



---

## Community and Economic Development in North Carolina and Beyond Blog: Sweepstakes Cafés: Another Side to the Same Story

By CED Program Interns & Students

Article: <https://ced.sog.unc.edu/sweepstakes-cafes-another-side-to-the-same-story/>

This entry was posted on June 22, 2010 and is filed under Carolina Economic Revitalization Corps (CERC), Economic Development

---

*Lindsay Moriarty is a graduate student at UNC-Chapel Hill pursuing dual masters' degrees in Health Behavior and Health Education and City and Regional Planning. She is currently working with the Lumber River Council of Government through the Carolina Economic Revitalization Corps (CERC).*

Earlier this week, the North Carolina Senate voted 47-1 in favor of banning sweepstakes and internet cafés. Pressure to pass the Senate bill came from local communities concerned both about the clustering of sweepstakes cafes in low-income neighborhoods (which gives the perception of targeting the poor) and the lack of state-wide regulation in comparison to other forms of gambling, including the lottery. Though the fight isn't over, with the House vote still remaining, I can't help but consider the other side to this story.

In full disclosure, before this summer, I wouldn't have given this debate a second thought.

Then I moved to Pembroke, and shortly thereafter, I began working in Rowland.

Here, where economic development has taken on a completely new meaning, it begins to make sense why some people are against the ban. Rather than using strict regulatory tools such as licensing fees, or privilege taxes to discourage operation, Rowland charges a mere \$300 per computer. Other municipalities in Robeson County—Lumberton, Pembroke and Fairmont to name a few—have adopted fees and taxes more than ten-times this rate. As a result, Rowland has become inundated with sweepstakes and internet cafés.

Only a mile off Interstate 95 and equidistant to the famed South of the Border Amusement Park, Rowland is positioned to receive a fair amount of drive through traffic. These visitors, most of whom are looking for gasoline or breaks from driving represent one segment of the market for internet and sweepstakes cafés. Although the degree to which these establishments attract tourists and revenue is largely speculative, there are some benefits that should be considered. For one, they occupy what would otherwise be vacant storefronts. And, two, they generate revenue for the city through fees (even if they are small) and utility use.

For towns like Rowland, whose tax base is small, and whose ability to attract new business and create jobs is virtually nonexistent, what alternatives to sweepstakes cafés are there? Can we consider these gaming establishments a form of economic development? If so, what regulation tools can be used to offset the concern they often attract? If not, what strategies can be used to attract more desirable businesses? For towns that lack the organizational capacity, infrastructure and funding to develop, let alone implement and manage more traditional economic and community development plans, what support can we offer? How can we ensure that plans are utilized and that resources are effectively employed? Given all these limitations, what is the best case scenario? Where do we start?

These are the questions I have begun to ask myself as I continue to work with Rowland. Here, sweepstakes cafés are not viewed as a threat. Perhaps it's because they have bigger things to worry about and a lack of better options. Perhaps they see an opportunity and are making a conscious decision to embrace it. Perhaps it's a bit of both. Either way, understanding where towns like Rowland are coming from is important because it helps us to see where they are going—it enables us to focus our efforts in getting there.