

“ALL POLITICS ARE LOCAL” ...EXCEPT WHEN THEY’RE NATIONAL LOTTERIES, PARTNERS WORK TOGETHER TO ADDRESS REGULATORY ISSUES CRITICAL TO THE INDUSTRY

JIM ACTON, LOTTERY INDUSTRY CONSULTANT

The late New Hampshire State Representative Larry Pickett was persistent in his pursuit of a lottery in the Granite State. For 10 years starting in 1953, he submitted five bills to create a sweepstakes, and lost all five times. Finally in April 1963, Pickett was successful, and Governor John King signed the bill. Later that year, 198 of 211 cities and towns voted in favor of starting a lottery. Two days after the vote – on March 12, 1964, the New Hampshire lottery started selling tickets.

Fast forward five decades and the current New Hampshire Lottery Executive Director teamed with Pollard Banknote to fight the U.S. Department of Justice which was attempting to stop the sale of lottery tickets online. In fact, in 2019 the two entities actually filed a civil lawsuit against then U.S. Attorney William Barr. In early 2021, the deadline passed for the DOJ to answer the lawsuit, handing the New Hampshire Lottery – and the entire lottery industry – a significant win for the rights of states to determine their own regulatory policy.

In between these significant milestones, there have been many hundreds of bill filings, legislative votes, local referendums – events that have created the modern lottery industry as we know it. Behind the scenes, these critical actions have been guided by a phalanx of citizens, legislators, lottery executives and vendor representatives who have helped shaped the outcomes and the future of this industry.

Given how lotteries are created, and ongoing initiatives such as annual budgets and the addition of new games are enacted, the need for stewards who understand the machinations of the legislative process and can provide a steady hand is critical for eventual success. Like Representative Pickett, the initial creation of lottery legislation and then the guiding of it through the various legislative committees, votes and eventual approval at the executive level takes someone with patience, resources, and strong knowledge of the process.

At the helm of lotteries are directors who must wear many hats. Internally, they are overseeing

the day-to-day operations of a large revenue-generating enterprise whose ongoing success is relied on by beneficiaries. They must be conversant in the political maneuverings, legislative processes, business tactics, human resource issues, and many other components of running a multi-million/billion-dollar business. On top of those duties, many directors are involved with multi-state initiatives such as Powerball and Mega Millions and help shape the direction of these important games as well.

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On the commercial partner side, life is also busy. Customer relations, procurement oversight, technology advancements, government interface – the list of issues on the dockets of many companies can seem overwhelming. But the executives charged with driving progress while maximizing upside potential and minimizing risk, are expertly steering their organizations into new avenues for consumers.

This is especially true of digital advancements, such as iLottery. Companies such as NeoPollard Interactive are not fazed by anything they face in North America as they have seen it all in their work around the globe. Now they have to continue to convince stakeholders that change is good, and it will help everyone.

“It seems obvious to everyone in Consumer-Packaged-Goods, whether you sell sweaters or shoes, taxi rides or concert tickets, pet food or printer ink, diapers or flowers, airline tickets or restaurant reservations – the jury has reached a verdict,” said Liz Siver, General Manager, NeoPollard Interactive. “Consumers want to transact business

on their devices. iLottery sales help reach a younger player who might not carry cash. Players online are an average of 12 years younger than retail players and iLottery has proven to expand that player base. With sports betting and other online gaming on the rise, a crowded marketplace where lotteries compete for discretionary spending, modernizing distribution is an essential ingredient to a lottery’s growth strategies.”

NPI has been at the forefront of activity related to iLottery over the past decade. Their first iLottery customer – Michigan – is the longest-operating program in the U.S. And they joined forces with the New Hampshire Lottery to take on the U.S. Department of Justice and clear the path for iLottery to be approved in other states without fear of federal government interference.

“Currently, iLottery sales represent less than 5% of the total U.S. lottery market with twelve lotteries offering some form of online sales,” Liz said. “We know lotteries are looking creatively at how to enable forms of online sales that meet the specific parameters of their states. What we hope to see with iLottery is a similar pace of expansion that we have seen with the legalization and rollout of sports betting that has been rapidly growing since PASPA was overturned in 2018.”

Regulatory policy has a profound impact on the revenue-generating capacities of operators of all games-of-chance, including lottery. The ability to make the games available online, for instance, contributes immensely to the long-term sustainability of state lotteries. And more and more, our strategic planning needs to incorporate an awareness of the competitive landscape, and how and where our products should be positioned within this broader games-of-chance industry. We want to thank industry leaders like Liz Siver, Charles McIntyre, and many others for defending the interests of stakeholders of government lottery and beneficiaries.

Following are more extensive commentaries from the leading government-relations officers of IGT and Scientific Games. ■

