

A Taxing Experience

Tom Cunningham

In an article by the late Jim Meador he proposed a case for legalized gambling on pool. See it at billiardworld.com/gambling. Since he asked what his readers thought about it, I'll use that invitation to throw in my two bits.

While I don't share his opinion of the competence of our legislators, I think Jim does a first-rate job of exposing the hypocrisy of a government that punishes private gambling with one hand while promoting and assisting its own forms of gambling with the other. In years past, prelates, politicians and much of the general public questioned gambling on moral grounds. But in recent times morality seems no longer to be an issue. States and cities across the land administer lotteries and provide economic development assistance to casino owners on a regular basis.

The only serious governmental opposition arises when the profits from gambling are not disclosed and are missed a source of tax revenue. The winnings at casinos, race tracks, and state lotteries are easily identified so that, in many cases, the tax man takes his cut before the funds are released to the player. The same holds true for the biggest gambling operation of them all, that national casino for the well-off we call the stock market. This particular form of gambling is so intertwined in the economy of the country that our standard of living is shaped by it. But the

government only punishes stock market gamblers (i.e., "investors") when they fudge their capital gains reporting or when they try to rig the game through insider trading. Otherwise, our lawmakers smile benevolently on these virtuous folk who have, in large measure, made our economy what it is today. In short, government supports gambling when the proceeds can be taxed.

Gamblers in the stock market, at the casinos, at the race tracks, and in the lotteries have come to terms with the existing laws of the land. They don't like the reduction of their winnings, but they realize that, short of a fundamental change in the way we pay for governing ourselves, a tax on income is here to stay.

So, there are really only two alternatives: 1. Pool players can lobby for some type of legislation that legitimizes private betting by providing a mechanism for taxing the profits; or 2. Pool players who want to gamble can continue to look over their shoulders and resign themselves to being – by strict legal interpretation – criminals. I'm not a betting man, but if I were, my money would be on alternative No. 2. (If I were to win such a bet, I would, of course, immediately notify the IRS.)