

**STATE LOTTERY LAW**  
N.J.S.A. 5:9-1 et seq.

**5:9-1 Short title**

This act shall be known and may be cited as the "State Lottery Law."

**5:9-2 Purpose of act**

This act is enacted to implement the amendment of Article IV, Section VII, paragraph 2, of the Constitution of New Jersey, approved by the people in the general election of November, 1969, and to carry out the mandate thereof by establishing a lottery to be operated by the State, the entire net proceeds of which are to be used for State institutions and State aid for education.

**5:9-3 Definitions**

For the purposes of this act:

- a. "Commission" shall mean the State Lottery Commission established by this act.
- b. "Division" shall mean the Division of the State Lottery created by this act.
- c. "Lottery" or "State Lottery" shall mean the lottery established and operated pursuant to this act.
- d. "Director" shall mean the Director of the Division of the State Lottery.

**5:9-4 Division of the state lottery; establishment**

There is hereby established in the Department of the Treasury a Division of the State Lottery, which shall include a State Lottery Commission and a director.

**5:9-5 State lottery commission; members**

The commission shall consist of the State Treasurer and six public members, all of whom shall be citizens and residents of this State and all of whom shall be appointed by the Governor by and with the advice and consent of the Senate. No more than three of the six public members shall be members of the same political party. The public members shall be appointed for terms of 5 years, except that of the members first appointed, one shall be appointed for a term of 1 year, one for a term of 2 years, one for a term of 3 years, one for a term of 4 years, and one for a term of 5 years, commencing as of the date of their appointment by the Governor. The term of each of the members first appointed shall be designated by the Governor. The term of the additional public member appointed pursuant to this 1983 amendatory act shall be five years. The members shall annually

elect one of the public members as chairman of the commission and shall also annually elect one of the public members as vice chairman of the commission.

Any vacancy in the commission occurring for any reason other than the expiration of term shall be filled for the unexpired term in the same manner as the original appointment.

Any public member of the commission may be removed from office by the Governor, for cause, upon notice and opportunity to be heard at a public hearing.

The public members of the commission shall receive no salaries but shall be allowed reasonable expenses incurred in the performance of their official duties in an amount not exceeding \$5,000.00 per annum in the case of the chairman, and \$3,500.00 in the case of each of the other commissioners.

The State Treasurer may designate an officer or employee of his department to represent him at meetings of the commission, who may lawfully vote and otherwise act on behalf of the Treasurer. Any designation shall be in writing, delivered to the commission and filed with the Secretary of State and shall continue in effect, unless by its terms it is made for a fixed period, until revoked or amended in the same manner as provided for the designation.

#### **5:9-6 Director of division**

The division shall be under the immediate supervision and direction of a director, who shall be a person qualified by training and experience to direct the work of such division. The director shall be appointed by the Governor, by and with the advice and consent of the Senate, and shall serve at the pleasure of the Governor.

Any vacancy occurring in the office of the director shall be filled in the same manner as the original appointment.

The director of said division shall devote his entire time and attention to the duties of his office and shall not be engaged in any other profession or occupation. He shall receive such salary as shall be provided by law.

#### **5:9-7 Commission; powers and duties**

The commission shall have the power, and it shall be its duty:

a. After full and thorough study of the report and recommendations of the State Lottery Planning Commission established pursuant to Joint Resolution Number 11, approved November 20, 1969, and such other pertinent information as may be available, to promulgate such rules and regulations governing the establishment and operation of a State Lottery as it deems necessary and desirable in order that the mandate of the people expressed in their approval of the amendment to Article IV, Section VII, paragraph 2, of

the Constitution in the general election of November, 1969, may be fully implemented, in order that such a lottery shall be initiated at the earliest feasible and practicable time, and in order that such lottery shall produce the maximum amount of net revenues for State institutions and State aid for education consonant with the dignity of the State and the general welfare of the people. Such rules and regulations may include, but shall not be limited to, the following:

- (1) The type of lottery to be conducted.
- (2) The price, or prices, of tickets or shares in the lottery.
- (3) The number and sizes of the prizes on the winning tickets or shares.
- (4) The manner of selecting the winning tickets or shares.
- (5) The manner of payment of prizes to the holders of winning tickets or shares, including, subject to the approval of the State Treasurer, provision for payment of prizes not to exceed \$599.00 by agents licensed hereunder out of moneys received from sales of tickets or shares.
- (6) The frequency of the drawings or selections of winning tickets or shares, without limitation.
- (7) Without limit as to number, the type or types of locations at which tickets or shares may be sold.
- (8) The method to be used in selling tickets or shares.
- (9) The licensing of agents to sell tickets or shares, provided that no person under the age of 21 shall be licensed as an agent.
- (10) The manner and amount of compensation, if any, to be paid licensed sales agents necessary to provide for the adequate availability of tickets or shares to prospective buyers and for the convenience of the public.
- (11) The apportionment of the total revenues accruing from the sale of lottery tickets or shares and from all other sources among (a) the payment of prizes to the holders of winning tickets or shares, (b) the payment of costs incurred in the operation and administration of the lottery, including the expenses of the division and the costs resulting from any contract or contracts entered into for promotional, advertising or operational services or for the purchase or lease of lottery equipment and materials, (c) for the repayment of the money appropriated to the State Lottery Fund pursuant to section 23 of this act, and (d) for transfer to the general fund for State institutions and State aid for education; provided, however, that no less than 30% of the total revenues accruing from the sale of lottery tickets or shares shall be dedicated to (d), above.

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

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

b. To amend, repeal, or supplement any such rules and regulations from time to time as it deems necessary or desirable.

c. To advise and make recommendations to the director regarding the operation and administration of the lottery.

d. To report monthly to the Governor and the Legislature the total lottery revenues, prize disbursements and other expenses for the preceding month, and to make an annual report, which shall include a full and complete statement of lottery revenues, prize disbursements and other expenses, to the Governor and the Legislature, and including such recommendations for changes in this act as it deems necessary or desirable.

e. To report immediately to the Governor and the Legislature any matters which shall require immediate changes in the laws of this State in order to prevent abuses and evasions of this act or rules and regulations promulgated thereunder or to rectify undesirable conditions in connection with the administration or operation of the lottery.

f. To carry on a continuous study and investigation of the lottery throughout the State (1) for the purpose of ascertaining any defects in this act or in the rules and regulations issued thereunder by reason whereof any abuses in the administration and operation of the lottery or any evasion of this act or the rules and regulations may arise or be practiced, (2) for the purpose of formulating recommendations for changes in this act and the rules and regulations promulgated thereunder to prevent such abuses and evasions, (3) to guard against the use of this act and the rules and regulations issued thereunder as a cloak for the carrying on of organized gambling and crime, and (4) to insure that said law and rules and regulations shall be in such form and be so administered as to serve the true purposes of this act.

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

### **5:9-7.1 Video machines**

Notwithstanding any other provision of law to the contrary, no lottery or type of lottery or lottery game shall be authorized or conducted which uses any video mechanical, electrical or other video device, contrivance or machine which, upon the insertion by the participant of a coin, token or similar object therein, or upon payment of any consideration whatsoever, is available to play or operate, the play or operation of which, whether by reason of the skill of the operator or application of the element of chance, or both, may deliver or entitle the person playing or operating the machine to receive cash, tokens to be exchanged for cash, or any other prize, whether the payoff is made automatically from the machine or in any other manner whatsoever.

### **5:9-8 Director; powers and duties**

The director shall have the power, and it shall be his duty to:

a. Supervise and administer the operation of the lottery in accordance with the provisions of this act and with the rules and regulations of the commission.

b. Subject to the approval of the commission, appoint such deputy directors as may be required to carry out the functions and duties of the division, which deputy directors shall be in the unclassified service of the civil service.

c. Subject to the approval of the commission and Title 11 of the Revised Statutes, Civil Service, appoint such professional, technical and clerical assistants and employees as may be necessary to perform the duties imposed upon the division by this act.

d. Act as secretary and executive officer of the commission.

e. In accordance with the provisions of this act and the rules and regulations of the commission, to license as agents to sell lottery tickets such persons as in his opinion will best serve the public convenience and promote the sale of tickets or shares. The director may require a bond from every licensed agent, in such amount as provided in the rules and regulations of the commission. Every licensed agent shall prominently display his license, or a copy thereof, as provided in the rules and regulations of the commission.

f. Shall confer regularly as necessary or desirable and not less than once every month with the commission on the operation and administration of the lottery; shall make available for inspection by the commission, upon request, all books, records, files, and other information and documents of the division; shall advise the commission and recommend such matters as he deems necessary and advisable to improve the operation and administration of the lottery.

g. Suspend or revoke any license issued pursuant to this act or the rules and regulations promulgated thereunder.

h. Subject to the approval of the commission and the applicable laws relating to public contracts, to act on behalf of the commission as using agency with respect to purchases made by the Division of Purchase and Property of goods and services required in the operation of the lottery.

i. To certify monthly to the State Treasurer and the commission a full and complete statement of lottery revenues, prize disbursements and other expenses for the preceding month.

**5:9-9 Meetings of commission; quorum; transmission of minutes to governor and return**

No action of the commission shall be binding unless taken at a meeting at which at least four of the seven members are present and shall vote in favor thereof. The minutes of every meeting of the commission, including any rules and regulations promulgated by the commission or any amendments, revisions, supplements or repeal thereof, shall be forthwith transmitted, by and under the certification of the secretary thereof, to the Governor at the Executive Chamber, State House, Trenton. The Governor shall, within 10 days after said minutes shall have been so delivered, cause the same to be returned to the commission, either with or without his veto of any action therein recited as having been taken by the commission. If the Governor shall not return the minutes within said 10 days, any action recited therein shall have force and effect according to the wording thereof.

**5:9-10 Subpoenas; failure to appear**

The commission shall have the power to issue subpoenas to compel the attendance of witnesses and the production of documents, papers, books, records and other evidence before it in any matter over which it has jurisdiction, control or supervision. The commission shall have the power to administer oaths and affirmations to persons whose testimony is required. If a person subpoenaed to attend in any such proceeding or hearing fails to obey the command of the subpoena without reasonable cause, or if a person in attendance in any such proceeding or hearing refuses, without lawful cause, to be examined or to answer a legal or pertinent question or to exhibit any book, account, record or other document when ordered so to do by the commission, the commission may apply to any judge of the Superior Court, upon proof by affidavit of the facts, for an order returnable in not less than 2 nor more than 10 days, or as the court shall prescribe, directing such person to show cause before the court why he should not comply with such subpoena or such order.

Upon return of the order, the court before whom the matter shall come on for hearing shall examine such person under oath, and if the court shall determine, after giving such person an opportunity to be heard, that he refused without legal excuse to

comply with such subpoena or such order of the director, the court may order such person to comply therewith forthwith and any failure to obey the order of the court may be punished as a contempt of the Superior Court.

### **5:9-11 Lottery sales agents; licensing**

No license as an agent to sell lottery tickets or shares shall be issued to any person to engage in business exclusively as a lottery sales agent. Before issuing such license the director shall consider such factors as (a) the financial responsibility and security of the person and his business or activity, (b) the accessibility of his place of business or activity to the public, (c) the sufficiency of existing licenses to serve the public convenience, and (d) the volume of expected sales.

For the purposes of this section, the term "person" shall be construed to mean and include an individual, association, corporation, club, trust, estate, society, company, joint stock company, receiver, trustee, assignee, referee, or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any combination of individuals. "Person" shall also be construed to mean and include all departments, commissions, agencies and instrumentalities of the State, including counties and municipalities and agencies and instrumentalities thereof.

### **5:9-12 Lottery sales agents; authority to act**

Notwithstanding any other provision of law, any person licensed as provided in this act is hereby authorized and empowered to act as a lottery sales agent.

#### **5:9-12.1 Additional sanctions against licensees**

In addition to any penalty, fine or term of imprisonment authorized by law, the commission shall, after appropriate hearings and factual determinations, have the authority to impose the following sanctions upon any person licensed pursuant to P. L. 1970, c. 13 (C. 5:9-1 et seq.):

- a. Assess such civil penalties as may be necessary to punish misconduct and to deter future violations, which penalties may not exceed \$10,000.00;
- b. Order restitution of any moneys or property unlawfully obtained or retained by a licensee;
- c. Enter a cease and desist order which specifies the conduct which is to be discontinued, altered or implemented by the licensee;
- d. Issue letters of reprimand or censure, which letters shall be made a permanent part of the file of each licensee so sanctioned; or
- e. Impose any or all of the foregoing sanctions in combination with each other.

### **5:9-13 Assignment of prizes drawn; procedure**

a. The right of any person to a prize drawn shall not be assignable, except as permitted by this section.

b. The payment of any prize drawn may be paid to the estate of a deceased prize winner upon receipt by the State Lottery of a certified copy of an order appointing an executor or an administrator.

c. Any person may be assigned and paid the prize to which the winner is entitled pursuant to a judicial order of the New Jersey Superior Court or a federal court having jurisdiction over property located in this State provided that the order pertains to claims of ownership in the prize drawn, division of marital property in divorce actions, bankruptcy, child support, appointment of a guardian or conservator, or distribution of an estate.

d. Any person may be assigned and paid a prize to which the winner is entitled pursuant to a judicial order of the New Jersey Superior Court or a federal court having jurisdiction over property located in this State provided that the order contains at least the following findings;

(1) the full legal name, address, social security number or taxpayer identification number and, if applicable, resident alien number of the winner;

(2) the full legal name, address, social security number or taxpayer identification number and, if applicable, resident alien number of the assignee;

(3) the date on which the winner won the prize;

(4) the date on which the winner claimed the prize;

(5) the gross amount of the prize drawn before application of withholding taxes;

(6) the gross amount of payments to be made to the winner by the State Lottery before application of withholding taxes;

(7) the dates of the payments to be assigned and the amount of the specific payments to be assigned on each date;

(8) the identity of the winner's spouse, if any, and the interest of the spouse in the prize;



(9) the identity of any other co-owner, claimant or lienholder and the amount of the interests, liens, security interests, prior assignments or offsets asserted by such party;

(10) that the interest rate or discount rate, as applicable, and all fees and costs and other material terms relating to the assignment are expressly and clearly included in all material documents and in all documents that include any obligations of the prize winner;

(11) that the interest rate or discount rate, as applicable, associated with the assignment does not indicate overreaching or exploitation, does not exceed current usury rates, and does not violate any laws of usury of this State;

(12) that the winner has reviewed and understands the terms of the assignment;

(13) that the winner understands that the winner will not receive the prize payments, or portions thereof, for the years assigned;

(14) that the winner has agreed to the assignment of the winner's own free will without undue influence or duress;

(15) that the winner has retained, and consulted with, independent legal counsel who has advised the winner of the winner's legal rights and obligations;

(16) that the winner has retained, and consulted with, an independent tax advisor concerning the tax consequences of the assignment;

(17) that the winner does not seek assignment for purposes of evading creditors, judgments or obligations for child support; and

(18) that the winner has certified that the winner does not have a child support obligation, or if the winner has a child support obligation, that no arrearage is due and that the winner is not obligated to repay any public assistance benefits.

e. Before a winner is legally bound, by agreement, contract or otherwise, and prior to the issuance of an order pursuant to subsection d. of this section, the assignee shall provide the winner with all material documents which shall be binding on the assignor, including documents evidencing obligations of the winner, and a written notice recommending that the winner obtain independent counsel before signing any document which shall be binding on the assignor. All documents shall include a notice of the assignor's right to cancel the agreement which shall be located in immediate proximity to

all spaces reserved for the signature of the winner in bold-faced type of at least 10 points and which shall provide as follows:

"You have the right to cancel this assignment without any cost to you until midnight three business days after the day on which you have signed an agreement to assign all or a portion of your prize.

Cancellation occurs when you give notice by regular first class mail, postage prepaid, to the assignee at the address listed at the top of the first page of this document that you wish to cancel the assignment. Notice is deemed given when deposited in a mailbox."

f. If the State Lottery determines that a judicial order granting an assignment, issued pursuant to subsection d. of this section, is complete and correct in all respects, the State Lottery shall, not later than 10 days after receiving a true and correct copy of the filed judicial order, send the winner and the assignee written confirmation of receipt of the court-ordered assignment and of the State Lottery's intent to rely thereon in making future payments to the assignee named in the order. The State Lottery shall, thereafter, make all payments in accordance with the judicial order. No change in the terms of any assignment shall be effective unless made pursuant to a subsequent judicial order.

g. The State Lottery may impose a reasonable fee on an assignor to defray any direct or indirect administrative expenses associated with an assignment.

h. A winner shall not be permitted to assign the last two annual prize payments.

i. The State Lottery and the State are not parties to assignment proceedings, except that, the State may intervene as necessary to protect the State's interest in monies owed to the State.

j. The State Lottery and the State shall comply with, and rely upon, a judicial order in distributing payments subject to that order.

k. A winner may pledge or grant a security interest in all or part of a prize as collateral for repayment of a loan pursuant to a judicial order containing the findings required by subsection d. of this section which the court deems relevant to the pledge or grant.

l. Except where inconsistent with the provisions of this section, the New Jersey consumer fraud act, P.L.1960, c.39 (C.56:8-1 et seq.), shall apply to all transactions under this section.

m. The court shall cease to approve assignments pursuant to subsection d. of this section if:

(1) the United States Internal Revenue Service issues a technical rule letter, revenue ruling, or other public ruling in which it is determined that because of the right of assignment provided by subsection d. of this section, prizewinners who do not exercise the right to assign prize payments would be subject to an immediate income tax liability for the value of the entire prize rather than annual income tax liability for each installment when received; or

(2) a court of competent jurisdiction issues a published decision holding that because of the right of assignment provided by subsection d. of this section, prizewinners who do not exercise the right to assign prize payments would be subject to an immediate income tax liability for the value of the entire prize rather than annual income tax liability for each installment when received.

n. Upon receipt, the director shall immediately file a copy of a letter or ruling of the United States Internal Revenue Service or a published decision of a court of competent jurisdiction, described in subsection m. of this section, with the Secretary of State. No assignment shall be approved pursuant to subsection d. of this section after the date of such filing.

o. Notwithstanding the provisions of this section, any lottery prize assignment or loan transaction which has been approved by a New Jersey Superior Court pursuant to section 13 of P.L.1970, c.13 (C.5:9-13) on or before May 15, 1998, regardless of whether such an order has been or is the subject of an appeal, shall, upon joint written agreement of the parties, be deemed a binding assignment or transaction and shall be honored by the Division of the State Lottery.

p. No change in the terms of any assignment shall be effective unless made pursuant to a subsequent court order under this section.

q. A voluntary assignment shall not include or cover payments, or portions of payments, that are subject to the offset pursuant to P.L.1991, c.384 (C.5:9-13.1 et seq.), P.L.1997, c 306 (C.5:9-13. 10 et seq.), or any other law unless appropriate provisions are made to satisfy the obligations giving rise to the offset.

r. No lottery assignee shall directly or indirectly recommend or facilitate the hiring of any lawyer or accountant to assist the assignor in determining the appropriateness of the proposed assignment. Further, the assignee shall not offer prior to the closing tax or investment advice.

s. The director, commissioners and employees of the Division of the State Lottery shall be discharged of any and all liability upon payment of a prize drawn pursuant to this section.

### **5:9-13.1 Initiation of data exchange; prohibition on assignments certain**

a. The Director of the Division of the State Lottery in the Department of the Treasury and the Director of the Division of Family Development in the Department of Human Services shall initiate an ongoing data exchange in the Office of Telecommunications and Information Systems in the Department of the Treasury before a payment is made of a State lottery prize in excess of \$600.

b. A delinquent Title IV-D obligor who is an annuity award winner shall be prohibited from assigning the annuity award.

### **5:9-13.2 Provision of child support arrears and public assistance over payment lists**

The Commissioner of Human Services shall periodically supply the Office of Telecommunications and Information Systems with a list of:

- a. those individuals in arrears of a court ordered child support obligation; and
- b. those former recipients of Aid to Families with Dependent Children, pursuant to P.L.1959, c. 86 (C. 44:10-1 et seq.) or Work First New Jersey, pursuant to P.L.1997, c.38 (C.44:10-55 et seq.), food stamp benefits issued pursuant to Pub.L.95-113, Title XIII (7 U.S.C. s. 2011 et seq.), or low-income home energy assistance benefits issued pursuant to Pub.L.97-35, Title XXVI (42 U.S.C. s. 8621 et seq.) who incurred an overpayment, which has not been repaid.

### **5:9-13.3 Provision of list of prize winners**

The Director of the Division of the State Lottery shall promptly provide the Office of Telecommunications and Information Systems with a prize winners list, which shall include the prize claimant's name, address and social security number and the amount of the pending payment.

### **5:9-13.4 Cross check of social security numbers with lottery list**

The Office of Telecommunications and Information Systems shall cross check the lottery list with the data supplied by the Commissioner of Human Services for a social security number match. If a match is made, the Office of Telecommunications and Information Systems shall notify the Commissioner of Human Services.

### **5:9-13.5 Withholding of certain lottery winnings**

If a lottery prize claimant is in arrears of a child support order, or is a former recipient of Aid to Families with Dependent Children or Work First New Jersey, food stamp benefits or low-income home energy assistance benefits who has incurred an

overpayment which has not been repaid, the Department of Human Services shall promptly notify the Department of the Treasury and the Division of the State Lottery of the claimant's name, address, social security number and amount due on an arrears child support order or the amount due on the overpayment. The Department of the Treasury shall withhold this amount from the pending lottery payment and transmit same to the Department of Human Services or Probation Division, as the case may be, in accordance with regulations promulgated by the State Treasurer.

#### **5:9-13.6 Lien on lottery proceeds**

The county welfare agency which provided the public assistance benefits or the Probation Division, acting as agent for the child support payee, shall have a lien on the proceeds of the State lottery prize in an amount equal to the amount of child support arrearage or the amount of overpayment incurred.

The lien imposed by this act shall be enforceable in the Superior Court.

#### **5:9-13.7 Remaining funds paid to claimant**

Any of the claimant's lottery prize funds remaining after withholding pursuant to the lien established pursuant to this act shall be paid to the claimant in accordance with lottery procedures.

#### **5:9-13.8 Rules; regulations; hearing; confidentiality**

The State Treasurer shall promulgate, pursuant to the "Administrative Procedure Act," P.L.1968, c. 410 (C. 52:14B-1 et seq.), such rules and regulations as may be necessary to effectuate the purposes of this act including, but not limited to, regulations providing for prompt notice to any prize winner from whose award the Department of the Treasury seeks to withhold funds, of the amount to be withheld and the reason therefor and providing the prize winners with the opportunity for a hearing upon request prior to the disposition of any funds. For the purposes of this act, "prompt notice" shall mean notice within 14 days or less.

The State Treasurer shall also provide by regulation, safeguards against the disclosure or inappropriate use of any personally identifiable information regarding any person obtained pursuant to this act.

#### **5:9-13.9 Implementation costs**

The costs associated with or necessary for the implementation of P.L.1991, c. 384 (C. 5:9-13.1 et seq.) shall be borne by the Department of Human Services.

#### **5:9-13.10 Ongoing data exchange on student assistance**

The Director of the Division of the State Lottery in the Department of the Treasury and the Executive Director of the Office of Student Assistance in, but not of, the Department of the Treasury shall initiate an ongoing data exchange in the Office of Telecommunications and Information Systems in the Department of the Treasury before a payment is made of a State lottery prize in excess of \$1,000.

#### **5:9-13.11 List of individuals in default of student loans**

The executive Director of the Office of Student Assistance shall periodically supply the Office of Telecommunications and Information Systems with a list of those individuals in default of student loan repayments to the Office of Student Assistance.

#### **5:9-13.12 Provision of list of lottery prize winners**

The Director of the Division of the State Lottery shall promptly provide the Office of Telecommunications and Information Systems with a prize winners list, which shall include the prize claimant's name, address and social security number and the amount of the pending payment.

#### **5:9-13.13 Cross-checking of lottery list**

The Office of Telecommunications and Information Systems shall cross check the lottery list with data supplied by the Executive Director of the Office of Student Assistance for social security number match. If a match is made, the Office of Telecommunications and Information Systems shall notify the Office of Student Assistance.

#### **5:9-13.14 Notification; withholding of lottery prize**

If a lottery prize claimant is on the list of individuals in default of a student loan as reported pursuant to section 2 of P.L.1997, c.306 (C.5:9-13.11), the Office of Student Assistance shall promptly notify the Department of the Treasury and the Division of the State Lottery of the claimant's name, address, social security number and the outstanding amount of the student loan. The Department of the Treasury shall withhold this amount from the pending lottery payment and transmit same to the Office of Student Assistance after withholding any appropriate amounts for State or federal income taxes or for such other withholding as may be required under State or federal law. If the amount of the student loan outstanding is greater than the amount available from the lottery payment, the entire amount available shall be transmitted to the Office of Student Assistance.

### **5:9-13.15 Payment of remainder of prize to claimant**

Any of the claimant's lottery prize funds remaining after withholding pursuant to section 5 of P.L.1997, c.306 (C.5:9-13.14) shall be paid to the claimant in accordance with lottery procedures.

### **5:9-13.16 Rules, regulations, safeguards against disclosure, inappropriate use of information**

The State Treasurer, in consultation with the Office of Student Assistance, shall promulgate, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules and regulations as may be necessary to effectuate the purposes of this act including, but not limited to, regulations providing for prompt notice to any prize winner from whose award the Department of the Treasury seeks to withhold funds, of the amount to be withheld and the reason therefor and providing the prize winners with the opportunity for a hearing upon request prior to the disposition of any funds. For the purposes of this act, "prompt notice" shall mean notice within 14 days or less.

The State Treasurer shall also provide by regulation, safeguards against the disclosure or inappropriate use of any personally identifiable information regarding any person obtained pursuant to this act.

### **5:9-13.17 Offset of certain lottery prizes required for payment of certain debts to State agencies**

1. a. Whenever any claimant of a lottery prize greater than \$600 is indebted to any agency or institution of State Government, including, but not limited to the Victims of Crime Compensation Agency for the portion of an assessment ordered pursuant to section 2 of P.L. 1979, c.396 (C.2C:43-3.1) for deposit in the Victims of Crime Compensation Agency Account or restitution ordered to be paid to the agency pursuant to N.J.S.2C:44-2 for deposit in the Victims of Crime Compensation Agency Account, or for child support under Title IV-A, Title IV-D, or Title IV-E of the federal Social Security Act (42 U.S.C. s. 601 et seq.), or other indebtedness in accordance with section 1 of P.L. 1995, c. 290 (C.2A:17-56.11b) the Department of the Treasury shall apply or cause to be applied to the lottery prize as much as is necessary to satisfy the indebtedness. Child support indebtedness shall take precedence over all other indebtedness. The Department of the Treasury shall retain a percentage of the proceeds of any collection setoff as shall be necessary to provide for any expenses of the collection effort.

b. A State department or agency which is owed a debt shall notify the Department of the Treasury of the existence of the debt and shall request that the Department of the Treasury execute a setoff as provided for in this section.

### **5:9-13.18 Regulations**

The Department of the Treasury shall promulgate regulations concerning the procedures and methods to be employed by all agencies and institutions in the executive branch in the collection or the setting off of delinquent accounts. The regulations shall be consistent with all federal requirements or limitations regarding any information utilized in any collection or setoff, and shall in addition provide for due notice to the debtor and opportunity for a hearing upon request prior to any setoff and safeguards against the disclosure or inappropriate use of any personally identifiable information regarding the debtor obtained or maintained pursuant to this act.

### **5:9-14 Sale above fixed price; unlicensed sales; gifts**

No person shall sell a ticket or share at a price greater than that fixed by rule or regulation of the commission. No person other than a licensed lottery sales agent shall sell lottery tickets or shares, except that nothing in this section shall be construed to prevent any person from giving lottery tickets or shares to another as a gift.

Any person convicted of violating this section shall be guilty of a misdemeanor.

#### **5:9-14.1 State lottery ticket; false or fraudulent making, forgery, alteration or counterfeiting**

Any person who falsely or fraudulently makes, forges, alters or counterfeits, or causes or procures to be made, forged, altered or counterfeited, any New Jersey State Lottery ticket, or any part thereof, prepared and prescribed by the Director of the Division of the State Lottery or by the State Lottery Commission under the authority of the act to which this act is a supplement, or who knowingly and willfully utters, publishes, passes or tenders as true, any such forged, altered or counterfeited New Jersey State Lottery ticket shall be guilty of a misdemeanor. If any person with intent to defraud secures, manufactures or causes to be secured or manufactured, or has in his possession any counterfeit New Jersey State Lottery ticket or device, he shall be guilty of a misdemeanor.

### **5:9-15 Sales to person under eighteen years; gifts**

No ticket or share shall be sold to any person under the age of 18, but this shall not be deemed to prohibit the purchase of a ticket or share for the purpose of making a gift by a person 18 years of age or older to a person less than that age. Any licensee who knowingly sells or offers to sell a lottery ticket or share to any person under the age of 18 is a disorderly person.



### **5:9-16 Persons prohibited from purchasing tickets or shares**

No ticket or share shall be purchased by, and no prize shall be paid to any of the following persons: any officer or employee of the division or to any spouse, child, brother, sister or parent residing as a member of the same household in the principal place of abode of any of the foregoing persons.

### **5:9-17 Unclaimed prize money**

Unclaimed prize money for the prize on a winning ticket or share shall be retained by the director for the person entitled thereto for 1 year after the drawing in which the prize was won. If no claim is made for said money within such year, the prize money shall be allocated to State institutions and State aid for education in the same manner as lottery revenues are allocated for such purposes under this act.

### **5:9-18 Deposit of receipts; reports**

The director may, in his discretion, require any or all lottery sales agents to deposit to the credit of the State Lottery Fund in banks, designated by the State Treasurer all moneys received by such agents from the sale of lottery tickets or shares, less the amount, if any, retained as compensation for the sale of the tickets or shares, and to file with the director or his designated agents reports of their receipts and transactions in the sale of lottery tickets in such form and containing such information as he may require. The director may make such arrangements for any person, including a bank, to perform such functions, activities or services in connection with the operation of the lottery as he may deem advisable pursuant to this act and the rules and regulations of the commission, and such functions, activities or services shall constitute lawful functions, activities and services of such person.

### **5:9-19 Other laws; applicability**

No other law providing any penalty or disability for the sale of lottery tickets or any acts done in connection with a lottery shall apply to the sale of tickets or shares performed pursuant to this act.

### **5:9-20 Persons under eighteen years; payment of prizes**

If the person entitled to a prize or any winning ticket is under the age of 18 years, and such prize is less than \$5,000.00, the director may direct payment of the prize by delivery to an adult member of the minor's family or a guardian of the minor of a check or draft payable to the order of such minor. If the person entitled to a prize or any winning ticket is under the age of 18 years, and such prize is \$5,000.00 or more, the director may direct payment to such minor by depositing the amount of the prize in any bank to the credit of an adult member of the minor's family or a guardian of the minor as

custodian for such minor. The person so named as custodian shall have the same duties and powers as a person designated as a custodian in a manner prescribed by the "New Jersey Uniform Gifts to Minors Act," P.L. 1963, chapter 177 (C. 46:38-13 et seq.) and for the purposes of this section the terms "adult member of a minor's family," "guardian of a minor" and "bank" shall have the same meaning as in said act. The director shall be discharged of all further liability upon payment of a prize to a minor pursuant to this section.

#### **5:9-21 State lottery fund; creation**

There is hereby created and established in the Department of the Treasury a separate fund, to be known as the "State Lottery Fund," to be deposited in such depositories as the State Treasurer may select. Such fund shall consist of all revenues received from the sale of lottery tickets or shares, and all other moneys credited or transferred thereto from any other fund or source pursuant to law.

#### **5:9-22 State lottery fund; appropriation of moneys; report; publication**

The moneys in said State Lottery Fund shall be appropriated only (a) for the payment of prizes to the holders of winning lottery tickets or shares, (b) for the expenses of the division in its operation of the lottery, (c) for State institutions and State aid for education as shall be provided by law, and (d) for the repayment to the general treasury of the amount appropriated to the fund pursuant to section 23 of this act. On or about March 15 and September 15 of each year, the State Treasurer shall publish in at least 10 newspapers circulating generally in the State a report accounting for the total revenues received in the State Lottery Fund and the specific amounts of money appropriated therefrom for specific expenditures during the preceding six months ending December 31 and June 30.

##### **5:9-22.1 Eligibility for lottery proceeds**

For the purposes of P.L. 1970, c. 13 (C. 5:9-1 et seq.), any program of education approved by the Department of Education or by institutions of higher education licensed by the Commission on Higher Education which is intended, in whole or in part, to serve citizens of this State of the age of 65 years or over, shall be considered eligible for State aid from the net proceeds of any State Lottery, as shall be provided by law.

##### **5:9-22.2 State aid for higher education facilities trust fund**

For the purposes of P.L. 1970, c. 13 (C. 5:9-1 et seq.), any trust fund established to provide grants to New Jersey's public and private institutions of higher education for the construction, reconstruction, development, extension, and improvement of instructional, laboratory, communication, and research facilities shall be considered eligible for State aid from the net proceeds of any State lottery, as shall be provided by law.

### **5:9-22.3 County juvenile offender rehabilitation programs eligible for State aid**

For the purposes of P.L.1970, c.13 (C.5:9-1 et seq.), a juvenile offender rehabilitation program established and maintained pursuant to the provisions of P.L.1997, c.81 (C.30:8-61 et al.) shall be considered an education program eligible for State aid, to the extent permitted by law, from the net proceeds of any State lottery; provided, however, no such program, regardless of whether that program is established and maintained by one county or by two or more counties, shall receive in any fiscal year an amount of State aid under the provisions of this section more than either the actual cost of the program or \$1,000,000, whichever is less.

### **5:9-22.4 Higher education capital improvement, eligibility for State aid through lottery proceeds**

For the purposes of P.L.1970, c.13 (C.5:9-1 et seq.), any capital improvement fund established to provide grants to New Jersey's four-year public and private institutions of higher education of the renewal, renovation, improvement, expansion, construction, and reconstruction of facilities and technology infrastructure shall be considered eligible for State aid from the net proceeds of the State lottery, as shall be provided by law.

### **5:9-23 Emergency Transportation Tax Act; prizes exempt**

The prizes received pursuant to the provisions of this act shall be exempt from the "Emergency Transportation Tax Act" (P.L.1961, c. 32).

### **5:9-24 Annual post-audit**

The State Auditor shall conduct an annual post-audit of all accounts and transactions of the division and such other special post-audits as he may be directed to conduct pursuant to chapter 24 of Title 52 of the Revised Statutes.

### **5:9-25 Severability**

If any clause, sentence, paragraph, subdivision, section, provision or other portion of this act or the application thereof to any person or circumstances is held to be invalid, such holding shall not affect, impair or invalidate the remainder of this act or the application of such portion held invalid to any other person or circumstances, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, provision or other portion thereof directly involved in such holding or to the person and circumstances therein involved. If any provision of this act is inconsistent with, in conflict with, or contrary to any other provision of law, such provision of this act shall prevail over such other provision and such other provision shall be deemed to have been amended, superseded or repealed to the extent of such inconsistency, conflict and contrariety.

Amended September 30, 2007