

THE TWO RIVER TIMES

A Whole Lotto Change: State Approves Online Lottery Ticket Sales

By: Sunayana Prabhu, August 24, 2023

The New Jersey Lottery Commission announced recently it was authorizing online sales of certain lottery tickets. The rule will take effect in fall 2024 and apply to popular draw games like Mega Millions, Powerball and Jersey Cash 5, but not instant scratch-off games.

The bipartisan New Jersey Lottery Commission voted during a meeting Aug. 17 to approve selling lottery tickets directly to customers online through its website and mobile app in a move to appeal to the next generation of lottery players, “primarily those under the age of 40, who conduct the vast majority of their lives online,” Missy Gillespie, a spokesperson for the commission told The Two River Times in an email.

Gillespie said the commission looked at the experiences of other states that have launched online lottery ticket purchasing and found that sales increased, including at brick-and-mortar retailers.

The New Jersey Gasoline-Convenience-Automotive Association (NJGCA), a nonprofit representing nearly 1,000 small businesses across the state that sell lottery tickets, slammed the change. Small businesses in the Two River area, “like convenience stores, will be the ones most affected by this change,” said Eric Blomgren, NJGCA chief administrator, director of government affairs, in an email, noting that area businesses rely on lottery tickets to bring customers into their stores.

“Retailers don’t make much money off the sales of lottery tickets directly, just a few cents per ticket, but they bring in consumers who make other purchases, like coffee and snacks,” said Blomgren.

The commission’s decision is intended to promote digital use, boost ticket sales and curb fraud. In a press release stating the NJGCA’s opposition to the change, Blomberg said, “If there is a large market only captured by the availability of internet sales, shouldn’t they already be satisfied by the existing lottery courier companies?” referring to the two existing online services offering lottery tickets, lotto.com and jackpocket.com.

Frank A., of Krauszer's in Fair Haven who wanted to be identified by his first name and last initial only, said his business is not dependent on lottery sales. Although he admitted that online sales will likely cut almost \$25,000 in commission annually from his revenue, that is "not a big deal." He said he has always counted on the loyalty of his "local town" and his "local customers" to ensure a sustained business model.

While there is no denying that "business will go down" if online sales begin, said Atul Patel of Welsh Farms in Red Bank, "older people will still come to the store" to purchase lottery tickets. But, he added, younger people will "keep spending money online like everything else," not realizing "how much they're spending." Patel said the digital convenience could come at the price of "more gambling problems."

The ruling has received significant blowback from state legislators across party lines.

Republican Budget Committee members Sen. Declan O'Scanlon (R-13) and Sen. Steve Oroho (R-24) issued a joint statement against the "short sighted" regulation of a lottery commission that currently supplies lottery tickets to nearly 7,000 small retailers throughout the state.

Staff at Krauszer's in Fair Haven say they are not dependent on lottery sales and have always counted on the loyalty of local customers to ensure a thriving business. Sunayana Prabhu

Online sales could "significantly reduce" revenue for these retailers, they said.

"Not to mention, online sales of lottery tickets increase the likelihood that underaged individuals will find a way to make these purchases," the statement adds.

Sen. Vin Gopal (D-11) unequivocally denounced the change in a recent statement as well. "After telling me directly that they would delay this vote to have more stakeholder input, the New Jersey Lottery Commission has chosen to ignore significant stakeholder concerns and move ahead with a proposal that will devastate countless small businesses in the state," he said.

"This decision will only serve to take sales away from New Jersey small businesses without providing them with any compensation."

Gopal said he will introduce legislation to protect New Jersey lottery vendors if the measure is implemented.

"This decision clearly defies the Legislature's intent in passing the 2019 Lottery Courier Services Act," Gopal added, echoing bipartisan voices that have come in support of small businesses. According to Gopal, the commission's proposed rule would represent a sharp departure from the act, which requires that all online lottery sales be tied to a brick-and-mortar business. "Vendors have warned that the shift would not only result in the loss of direct lottery sales," Gopal said, "but it would also cost their businesses ancillary sales from customers who purchase additional products when they visit local stores to buy lottery tickets."

“The backbone of the New Jersey Lottery is and will always be our network of traditional brick and mortar retailers,” Gillespie said defending the commission’s stance. Scratch-off tickets, which comprise 53% of lottery ticket sales, will continue to be sold exclusively at retail locations, she confirmed, along with draw games, which will help “ensure a robust and successful network of retailers.”

Gopal urged the commission to continue working with stakeholders and lawmakers on this issue. “It is not the job of the state of New Jersey to simply make money at the expense of cutting our mom-and-pop small-businesses out,” he said, noting he will lobby the governor to stop online sales from happening.

The commission consists of seven members: the state treasurer and the director of the Division of Investments, serving as ex officio members, and five public members appointed by the governor with the advice and consent of the Senate.

“At the end of the day, the proposed online sale of draw games is in the best interests of the New Jersey Lottery and our state as a whole, including our retail network, the public employees retirement system that the Lottery supports, and our current and future players,” said Gillespie.