

The Milford Daily News

Gateway Media Network

People spent \$5 billion on lottery tickets in Mass. last year

<http://www.milforddailynews.com/article/20160520/NEWS/160529160>

By **Gerry Tuoti**

Wicked Local Newsbank Editor

Posted May. 20, 2016 at 5:09 PM

Business is booming for the Massachusetts State Lottery, which sold a record \$5 billion in lottery tickets last fiscal year and consistently ranks among the nation's leaders in sales.

Statewide per capita lottery sales averaged about \$740 in fiscal 2015, a little more than \$2 per person, per day. More than 50 cities and towns posted per capita lottery sales in excess of \$1,000.

And, several local convenience store owners say lottery sales bring customers to their stores and help make up for declining sales in other products such as cigarettes.

"It's important for us," said Piyush Patel, owner of Lucky Farm in Ashland. "It definitely helps us stay in business."

Patel said large jackpots increase sales and drive customers to his store.

The lottery also helps fill the coffers of cities and towns. Last year, the lottery paid out \$3.6 billion in prizes and provided more than \$985.8 million in local aid to Massachusetts communities. In the coming fiscal year, the level of lottery revenue returned to cities and towns as local aid is expected to top \$1 billion. The funds, called "unrestricted general government aid," can be used to run school programs, hire police officers, pave roads or provide other municipal services.

"At the end of the day, we do try to run the lottery as a business and be very effective, but we keep in mind that we have a public mission," said Michael Sweeney, executive director of the Massachusetts State Lottery. "We drive revenue back to 351 cities and towns as unrestricted local aid. They get to decide each year how the money is going to be spent. It's one of their largest sources of dollars."

But that funding comes at a cost, lottery critics say.

“There is no single act of government that creates more inequality of opportunity than its sponsorship of lotteries,” said Lawrence native Les Bernal, a former Beacon Hill staffer who now serves as executive director of national nonprofit Stop Predatory Gambling. “The Massachusetts Lottery is the prime example in the nation of how this policy creates inequality. Nearly all the top lottery retailers are in lower income areas.”

Generally, the most affluent communities rank among the lowest in sales. Of the 20 cities and towns with the lowest per capita lottery sales, six rank above the 90th percentile for per capita income, according to data from the Massachusetts State Lottery and the U.S. Census Bureau.

Of the 20 cities and towns with the highest per capita lottery sales, 14 rank below the 50th percentile for per capita income.

“While part of that may be due to the urban nature of some of those communities where there may be more stores and jobs people are commuting to and from, I don’t think it’s an accident that there’s higher consumption of lottery tickets in lower income areas,” said Michael Goodman, executive director of the Public Policy Center at UMass Dartmouth.

There are exceptions to the general trend.

While poor people may be playing the lottery at high rates, poor communities benefit greatly from lottery-funded local aid.

Sweeney argued that geography, proximity to major travel routes, density of businesses and infrastructure are a much bigger factor in lottery sales than socio-economic status.

Located near the New Hampshire border, retailers in Salisbury, which ranks No. 1 in per capita sales, likely sell many tickets to out-of-state customers, he said.

It’s also important to remember, he said, that just because a ticket is sold in a town, it doesn’t mean the person buying it lives in that community.

Bellingham, which has several businesses that sell lottery tickets by the Rhode Island boarder, ranked 14th in per capita sales, the highest rank of any local community.

Victor Patel, owner Bob’s Beer and Wine, which is on Rte. 126 near the border, said he sees many customers from Rhode Island stop to buy lottery tickets that they cannot get in their home state.

The lottery has become more important as competition in the liquor business has heated up, he said.

Sweeney also discussed low sales figures from the affluent suburbs west of Boston.

“I think a lot of that would have to do with retail locations and what are the zoning laws,” Sweeney said. “I think those communities are more set up for a classic suburban single-

family home situation, so I don't know how much opportunity there is to purchase products in general."

In Weston, the wealthiest community in the state, there are only two lottery retail agents. Weston ranks 304th in per capita lottery sales.

"I would imagine Weston is probably low on the per capita purchase of Snickers bars, too," Sweeney said. "I imagine they like chocolate, but don't have an opportunity to buy it."

Tony Abi-Elias, owner of Weston Market, said Weston's rank is likely due in part because there are only two vendors. And, Abi-Elias said many of his lottery customers are people making deliveries or performing other jobs in town.

"People in Weston, they hardly gamble," he said, adding income could be a factor in that trend.

Abi-Elias underscored the importance of the lottery as cigarette sales have curtailed because of regulations and taxes.

"Lottery is an important factor for the business," Abi-Elias said. "It is a customer generator."

Customers may come in for a lottery ticket but often also buy something else, he said.

Bernal cited numerous pieces of research showing elevated rates of lottery sales among the economically disadvantaged. A 2004 Cornell University study, for example, showed a correlation between poverty rates and lottery sales in 39 states.

Despite miniscule odds of winning, purchasing a lottery ticket can become a desperate attempt to get rich, Bernal said. He took particular issue with the rising cost of scratch tickets, some forms of which cost \$30 a piece.

"People think somehow this \$30 ticket that's rigged against me is my best chance," Bernal said. "It's a Hail Mary investment strategy for poor people. That's what makes it dishonest."

Sweeney said a long track record and high payout rates — 72 percent of sales revenue was paid out as prizes last year — have helped make the lottery a success. Excitement surrounding recent record jackpots in the multi-state Powerball and Mega Millions games have also had an impact, he said.

"Over the last three to four decades, the Massachusetts lottery has been run with a high degree of integrity, and I think the consumer knows that," he said. "It's a respected product, and a product I think our players know they can trust."

While sales in less affluent communities drive a large portion of lottery revenue, those communities do benefit by getting funding back in the form of local aid. The local aid formula disburses lottery revenue to cities and towns based on their population and median home values.

"Is this the most reasonable way to raise funds to help low income communities?" Goodman wondered. "I think it's fair to see it as a tax — obviously a voluntary tax — because the

probability of winning is extremely low. We have arguably the most successful lottery in the United States, and it's not going anywhere, but the data raise important questions about how we want to raise money to support local cities and towns. It seems extremely regressive."

Reporter Brian Benson contributed to this report. Gerry Tuoti is the Regional Newsbank Editor for GateHouse Media New England. Email him at gtuoti@wickedlocal.com or call him at 508-967-3137