requests double casino employment), draining personal wealth from Texas communities without direct tax “benefits” to the state, and posing risks of expanded Class III Indian Gaming or legalized in-state casinos that would introduce similar exploitative models domestically; and

WHEREAS **Online Sports Betting**, including mobile and app-based wagering on sporting events through platforms like DraftKings, FanDuel, or BetMGM, constitutes predatory gambling by offering real-time, high-frequency bets designed to encourage continuous play and losses via algorithmic promotions, odds manipulation, and VIP incentives targeting vulnerable users; it normalizes gambling as part of sports viewing, disproportionately affects youth through aggressive marketing, and drains personal wealth without creating tangible economic value, while failing to eliminate black markets as evidenced by studies showing growth in both legal and illegal activity post-legalization in other states; currently illegal in Texas, and any expansion would require constitutional changes in 2027; and

WHEREAS **Online Casinos and Slots**, encompassing internet-based platforms offering digital slot machines, table games (e.g., blackjack, roulette), and other casino-style games accessible via apps or websites, represent highly addictive predatory gambling through random number generator-driven outcomes with steep house edges, rapid play cycles that can lead to losses in seconds, and features like auto-play, bonuses, and data-driven targeting to maximize user spending; they exploit psychological vulnerabilities similar to cocaine-level addiction risks as noted by psychiatric associations, target low-income and young demographics disproportionately, and contribute to family financial ruin without net societal benefits; currently illegal in Texas, and any expansion would require constitutional changes in 2027; and

WHEREAS **Prediction Markets**, integrated services allowing users to trade contracts on event outcomes (including sports, elections, cultural events, or even the weather) which are currently under federal Commodity Futures Trading Commission (CFTC) oversight, function as predatory gambling by enabling wagers disguised as “financial instruments” that circumvent state gambling bans, often mirroring sports betting with high-volume trades on games or athlete performances; they create adversarial relationships where platforms profit from user losses via fees and spreads, normalize risk-taking among non-traditional gamblers (including youth via accessible apps), and siphon billions in volume (e.g., over \$1 billion on Super Bowl events alone in recent cycles) from communities without state-level protections; while federally permitted and accessible in Texas as of 2026 (bypassing state prohibitions via CFTC classification), ongoing lawsuits and state challenges argue they represent unlicensed gambling, posing risks of expanded exploitation if not addressed; and

WHEREAS efforts to expand casino-style gambling take the form of land-based casinos, riverboat casinos, sports betting, daily fantasy sports, instant racing, electronic versions of

raffles, bingo, lottery scratch tickets, and Keno; phone and computer-based wagering, and other games of chance; and recent 2025 legislative proposals (including HJR 137, HJR 134, SJR 82, and others) to authorize casino gaming and/or sports wagering via constitutional amendment were referred to committees but saw no further action, with the next opportunity to legalize such activities in 2027; and

WHEREAS efforts by gambling interests to lobby the legislature for a constitutional amendment on the ballot for voters to approve legalized, state-sanctioned gambling in Texas is due to the fact that it is not a normal business, and gambling interests know they can outspend their opponents by tens of millions of dollars as they already have in other states; with approximately 200 lobbyists working for the gambling industry in Texas and reports of pro-casino interests investing heavily in political efforts, including millions funneled into related PACs; and

WHEREAS the freedom to gamble already exists in the form of office pools, casual wagers or poker games without any fee or cut, however, government-sponsored predatory gambling on state lotteries, regional casinos, sports teams or any other form of gambling is altogether different and violates the rights and freedoms of those who do not play yet are forced to subsidize and pay for lower standards of living, budget deficits, addiction fallout, and increased crime that state-sanctioned gambling leaves behind; and

WHEREAS while saving and investing lead to wealth creation, 50% of Americans have zero or negative net wealth and more than 60% of citizens do not have enough savings to cover a \$1,000 emergency expense, asset-building is the direct opposite of commercialized gambling; and

WHEREAS Americans have been losing vast sums of personal wealth annually to government-sanctioned gambling operations, with U.S. consumers and the economy projected to lose at least \$1 trillion to online and commercialized gambling by 2028; and Texas citizens are on a downward spiral to lose \$13 billion of their personal wealth to predatory gambling over the next five years; and

WHEREAS the argument to legalize gambling in order to end the untaxed, unregulated black market and be moved to the revenue-generating legal market has been proven to not work, nor end the black market gambling industry; as evidence shows legalization often expands both legal and illegal markets without significant reduction in unregulated activity, and claims about the extent of “illegal gambling” in Texas come not from independent sources like the FBI or Texas Department of Public Safety but from gambling industry trade groups with a financial stake in passage of legalization; and

WHEREAS dependence on lottery revenue failed to deliver on promises of paying for public education and exploits Texas’ own citizens, collecting a disproportionate amount of revenue from those least able to pay forcing all Texans to pay increased taxes and fees for services; recent scandals, including the 2023 Lotto Texas jackpot controversies involving allegations of a rigged draw by lottery retailers and a London-based sports gambling company, fraud, potential

money laundering, and child labor in related operations, led to the Texas Lottery Commission being disbanded and the Lottery moved under the Texas Department of Licensing and Regulation—yet it continues operating today because state budgets rely on the approximately \$3.6 billion per biennium it generates, and because legislators have refused to replace that revenue to other General Revenue Funds; and

WHEREAS professional sports teams are attempting to lead and ultimately participate in the expansion of gambling sending the wrong message to the youth of Texas. Several states that have legalized sports betting soon after had to offer anti-gambling curricula for its' public schools, and in the UK where sports betting has been legal for decades, there has been devastating impacts on children aged 11 to 16, some even younger, by the high frequency of marketing normalizing gambling for kids and leading them to believe it was central to playing and watching sports; with U.S. trends showing teens and young adults as a top demographic calling gambling helplines, early exposure via ads and apps increasing addiction risks, and predatory gambling exploiting and manipulating kids as one of its core harms; and

BE IT FINALLY RESOLVED that we oppose any further legalization, government facilitation, or expansion of any type of gambling including land-based casinos, riverboat casinos, sports betting, daily fantasy sports, instant racing, electronic versions of raffles, bingo, lottery scratch tickets, and Keno; phone and computer based wagering, online casinos, prediction markets, online sports betting, slots, and other forms of gambling, and oppose government-sponsored gambling as a means of financing state or local government and urge the Texas Legislature to enact legislation that assists in the vigorous enforcement of existing laws and regulations related to gambling and investigation of attempts to circumvent existing laws, affirming that people are worth more than money and rejecting the cruel and oppressive institution of predatory gambling.

THEREFORE, LET IT BE RESOLVED, that a copy of this resolution be sent to the \_\_\_\_\_ County/Senate District #\_\_\_\_\_ Convention Resolutions Committee from Precinct #\_\_\_\_ with the recommendation that it be passed and sent to the State Convention Platform Committee of the Republican Party of Texas.