

Treasurer: Cons to online lottery sales

By Chris Camire,

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BOSTON -- Massachusetts residents may soon be able to buy lottery tickets from the comfort of their homes, after a recent Department of Justice opinion opened the doors to legalized Internet gambling.

The ruling could be a windfall for cash-strapped states that are counting on the Internet to reach the lottery's untapped market of young, tech-savvy people in their 20s and 30s.

But before Massachusetts cashes in on online sales, state Treasurer Steve Grossman is stressing that there are several serious potential downsides to the proposal.

Grossman, who oversees the state Lottery, is concerned that online sales will hurt the 7,500 retailers across the state whose businesses depend on profits made from selling lottery tickets. Lottery retailers, such as convenience stores, make about \$37,000 per year from the Lottery.

"Many of them are family-owned businesses, so if you were to sell Lottery products online, using the Internet, paid for by credit card, and the business did not go through the agent, that's a lot of income that might not flow to those agents," Grossman said. "I'm very concerned about small businesses and jobs and the health of that industry. That's a lot of people, a lot of employees, a lot of business."

The Massachusetts Retailers Association has reached out to several of its members, as well as Grossman, to figure out how brick-and-mortar retailers will be affected by the ruling.

"In light of the decision, we're looking at the issue and trying to determine what kind of impact it could have on our members who sell Lottery tickets," said Bill Rennie, the group's vice president.

The Justice Department's opinion, which was released Friday, reversed its 1961 ruling that bets through telecommunications that cross state lines or international borders were illegal. Its new interpretation, written by Justice Department attorneys in response to requests for clarification from New York and Illinois, concluded that such wagering on sports is outlawed, but that other wagers, such as lotteries, are not.

Some say the opinion will help states cope with shrinking tax revenues and ballooning pension and health-care costs. The Massachusetts Lottery, which generates more than \$4 billion in sales each year and sends about \$900 million of that to cities and towns as local aid, is also facing competition from the prospect of casinos coming to Massachusetts.

Gambling critics say the Justice Department's ruling will hurt people who can least afford to lose money.

"I think it underscores how the Massachusetts Lottery is a failed government program," said Les Bernal, executive director of Stop Predatory Gambling. "This is a government program that actively encourages people to go deeper into personal debt. It's creating addiction in order to feed off of it."

Grossman voiced similar concerns. He said an online gaming task force will meet next month to begin analyzing the pros and cons of online Lottery sales.

"I'm concerned about excessive gambling, gambling addiction, overuse of credit," said Grossman, adding that he expects it to take at least six to nine months before a decision is reached on the matter.

Earlier this month, Grossman endorsed allowing customers to buy lottery tickets with debit cards, starting as early as Jan. 1. Grossman said the move would make it easier for customers to play the Lottery, particularly in retail stores without ATMs.

Lottery officials said 33 of 42 state lotteries around the country already permit debit-card purchases.

"The use of debit cards is something that I don't think is at all controversial because debit cards are really cash," Grossman said. "It's a 21st century form of cash."

Credit cards are a different story.

"With credit cards, you're borrowing money," he said. "Borrowing money means you can borrow too much. When you borrow too much, you end up paying interest rates that can get up to 25 plus percent. It could put people behind the financial eight ball in ways debit cards would never do."