

ASSEMBLY, No. 5257

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 10, 2025

Sponsored by:

Assemblyman STERLEY S. STANLEY

District 18 (Middlesex)

Assemblyman KEVIN P. EGAN

District 17 (Middlesex and Somerset)

SYNOPSIS

Revises apportionment of State lottery contributions.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning State lottery contributions and amending
2 P.L.1970, c.13.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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7 1. Section 7 of P.L.1970, c.13 (C.5:9-7) is amended to read as
8 follows:

9 7. The commission shall have the power, and it shall be its
10 duty:

11 a. After full and thorough study of the report and
12 recommendations of the State Lottery Planning Commission
13 established pursuant to Joint Resolution Number 11, approved
14 November 20, 1969, and such other pertinent information as may be
15 available, to promulgate such rules and regulations governing the
16 establishment and operation of a State lottery as it deems necessary
17 and desirable in order that the mandate of the people expressed in
18 their approval of the amendment to Article IV, Section VII,
19 paragraph 2, of the Constitution in the general election of
20 November, 1969, may be fully implemented, in order that such a
21 lottery shall be initiated at the earliest feasible and practicable time,
22 and in order that such lottery shall produce the maximum amount of
23 net proceeds for State institutions and State aid for education
24 consonant with the dignity of the State and the general welfare of
25 the people. Such rules and regulations may include, but shall not be
26 limited to, the following:

27 (1) The type of lottery to be conducted.

28 (2) The price, or prices, of tickets or shares in the lottery.

29 (3) The number and sizes of the prizes on the winning tickets or
30 shares.

31 (4) The manner of selecting the winning tickets or shares.

32 (5) The manner of payment of prizes to the holders of winning
33 tickets or shares, including, subject to the approval of the State
34 Treasurer, provision for payment of prizes not to exceed \$599.00 by
35 agents licensed hereunder out of moneys received from sales of
36 tickets or shares.

37 (6) The frequency of the drawings or selections of winning
38 tickets or shares, without limitation.

39 (7) Without limit as to number, the type or types of locations at
40 which tickets or shares may be sold.

41 (8) The method to be used in selling tickets or shares.

42 (9) The licensing of agents to sell tickets or shares, provided
43 that no person under the age of 21 shall be licensed as an agent.

44 (10) The manner and amount of compensation, if any, to be paid
45 licensed sales agents necessary to provide for the adequate

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 availability of tickets or shares to prospective buyers and for the
2 convenience of the public.

3 (11) The apportionment of the total proceeds accruing from the
4 sale of lottery tickets or shares and from all other sources among (a)
5 the payment of prizes to the holders of winning tickets or shares, (b)
6 the payment of costs incurred in the operation and administration of
7 the lottery, including the expenses of the division and the costs
8 resulting from any contract or contracts entered into for
9 promotional, advertising or operational services or for the purchase
10 or lease of lottery equipment and materials, (c) for the repayment of
11 the money appropriated to the State Lottery Fund pursuant to
12 section 23 of this act, and (d) for transfer to the general fund for
13 State institutions and State aid for education; provided, however,
14 that no less than 30% of the total proceeds accruing from the sale of
15 lottery tickets or shares shall be dedicated to (d) above.

16 During the term of the lottery contribution made pursuant to
17 section 4 of P.L.2017, c.98 (C.5:9-22.8), the apportionment of the
18 total proceeds accruing from the sale of lottery tickets or shares and
19 from all other sources among (a) the payment of prizes to the
20 holders of winning tickets or shares, (b) the payment of costs
21 incurred in the operation and administration of the Lottery
22 Enterprise, as defined in section 3 of P.L.2017, c.98 (C.5:9-22.7),
23 including the expenses of the division and the costs resulting from
24 any contract or contracts entered into for promotional, advertising,
25 or operational services for the purchase or lease of lottery
26 equipment and materials, and (c) for transfer to the investment
27 account of Common Pension Fund L, for the benefit of retirement
28 systems, as provided in the "Lottery Enterprise Contribution Act,"
29 P.L.2017, c.98 (C.5:9-22.5 et al.); provided, however, that no less
30 than 30 percent of the proceeds accruing from the sale of lottery
31 tickets or shares shall be dedicated to the investment account under
32 (c) above.

33 Notwithstanding the provisions of this section or any other law,
34 rule, or regulation to the contrary, the required dedications to the
35 investment account under (c) above shall be decreased to not less
36 than 25 percent of the proceeds accruing from the sale of lottery
37 tickets or shares, commencing with the first fiscal year following
38 the base fiscal year. For the purposes of this section, "base fiscal
39 year" means the fiscal year in which P.L. .c. (pending before the
40 Legislature as this bill) becomes effective.

41 Commencing with the fourth fiscal year following the base fiscal
42 year, the following shall apply:

43 (i) if the average annual total sales of lottery tickets or shares
44 and the total revenues accruing from the sale of lottery tickets or
45 shares of the three consecutive fiscal years following the base fiscal
46 year are equal to or greater than those figures from the base fiscal
47 year, then the required dedications to the investment account under

1 (c) above shall be permanently decreased to not less than 25 percent
2 of the proceeds accruing from the sale of lottery tickets or shares; or
3 (ii) if the average annual total sales of lottery tickets or shares
4 and the total revenues accruing from the sale of lottery tickets or
5 shares of the three consecutive fiscal years following the base
6 fiscal year are less than those figures from the base fiscal year, then
7 the required dedications to the investment account under (c) above
8 shall be permanently reverted to not less than 30 percent of the
9 proceeds accruing from the sale of lottery tickets or shares, where
10 such reversion shall become effective in the next fiscal year
11 following the fiscal year containing the shortfall.

12 (12) Such other matters necessary or desirable for the efficient
13 and economical operation and administration of the lottery and the
14 Lottery Enterprise and for the convenience of the purchasers of
15 tickets or shares and the holders of winning tickets or shares.

16 Notwithstanding the provisions of any other law to the contrary,
17 no rule or regulation establishing a lottery game shall be considered
18 an "administrative rule" or "rule" pursuant to P.L.1968, c.410
19 (C.52:14B-1 et seq.).

20 b. To amend, repeal, or supplement any such rules and
21 regulations from time to time as it deems necessary or desirable,
22 and to establish by regulation that holders of winning tickets or
23 shares may choose to remain anonymous indefinitely and that the
24 identity of a holder choosing such option shall not be included
25 under materials available to public inspection pursuant to P.L.1963,
26 c.73 (C.47:1A-1 et seq.). Nothing in this subsection shall be
27 construed to prevent the conduct of data exchange among
28 authorized State entities for the purpose of implementing the
29 provisions of P.L.1991, c.384 (C.5:9-13.1 et seq.) concerning the
30 collection of child support arrears or certain public assistance
31 overpayments; P.L.1997, c.306 (C.5:9-13.10 et seq.) concerning the
32 collection of delinquent or defaulted student loan payments;
33 P.L.2007, c.106 (C.5:9-13.17 et seq.) concerning the payment of
34 certain debts to State agencies; or of any other law providing for the
35 collection of any debts or other payments from lottery winnings.
36 Notwithstanding any provision of the "Administrative Procedure
37 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the
38 commission may adopt, immediately upon filing with the Office of
39 Administrative Law, such regulations as are necessary to implement
40 the provisions of the "Lottery Enterprise Contribution Act,"
41 P.L.2017, c.98 (C.5:9-22.5 et al.), which shall be effective for a
42 period not to exceed 12 months following adoption, and may
43 thereafter be amended, adopted, or readopted by the commission in
44 accordance with the requirements of the "Administrative Procedure
45 Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

46 c. To advise and make recommendations to the director
47 regarding the operation and administration of the lottery and the
48 Lottery Enterprise.

1 d. To report monthly to the Governor and the Legislature
2 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during
3 the lottery contribution, to the Director of the Division of
4 Investment, the total lottery proceeds, prize disbursements and other
5 expenses for the preceding month, and to make an annual report,
6 which shall include a full and complete statement of lottery
7 proceeds, prize disbursements and other expenses, to the Governor,
8 the Legislature, and during the lottery contribution, the Director of
9 the Division of Investment, including such recommendations for
10 changes in this act as it deems necessary or desirable.

11 e. To report immediately to the Governor and the Legislature
12 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during
13 the lottery contribution, to the Director of the Division of
14 Investment, any matters which shall require immediate changes in
15 the laws of this State in order to prevent abuses and evasions of this
16 act or rules and regulations promulgated thereunder or to rectify
17 undesirable conditions in connection with the administration or
18 operation of the lottery and the Lottery Enterprise.

19 f. To carry on a continuous study and investigation of the
20 lottery and the Lottery Enterprise throughout the State, which may
21 include requiring a financial or operational audit of the Lottery
22 Enterprise, (1) for the purpose of ascertaining any defects in this act
23 or in the rules and regulations issued thereunder by reason whereof
24 any abuses in the administration and operation of the lottery and the
25 Lottery Enterprise or any evasion of this act or the rules and
26 regulations may arise or be practiced, (2) for the purpose of
27 formulating recommendations for changes in this act and the rules
28 and regulations promulgated thereunder to prevent such abuses and
29 evasions, (3) to guard against the use of this act and the rules and
30 regulations issued thereunder as a cloak for the carrying on of
31 organized gambling and crime, and (4) to insure that said law and
32 rules and regulations shall be in such form and be so administered
33 as to serve the true purposes of this act and the "Lottery Enterprise
34 Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.).

35 g. To make a continuous study and investigation of (1) the
36 operation and the administration of similar laws which may be in
37 effect in other states or countries, (2) any literature on the subject
38 which from time to time may be published or available, (3) any
39 Federal laws which may affect the operation of the lottery and the
40 Lottery Enterprise, and (4) the reaction of New Jersey residents to
41 existing and potential features of the lottery and the Lottery
42 Enterprise, with a view to recommending or effecting changes that
43 will tend to serve the purposes of this act.

44 (cf: P.L.2019, c.402, s.1)

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46 2. This act shall take effect on July 1 next following the date of
47 enactment.

STATEMENT

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This bill revises the apportionment of State lottery contributions.

Under current law, the State lottery contributions made pursuant to the Lottery Enterprise Contribution Act require a minimum of 30 percent of the proceeds accruing from the sale of lottery tickets or shares to be dedicated to the Common Pension Fund L investment account established by the Lottery Enterprise Contribution Act.

This bill revises the apportionment of State lottery contributions to require a minimum of 25 percent of the proceeds accruing from the sale of lottery tickets or shares to be dedicated to the Common Pension Fund L investment account in the event that both the average annual total sales of lottery tickets or shares and the total revenues accruing from the sale of lottery tickets or shares in a fiscal year are equal to or greater than both the average annual total sales of lottery tickets or shares and the total revenues accruing from the sale of lottery tickets or shares in the base fiscal year, commencing with the first fiscal year following the base fiscal year.

Commencing with the fourth fiscal year following the base fiscal year, if the average annual total sales of lottery tickets or shares and the total revenues accruing from the sale of lottery tickets or shares of the three consecutive fiscal years are equal to or greater than those figures from the base fiscal year, then the apportionment of State lottery contributions to Common Pension Fund L will remain at a minimum of 25 percent of the proceeds accruing from the sale of lottery tickets or shares. If the average annual total sales of lottery tickets or shares and the total revenues accruing from the sale of lottery tickets or shares of the three consecutive fiscal years are less than those figures from the base fiscal year, then the apportionment of State lottery contributions to Common Pension Fund L will revert to a minimum of 30 percent of the proceeds accruing from the sale of lottery tickets or shares. The reversion would go into effect the next fiscal year following the fiscal year containing the shortfall.

The bill defines “base fiscal year” as the fiscal year in which the bill goes into effect.