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News

Sale of lottery tickets at gas pumps fuels concerns over gambling

By [John Wildermuth](#)

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Photo: Max Whittaker/Prime / Special To The Chronicle

The California Lottery's new Play at the Pump program lets drivers buy up to \$20 worth of Quick Pick tickets while paying for gas at the pump with a credit card.

Drivers in California now can shove their credit card into a gas pump and come away with more than fuel — they can buy lottery tickets. And that's sparking complaints from groups concerned about the continuing growth of state-sponsored gambling.

Play at the Pump, a new California Lottery program being rolled out slowly across the state, allows drivers to buy up to \$20 worth of Quick Pick tickets at the same time they purchase gas and put the cost for both on the same credit card.

It's a first for California, which since the state lottery began in 1985 has had a strict cash-only policy for ticket purchases — both to prevent overspending by the poor and overindulging by gamblers.

An expanded state lottery “continues to exploit the poor, urban (residents) and ethnic minorities,” said the Rev. James Butler of the California Coalition Against Gambling Expansion

in Sacramento. “If this was a tax, it would be the most regressive tax increase any state could do.”

It’s a complaint state lottery officials have heard before, especially in the face of years of national studies showing that the poor are more likely to spend a bigger chunk of their income on the lottery than other groups.



*Photo: Max Whittaker/Prime / Special To The Chronicle
John Schell of Linq3, left, demonstrates how to play the California Lottery at a gas pump to Dennis Poling, center, at the State Fair in Sacramento, California, July 26, 2015.*

“The concerns are valid,” said Alex Traverso, a spokesman for the California Lottery. “But we’ve put controls in place (for the gas pump game) to make people skew to responsibility and security.”

Lottery officials are being cautious with their expansion to credit card gaming. The gas pump game, for example, is available at only 87 stations in the state, Traverso said, most of them in the Sacramento and Los Angeles areas. Lottery tickets are sold at more than 21,000 locations in California.

Expanding slowly

While the project, which began nearly a year ago, is past the test stage, “We’re looking to expand slowly,” he said. “Once we get to 100 stations, we’ll take a look and decide what to do next.”

Only stations with updated gas pumps that include a display screen can host the lottery function, and players must use a credit card or debit card and not a gas company card, Traverso said.

Under California Lottery rules, players can only spend up to \$20 a day or \$50 a week buying tickets at the gas pump. A player also is required to insert his driver’s license or state ID card into the pump to verify his age.

There have been few complaints from either the early group of players or the gas station owners who have joined the program.

Lone Bay Area outlet

Sunny Oaks Valero, on South Winchester Boulevard at the San Tomas Expressway in Campbell, is the only Bay Area gas station now participating in Play at the Pump. The busy corner station has freestanding signs promoting the program, along with “How to Play” stickers on the pumps and placards about the games hooked to the hoses.

“It’s being used and we’re getting a lot of nice feedback,” said Andre Wilson, the station’s owner. “We’ve had it in for a couple of weeks and our customers like it.”

Wilson wanted to be the first in the Bay Area with the program because he thought it would bring in more business. That seems to be happening.

“We get people coming by to play who aren’t our regular customers,” he said. “I’ve got no complaints.”

Growing that customer base is key to the state lottery, which after dipping below \$3 billion in sales in 2009, brought in a record \$5.5 billion in the year that ended June 30 and sent about \$1.3 billion to California schools.

New games, including a \$30 scratcher ticket slated to debut this month, new programs like the gas pump games and new efforts to bring in more players are all important, Traverso said.

“We’re in this to sell lottery tickets to benefit our state schools,” he said.

But that puts California in the sometimes uncomfortable position of spending millions of dollars for advertising to persuade people to gamble.

“About two-thirds of Californians never or hardly ever play lottery games,” said Les Bernal, national director of Stop Predatory Gambling, a group opposed to state lotteries. “And about 80 percent of lottery revenue comes from about 10 percent of the players.”

There's a reason the California Lottery promotes what it calls "responsible gaming" with a blizzard of ads, warnings and announcements. The California Council on Problem Gambling found that of the 4,000 people who called its hotline ((800) 426-2537) in 2014, the lottery ranked third behind Indian casinos and card rooms as their primary gambling preference. But more than half those people listed the lottery as their second choice.

"The future of state lotteries depends on getting a whole new generation hooked," Bernal said. "You do that by getting lottery games on the Internet and letting people use credit cards."

That's not so far-fetched an assumption. Millennials, the generation born between 1980 and the mid-2000s, as a group are notorious for using credit or debit cards to buy everything from a lunchtime taco to a pack of gum.

Seeking younger players

A 2014 survey by the Independent Community Bankers of America found that 24 percent of Millennials carry less than \$5 on a daily basis, bad news for a cash-only business like the state lottery.



*Photo: Stephen Lam / Stephen Lam / Special To The Chronicle
Andre Wilson, owner of the Sunny Oaks Valero gas station, stands in front of a gas pump in Campbell on July 30, 2015. Sunny Oaks Valero is the first gas station in the Bay Area that allows customers to buy California lottery tickets at the pump using credit cards.*

“Lotteries and casinos are having trouble getting new players among younger people,” said I. Nelson Rose, a professor at Whittier Law School in Costa Mesa (Orange County) and an expert on gambling and the law.

California’s Play at the Pump program “sounds much worse and more dangerous than it is,” Rose added. “People now can go to an ATM in a convenience store and get cash to buy Lotto tickets. The state puts limits on credit card use and doesn’t allow it for instant games, which is a good idea.”

But with a generation of young and not-so-young people used to fast-paced online video games and convenient access to anything they want from their smartphones, it’s a question of how long — or even whether — the California Lottery can hold the limits on credit card gambling.

“It’s the power of incremental change,” Rose said. “If you allow some games to use credit cards now, when it comes up next, how can you say no?”

Showing how it works

At the California State Fair in Sacramento last month, representatives for Linq3, which is partnering with the state for the technical side of Play at the Pump, were out in front of the California Lottery booth with a dummy gas pump, showing passersby how to play.

“You can play the Lotto at the gas pump now and maybe later at ATMs and any other device with a screen,” one young woman in a company pullover said.

That’s not going to happen in California, at least not quickly, Traverso said. While one of the reasons behind Play at the Pump was to provide “a nice little entry point” to get a new group of people playing the lottery, “we’re not going to take the lead” when it comes to advancing gambling in California, he added.

A pair of bills designed to legalize online poker in California look to be dead for the year in the Legislature, and lottery officials are perfectly happy to let that part of the gaming industry take the heat for making it easier to gamble in the state.

“We’re not busting down the door to legalize online gambling,” Traverso said.

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Play at the Pump

When a motorist inserts a credit or debit card at a gas pump, he can chose between “Gas only” and “Play Lotto” options. If Lotto is selected, the motorist may buy \$5, \$10 or \$20 worth of Quick Pick tickets for any of the three main Lotto draw games: Powerball, Mega Millions and SuperLotto Plus.

The cost, along with a \$1 service charge, is placed on the credit or debit card, and the gas pump prints out a receipt, including the Quick Pick numbers. Any winnings below \$600 are paid directly into the card account, while larger jackpots can only be collected in person by providing Lottery officials with the credit card that was used at the gas pump.

Players also have the option of providing a telephone number that will allow Lottery officials to text the results of the drawing.

There's a limit of \$20 per transaction at the gas pump and \$50 total per week.