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ASSEMBLY, No. 5257

STATE OF NEW JERSEY
221st LEGISLATURE

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Sponsored by:

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District 18 (Middlesex)

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SYNOPSIS

Revises apportionment of State lottery contributions.

CURRENT VERSION OF TEXT

As reported by the Assembly Budget Committee on June 26, 2025 with amendments.



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:

6

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 duty:

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

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

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

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

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

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

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

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

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

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

42 (10) The manner and amount of compensation, if any, to be paid
43 licensed sales agents necessary to provide for the adequate availability
44 of tickets or shares to prospective buyers and for the convenience of
45 the public.

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ABU committee amendments adopted June .

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

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

30 Notwithstanding the provisions of this section or any other law,
31 rule, or regulation to the contrary, the required dedications to the
32 investment account under (c) above shall be decreased to not less than
33 ¹[25] 27¹ percent of the proceeds accruing from the sale of lottery
34 tickets or shares, commencing with ¹[the first fiscal year following the
35 base fiscal year] State Fiscal Year 2026¹. For the purposes of this
36 section, "base fiscal year" ¹[means the fiscal year in which P.L. , c.
37 (pending before the Legislature as this bill) becomes effective] refers
38 to State Fiscal Year 2025¹.

39 Commencing with the fourth fiscal year following the base fiscal
40 year, the following shall apply:

41 (i) if the average annual total sales of lottery tickets or shares and
42 the total revenues accruing from the sale of lottery tickets or shares of
43 the three consecutive fiscal years following the base fiscal year are
44 equal to or greater than those figures from the base fiscal year, then the
45 required dedications to the investment account under (c) above shall be
46 permanently decreased to not less than ¹[25] 27¹ percent of the

1 proceeds accruing from the sale of lottery tickets or shares ¹, except as
2 otherwise provided by subparagraph (iii) of this paragraph¹; or

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

12 ¹(iii) Commencing with the fourth fiscal year following the base
13 fiscal year, if, at any time, the required dedications to the investment
14 account under (c) above have been decreased to 27 percent of the
15 proceeds accruing from the sale of lottery tickets or shares, and the
16 State fails to make the full annual required contribution for the benefit
17 of retirement systems as recommended in the annual actuarial
18 valuations of the retirement systems, then the Director of the Division
19 of the State Lottery shall procure and conduct a third party review of
20 the apportionment of proceeds to evaluate the effect of reducing the
21 required dedications, and if that review determines that the reduction
22 from 30 percent to 27 percent has not resulted in higher transfers to the
23 investment account under (c) above, then the required dedications to
24 the investment account under (c) above shall be permanently reverted
25 to not less than 30 percent of the proceeds accruing from the sale of
26 lottery tickets or shares. Such reversion shall become effective in the
27 second fiscal year following the fiscal year containing the shortfall and
28 no further reviews shall be conducted in subsequent fiscal years if such
29 reversion occurs.¹

30 (12) Such other matters necessary or desirable for the efficient and
31 economical operation and administration of the lottery and the Lottery
32 Enterprise and for the convenience of the purchasers of tickets or
33 shares and the holders of winning tickets or shares.

34 Notwithstanding the provisions of any other law to the contrary, no
35 rule or regulation establishing a lottery game shall be considered an
36 "administrative rule" or "rule" pursuant to P.L.1968, c.410 (C.52:14B-
37 1 et seq.).

38 b. To amend, repeal, or supplement any such rules and
39 regulations from time to time as it deems necessary or desirable, and to
40 establish by regulation that holders of winning tickets or shares may
41 choose to remain anonymous indefinitely and that the identity of a
42 holder choosing such option shall not be included under materials
43 available to public inspection pursuant to P.L.1963, c.73 (C.47:1A-1 et
44 seq.). Nothing in this subsection shall be construed to prevent the
45 conduct of data exchange among authorized State entities for the
46 purpose of implementing the provisions of P.L.1991, c.384 (C.5:9-13.1
47 et seq.) concerning the collection of child support arrears or certain

1 public assistance overpayments; P.L.1997, c.306 (C.5:9-13.10 et seq.)
2 concerning the collection of delinquent or defaulted student loan
3 payments; P.L.2007, c.106 (C.5:9-13.17 et seq.) concerning the
4 payment of certain debts to State agencies; or of any other law
5 providing for the collection of any debts or other payments from
6 lottery winnings. Notwithstanding any provision of the
7 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.),
8 to the contrary, the commission may adopt, immediately upon filing
9 with the Office of Administrative Law, such regulations as are
10 necessary to implement the provisions of the "Lottery Enterprise
11 Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.), which shall be
12 effective for a period not to exceed 12 months following adoption, and
13 may thereafter be amended, adopted, or readopted by the commission
14 in accordance with the requirements of the "Administrative Procedure
15 Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

16 c. To advise and make recommendations to the director regarding
17 the operation and administration of the lottery and the Lottery
18 Enterprise.

19 d. To report monthly to the Governor and the Legislature
20 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during the
21 lottery contribution, to the Director of the Division of Investment, the
22 total lottery proceeds, prize disbursements and other expenses for the
23 preceding month, and to make an annual report, which shall include a
24 full and complete statement of lottery proceeds, prize disbursements
25 and other expenses, to the Governor, the Legislature, and during the
26 lottery contribution, the Director of the Division of Investment,
27 including such recommendations for changes in this act as it deems
28 necessary or desirable.

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

37 f. To carry on a continuous study and investigation of the lottery
38 and the Lottery Enterprise throughout the State, which may include
39 requiring a financial or operational audit of the Lottery Enterprise, (1)
40 for the purpose of ascertaining any defects in this act or in the rules
41 and regulations issued thereunder by reason whereof any abuses in the
42 administration and operation of the lottery and the Lottery Enterprise
43 or any evasion of this act or the rules and regulations may arise or be
44 practiced, (2) for the purpose of formulating recommendations for
45 changes in this act and the rules and regulations promulgated
46 thereunder to prevent such abuses and evasions, (3) to guard against
47 the use of this act and the rules and regulations issued thereunder as a
48 cloak for the carrying on of organized gambling and crime, and (4) to

1 insure that said law and rules and regulations shall be in such form and
2 be so administered as to serve the true purposes of this act and the
3 "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et
4 al.).

5 g. To make a continuous study and investigation of (1) the
6 operation and the administration of similar laws which may be in
7 effect in other states or countries, (2) any literature on the subject
8 which from time to time may be published or available, (3) any
9 Federal laws which may affect the operation of the lottery and the
10 Lottery Enterprise, and (4) the reaction of New Jersey residents to
11 existing and potential features of the lottery and the Lottery Enterprise,
12 with a view to recommending or effecting changes that will tend to
13 serve the purposes of this act.

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

15

16 2. This act shall take effect ¹【on July 1 next following the date of
17 enactment】 immediately¹.