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The Economic Benefit of Ohio Lottery Internet Sales

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Executive Summary

The Economics Center has analyzed the potential for increasing Ohio Lottery revenue by giving its citizens the option of purchasing tickets on the Internet. This research is intended to assist policy-makers in making decisions about the Ohio Lottery.

- The Economics Center estimates the net increase in Ohio Lottery ticket sales that would result from allowing Internet purchases at $1,176,000,000 over the next five years.

- This increase in sales will produce an additional $376 million in funding for education through Ohio Lottery profits during the same period.

- Net new Ohio Lottery Internet sales are expected to grow by about 10.6 percent annually, from $190 million in the first year to $284 million in the fifth year.

Projected Ohio Lottery Ticket Sales

Year	Ticket Sales (in $millions)		
	Base	Net New (Internet)	Total
1	$2,148	$190	$2,338
2	$2,219	$210	$2,430
3	$2,299	$233	$2,533
4	$2,382	$258	$2,640
5	$2,468	$284	$2,753

- Of this total, 58% will come from increased play by existing lottery players, and 42% will come from ticket purchases by new or returning players.

- This analysis assumes that no changes in Ohio Lottery marketing will occur. Changes, such as increased incentives to retailers, combined with opportunities for retailers to create Internet "storefronts" and the ability to do point-of-sale marketing, would be likely to produce higher sales.

The adoption of an Internet option for selling Ohio Lottery tickets will also produce an economic benefit for the economy and residents of the State through increased economic activity.

- Evidence from several other states indicates that an Internet option for the Ohio Lottery is going to have a net positive economic impact on the State of Ohio as a result of recapturing out-of-state spending by Ohio residents.

- The amount of money recaptured by the Internet lottery option from out-of-state gambling in the first full year would amount to about $55.6 million.

- Recaptured spending on related items, such as food and shopping, would produce an additional $11.9 million.

- Combined, this $67.5 million in spending in Ohio, along with the further economic activity it will generate, represents a net new benefit for Ohio.