

You scratch, state wins

Hype meets hope with N.C. lottery

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I know me and my family need it," he said.

Odds are that Smith won't win the money by playing North Carolina's scratch-off games. Until May when N.C. joins the Powerball franchise, the top payout is \$100,000 from the Carolina Cash game. Those tickets are \$5 and the odds of winning are 1 in 3.75.

During the first five days of lottery sales, the state made \$24 million, about \$1 million short of the goal. But North Carolina Education Lottery chairman Charles Saunders told the Associated Press that ticket sales went beyond their expectations and that the lottery started six days ahead of schedule.

However, launching the lottery hasn't stopped players from traveling across the border to South Carolina.

At the Lottery Supercenter on Carowinds Boulevard, 22 of 24 cars in the parking lot had North Carolina license plates.

Laura Collins, a South Carolina Education Lottery spokeswoman, said 12 per-

cent of the state's lottery players come from North Carolina. South Carolina sold nearly \$1 billion in lottery tickets last year. "We're going to continue to focus on our strong business plan. The odds are better in this state," Collins said.

The odds of winning South Carolina's most popular game, Powerball is 1 in 1.5 million.

Playing Palmetto Cash 5, which pays nearly \$500,000 to the winner, are little better. Odds of winning the top prize are 1 in 500,000.

Concord resident Raymond Pryor crossed the border and won \$10,000 in South Carolina's lottery, although after taxes he pocketed \$6,800. Last week when he played the N.C. lottery, he won \$3 after spending \$40.

"People are going to come to South Carolina because you get two chances to win," he said.

Plus, Pryor added, North Carolina doesn't have the Pick 4 and Pick 5 games that South Carolina offers.

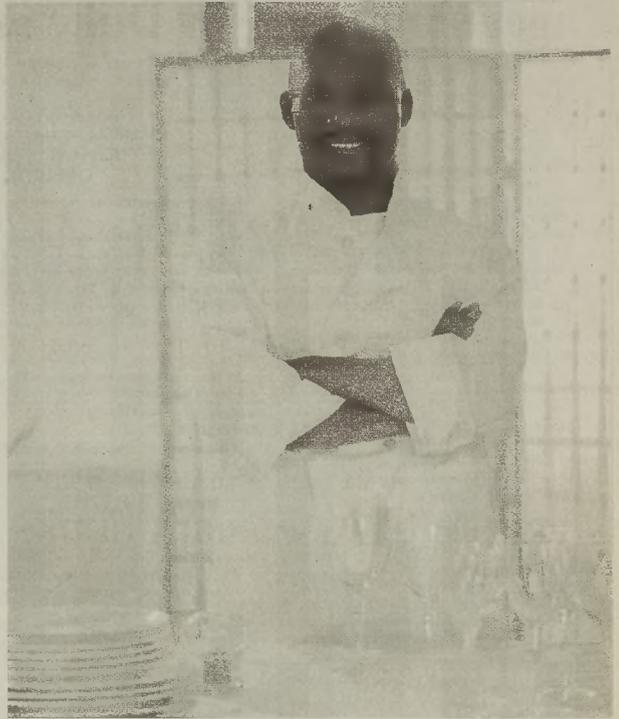
One thing people may not consider when winning money is the fact that the tax man will be coming to collect as well.

According to IRS.gov, if you

spend more than \$600 or more in gambling winnings from a lottery and the winnings are 300 times the amount of the wager, the wager must be subtracted from the total winnings to determine if withholding and reporting are required. The wager must be subtracted at the time of first payment.

John Hood, president of the conservative Raleigh-based John Locke Foundation said "government lotteries are not an alternative to taxes. They are taxes. What's actually going on is that the state is creating a legal gambling monopoly, a government-run lottery, and then collecting a large chunk of the resulting proceeds as a tax. You can consider it, as a gross-receipts tax on the lottery enterprise, in which case the tax rate in the average state is about 31 percent. Or you can even view it as an excise tax on the sale of every lottery ticket, in which the implicit tax rate is about 45 percent."

According to the Tax Foundation, a Washington, D.C., think tank promoting low taxes and a simplified tax system, in fiscal year 2003, state governments kept 31 cents of every dollar spent on lottery tickets.



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