



NJ Lottery's move to add online ticket sales draws blowback

By Matthew Fazel poor, August 18, 2023

The New Jersey Lottery Commission moved forward with a controversial plan during its Aug. 17 meeting that would allow lottery players to purchase certain tickets online.

The rule would apply to games such as Powerball, Mega Millions and Jersey Cash 5, but would not include scratch-offs, which account for more than 50% of lottery sales.

Lottery tickets can already be purchased through third-party websites and apps, such as Jackpocket and Lotto.com. Thursday's approval would clear the way for players to directly purchase tickets on the New Jersey Lottery website and app.

Officials have been weighing this issue for several years as part of an effort to attract new, younger players. They expect the change to take place by the latter part of next year, but are still working out the logistics and implementation process.

The decision drew immediate backlash from owners of gas stations and convenience stores as well as lawmakers from both sides of the aisle.

"I just can't imagine that this won't take business that would have otherwise been in neighborhood stores, whether that's irregular players jumping in on a jackpot now doing it on their phone, or regular players making a portion of their purchase online," said Eric Blomgren, New Jersey Gasoline, Convenience Store, Automotive Association (NJGCA) chief administrator and director of government affairs, in a statement.

The NJGCA asked: 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?

“Ultimately, the state selling lottery tickets directly to the consumer through the internet puts physical retail stores in competition with the very government entity that is their supplier, distributor, and chief advertiser,” the NJGCA statement continued.

In a statement to NJBIZ, the New Jersey Lottery said it has been carefully considering this proposal for several years.

“We looked at the experiences that other lotteries have had launching online games and saw sales of all lottery products grow at brick-and-mortar retailers,” NJ Lottery said in the statement. “The Lottery believes that this increase was directly related to the introduction of online sales and by appealing to the next generation of lottery players. These new lottery players, primarily under the age of 40, who are more online, are essential to the long-term viability and success of the Lottery.”

The New Jersey Lottery says it appreciates the concerns about the potential impact of online sales on its network of nearly 7,000 brick-and-mortar retailers.

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“The Lottery proposed online sales because we strongly believe that it is in the best interests of the State of New Jersey, the New Jersey Lottery, our retail network, the pension system our proceeds serve, and our future players,” the Lottery noted in its statement.

Small business setbacks

Earlier this week, Senate Republicans ripped the proposal – saying they believe the New Jersey Lottery is misinterpreting state law and that they do not have the authority to authorize online lottery sales.

“The Division [of Lottery] should not make this short-sighted decision because they would be negatively impacting small businesses throughout New Jersey. Online lottery sales could significantly reduce licensed retailer’s revenues and put their small businesses in direct competition with the state,” said Sens. Steve Oroho, R-24th District, and Declan O’Scanlon, R-13th District. “Authorizing online sales of lottery tickets pose additional financial concerns that will deprive convenient stores of necessary revenue from ancillary sales. Not to mention, online sales of lottery tickets increase the likelihood that underaged individuals will find a way to make these purchases.”

Following the Thursday vote, Sen. Vin Gopal, D-11th District, slammed the decision.

“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,” said Gopal. “This decision will only serve to take sales away from New Jersey small businesses without providing them with any compensation.”

The lawmakers said that they are planning legislative remedies to combat this rule change.

“We also thank those legislators who have already stood up against this plan, especially grateful to Monmouth County Sen. Vin Gopal for his continued strong advocacy for small businesses on this issue and we look forward to working with him and others on a bipartisan effort to protect small retailers,” the NJGCA statement added.

“The backbone of the New Jersey Lottery is and will always be our network of traditional brick-and-mortar retailers,” the Lottery stressed. “It is essential that the Lottery maintain a robust and successful network of retailers. A Lottery-managed online sales channel is

essential to not only maintaining our retailer sales but growing it by appealing to new players.”