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It's time for Mass. Lottery to join the digital age

By [Shirley Leung](#) Globe Staff October 29, 2015

Our state lottery is a juggernaut, but the last true innovation took place in 1993, when the agency rolled out Keno.

We can't afford to wait another two decades for the next big thing — and we already know what that is: Internet gaming.

I'm not suggesting that the lottery launch an app tomorrow, but with the explosive growth of fantasy sports websites like DraftKings, the future is here.

State Treasurer Deb Goldberg gets it, but nearly got her head taken off when she suggested earlier this month that the lottery, which she oversees, study the idea of offering online fantasy sports games.

Instead of backing down, she's doubling down, and when the lottery commission meets Monday, it will begin its first discussions on putting lottery games online and expanding into games of skill such as fantasy sports.

"The world is changing so quickly," Goldberg said. "If we are complacent, we will ultimately be obsolete."

Now let me remind everyone that we've been here before. Three years ago, her predecessor, Steve Grossman, saw how the Web and new interpretations of Internet gaming law could reshape the lottery business. He commissioned a study that concluded the "[threat is imminent](#)."

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That spurred a couple of bills in the Legislature, including [one from the treasurer's office](#), to create Web-based lottery games. They went nowhere.

But they've all been refiled, and State Senator Michael Rush [introduced another one](#) in January to allow the lottery to legalize online games of skills like fantasy sports and poker.

So we now have another shot at having a real debate on whether the lottery should get into the digital age. Being Massachusetts, there is going to be a Yankee aversion to expanding another form of gambling so soon after letting in casinos.

This isn't about unbridled expansion. It's about the lottery staying relevant.

The reality is this: The lottery's core customers are aging — 40 years old and up. These patrons don't mind driving to convenience stores, plunking down cash, and walking away with a wad of scratch tickets.

But that's not how the millennials roll. These twenty- and thirtysomethings are digital natives who [live on their smartphones](#). The idea of going somewhere to buy something with paper money is so 2002.

We can sit here and pretend that the lottery is just fine as is — the most successful in the country, the source of nearly \$1 billion in aid to Massachusetts cities and towns last fiscal year. Or we can look ahead — and try to stay ahead.

Some lotteries have started to go digital. In 2012, Illinois became the first US lottery operator to sell tickets over the Internet. Today, about 315,000 people have downloaded the [Illinois lottery's app](#). In New York, customers can go online to [place recurring orders on](#) three games. The Michigan lottery, [which went online last year](#), offers a batch of instant tickets and Keno games. About 168,000 players have already registered with accounts.

One of the big fears about online gaming is that it's making it too easy for people to get into financial trouble with accounts linked to a credit card or bank. But states can set up [safeguards](#). In Illinois, for example, there is a daily Internet purchase limit of \$150 and an annual maximum of \$3,500. At registration, the Michigan lottery sets a weekly default limit of \$500 that can be deposited into accounts.

Another concern is whether online sales would cannibalize the brick-and-mortar business of tickets sold through convenience stores and other retailers. Michigan thinks it can grow the market, and in the first year, online sales generated about \$15 million in profit, a tiny fraction of the overall lottery's take. The state projects that by 2022 or so, online sales will bring in, on average, an extra \$60 million in profit a year. The proceeds from Michigan's lottery go into a state school fund.

“There is zero indication that the online games have taken away sales from others,” said lottery spokesman Jeff Holyfield. “The indication is that it's exactly the opposite.”

As for fantasy sports games, that seems to be newer territory for lotteries. Montana has offered a weekly game for years, but it can be played only at terminals at licensed gaming sites.

State Senator Jennifer Flanagan, the Leominster Democrat who is [sponsoring a bill](#) to let the lottery go online, called it a “responsible thing to do” as gaming evolves.

Still, she doesn’t see the state betting big right away. She, like the treasurer, has concerns about the impact on retailers who sell lottery tickets and wants to find a way to keep them involved. One idea is to sell prepaid cards at retailers, which customers would then go online to redeem.

“Starting small is responsible,” Flanagan told me.

I asked Treasurer Goldberg what she thought a modern lottery could look like in Massachusetts. She didn’t want to predict the future.

“This lottery is like none other in the world,” she said. “The way we move it forward will be different from anyone else.”

It’s OK to break the mold. The sooner the better.

Shirley Leung is a Globe columnist. She can be reached at shirley.leung@globe.com. Follow her on Twitter [@leung](#).