

1 elicit support from economic theory, it also founders
2 on the standards customarily applied to measure tax
3 efficiency.

4 First, the principle of allocating efficiency
5 is violated in two ways. A, it is violated by charging
6 a customer a price for the service represented by the
7 lottery ticket in excess of cost, including social cost.
8 The marginal conditions for the efficiency of resource
9 allocation are bypassed. The equimarginal principle,
10 applies the marginal social cost of raising the revenue
11 by the tax, must be equal.

12 B, those who buy lottery tickets may be in-
13 duced to save less in anticipation of winning a future
14 prize, thereby affecting the supply of investment goods
15 relative to consumer goods.

16 Second, the burden of the lottery is inequit-
17 able because lower income groups buy more than a propor-
18 tionate share of the tickets. Moreover, the distribution
19 of prices increases income and equality. A recent survey
20 in the State of Massachusetts of the residents of that
21 State who had won in/New Hampshire lottery, concluded