5:9-7
LEGISLATIVE HISTORY CHECKLIST
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LAWS OF: 2025 **CHAPTER:** 82

NJSA: 5:9-7 Revises apportionment of State lottery contributions.

BILL NO: S4122 (Substituted for A5257 (1R))

SPONSOR(S) Burzichelli, John J. and others

DATE INTRODUCED: 2/3/2025

COMMITTEE: **ASSEMBLY:** --

SENATE: State Government, Wagering, Tourism & Historic Preservation
Budget & Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 6/30/2025

SENATE: 6/30/2025

DATE OF APPROVAL: 6/30/2025

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (S4122 Sca (1R) enacted)

ADVANCE LAW	Yes	
PAMPHLET LAW	Yes	

S4122

INTRODUCED BILL: (Includes sponsor(s) statement)		Yes	
REPRINT(S):		Yes	SSG 6/19/25 1R
TECHNICAL REVIEW OF BILL:		No	
COMMITTEE STATEMENT:	**ASSEMBLY**:	No	
	SENATE:	Yes	St. Gov't, Wagering, Tourism & Historic Pres Budget & Appropriations

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, ***may possibly*** be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT:	No	
LEGISLATIVE FISCAL ESTIMATE:	Yes	

A5257 (1R)

INTRODUCED BILL: (Includes sponsor(s) statement)	Yes	
REPRINT(S):	Yes	ABU 6/26/25 1R

TECHNICAL REVIEW OF BILL:		No	
COMMITTEE STATEMENT:	**ASSEMBLY**:	Yes	Budget
	SENATE:	No	

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, ***may possibly*** be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT:	No	
LEGISLATIVE FISCAL ESTIMATE:	Yes	6/30/2025 7/2/2025
VETO MESSAGE:	No	
GOVERNOR'S PRESS RELEASE ON SIGNING:	Yes	
LEGISLATOR STATEMENT:	No	

FOLLOWING WERE PRINTED:

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REPORTS:	No
HEARINGS:	No
NEWSPAPER ARTICLES:	No

CL /MMcB

P.L. 2025, CHAPTER 82, ***approved June 30, 2025***
Senate, No. 4122 ***(First Reprint)***

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

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

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

7. 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 proceeds 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.

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 <u>thus</u> is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
[1]Senate SSG committee amendments adopted June 19, 2025.

(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 proceeds 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 proceeds accruing from the sale of lottery tickets or shares shall be dedicated to (d) above.

During the term of the lottery contribution made pursuant to section 4 of P.L.2017, c.98 (C.5:9-22.8), the apportionment of the total proceeds 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 Enterprise, as defined in section 3 of P.L.2017, c.98 (C.5:9-22.7), including the expenses of the division and the costs resulting from any contract or contracts entered into for promotional, advertising, or operational services for the purchase or lease of lottery equipment and materials, and (c) for transfer to the investment account of Common Pension Fund L, for the benefit of retirement systems, as provided in the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.); provided, however, that no less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares shall be dedicated to the investment account under (c) above.

Notwithstanding the provisions of this section or any other law, rule, or regulation to the contrary, the required dedications to the investment account under (c) above shall be decreased to not less than [1]⟦25⟧ 27[1] percent of the proceeds accruing from the sale of lottery tickets or shares, commencing with [1]⟦the first fiscal year following the base fiscal year⟧ State Fiscal Year 2026[1]. For the purposes of this section, "base fiscal year" [1]⟦means the fiscal year in which P.L. , c. (pending before the Legislature as this bill) becomes effective⟧ refers to State Fiscal Year 2025[1].

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

(i) 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 following the base fiscal year are equal to or greater than those figures from the base fiscal year, then the required dedications to the investment account under (c) above shall be permanently decreased to not less than [1][25] 27[1] percent of the proceeds accruing from the sale of lottery tickets or shares [1], except as otherwise provided by subparagraph (iii) of this paragraph[1]; or

(ii) 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 following the base fiscal year are less than those figures from the base fiscal year, then the required dedications to the investment account under (c) above shall be permanently reverted to not less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares [1][, where such reversion shall become effective in the next fiscal year following the fiscal year containing the shortfall][1] .

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

(12) Such other matters necessary or desirable for the efficient and economical operation and administration of the lottery and the Lottery Enterprise 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, and to establish by regulation that holders of winning tickets or shares may choose to remain anonymous indefinitely and that the identity of a holder choosing such option shall not be included under materials available to public inspection pursuant to P.L.1963, c.73 (C.47:1A-1 et seq.). Nothing in this subsection shall be construed to prevent the conduct of data exchange among authorized State entities for the purpose of implementing the provisions of P.L.1991, c.384 (C.5:9-13.1 et seq.) concerning the collection of child support arrears or certain public assistance overpayments; P.L.1997, c.306 (C.5:9-13.10 et seq.) concerning the collection of delinquent or defaulted student loan payments; P.L.2007, c.106 (C.5:9-13.17 et seq.) concerning the payment of certain debts to State agencies; or of any other law providing for the collection of any debts or other payments from lottery winnings. Notwithstanding any provision of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the commission may adopt, immediately upon filing with the Office of Administrative Law, such regulations as are necessary to implement the provisions of the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.), which shall be effective for a period not to exceed 12 months following adoption, and may thereafter be amended, adopted, or readopted by the commission in accordance with the requirements of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

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

d. To report monthly to the Governor and the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during the lottery contribution, to the Director of the Division of Investment, the total lottery proceeds, 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 proceeds, prize disbursements and other expenses, to the Governor, the Legislature, and during the lottery contribution, the Director of the Division of Investment, including such recommendations for changes in this act as it deems necessary or desirable.

e. To report immediately to the Governor and the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during the lottery contribution, to the Director of the Division of Investment, 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 and the Lottery Enterprise.

f. To carry on a continuous study and investigation of the lottery and the Lottery Enterprise throughout the State, which may include requiring a financial or operational audit of the Lottery

Enterprise, (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 and the Lottery Enterprise 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 and the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.).

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 the Lottery Enterprise, and (4) the reaction of New Jersey residents to existing and potential features of the lottery and the Lottery Enterprise, with a view to recommending or effecting changes that will tend to serve the purposes of this act.

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

2. This act shall take effect [1]**[**on July 1 next following the date of enactment**]** <u>immediately</u>[1].

Revises apportionment of State lottery contributions.

CHAPTER 82

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

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

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

C.5:9-7 Commission; powers and duties.

7. 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 proceeds 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 proceeds 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 proceeds accruing from the sale of lottery tickets or shares shall be dedicated to (d) above.

During the term of the lottery contribution made pursuant to section 4 of P.L.2017, c.98 (C.5:9-22.8), the apportionment of the total proceeds 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 Enterprise, as defined in section 3 of P.L.2017, c.98 (C.5:9-22.7), including the expenses of the division and the costs resulting from any contract or contracts entered into for promotional, advertising, or operational services for the purchase or lease of lottery equipment and materials, and (c) for transfer to the investment account of Common Pension Fund L, for the benefit of retirement systems, as provided in the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.), provided, however, that no less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares shall be dedicated to the investment account under (c) above.

Notwithstanding the provisions of this section or any other law, rule, or regulation to the contrary, the required dedications to the investment account under (c) above shall be decreased to not less than 27 percent of the proceeds accruing from the sale of lottery tickets or shares, commencing with State Fiscal Year 2026. For the purposes of this section, “base fiscal year” refers to State Fiscal Year 2025.

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

(i) 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 following the base fiscal year are equal to or greater than those figures from the base fiscal year, then the required dedications to the investment account under (c) above shall be permanently decreased to not less than 27 percent of the proceeds accruing from the sale of lottery tickets or shares, except as otherwise provided by subparagraph (iii) of this paragraph; or

(ii) 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 following the base fiscal year are less than those figures from the base fiscal year, then the required dedications to the investment account under (c) above shall be permanently reverted to not less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares.

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

(12) Such other matters necessary or desirable for the efficient and economical operation and administration of the lottery and the Lottery Enterprise 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, and to establish by regulation that holders of winning tickets or shares may choose to remain anonymous indefinitely and that the identity of a holder choosing such option shall not be included under materials available to public inspection pursuant to P.L.1963, c.73 (C.47:1A-1 et seq.). Nothing in this subsection shall be construed to prevent the conduct of data exchange among authorized State entities for the purpose of implementing the provisions of P.L.1991, c.384 (C.5:9-13.1 et seq.) concerning the collection of child support arrears or certain public assistance overpayments; P.L.1997, c.306 (C.5:9-13.10 et seq.) concerning the collection of delinquent or defaulted student loan payments; P.L.2007, c.106 (C.5:9-13.17 et seq.) concerning the payment of certain debts to State agencies; or of any other law providing for the collection of any debts or other payments from lottery winnings. Notwithstanding any provision of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the commission may adopt, immediately upon filing with the Office of Administrative Law, such regulations as are necessary to implement the provisions of the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.), which shall be effective for a period not to exceed 12 months following adoption and may thereafter be amended, adopted, or readopted by the commission in accordance with the requirements of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

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

d. To report monthly to the Governor and the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during the lottery contribution, to the Director of the Division of Investment, the total lottery proceeds, 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 proceeds, prize disbursements, and other expenses, to the Governor, the Legislature, and during the lottery contribution, the Director of the Division of Investment, including such recommendations for changes in this act as it deems necessary or desirable.

e. To report immediately to the Governor and the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during the lottery contribution, to the Director of the Division of Investment, 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 and the Lottery Enterprise.

f. To carry on a continuous study and investigation of the lottery and the Lottery Enterprise throughout the State, which may include requiring a financial or operational audit of the Lottery Enterprise, (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 and the Lottery Enterprise 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 and the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.).

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 the Lottery Enterprise, and (4) the reaction of New Jersey residents to existing and potential features of the lottery and the Lottery Enterprise, with a view to recommending or effecting changes that will tend to serve the purposes of this act.

2. This act shall take effect immediately.

Approved June 30, 2025.

SENATE, No. 4122

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 3, 2025

Sponsored by:
Senator JOHN J. BURZICHELLI
District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Revises apportionment of State lottery contributions.

CURRENT VERSION OF TEXT

As introduced.

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

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

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

7. 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 proceeds 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

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 <u>thus</u> is new matter.

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

(11) The apportionment of the total proceeds 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 proceeds accruing from the sale of lottery tickets or shares shall be dedicated to (d) above.

During the term of the lottery contribution made pursuant to section 4 of P.L.2017, c.98 (C.5:9-22.8), the apportionment of the total proceeds 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 Enterprise, as defined in section 3 of P.L.2017, c.98 (C.5:9-22.7), including the expenses of the division and the costs resulting from any contract or contracts entered into for promotional, advertising, or operational services for the purchase or lease of lottery equipment and materials, and (c) for transfer to the investment account of Common Pension Fund L, for the benefit of retirement systems, as provided in the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.); provided, however, that no less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares shall be dedicated to the investment account under (c) above.

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

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

(i) 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 following the base fiscal year are equal to or greater than those figures from the base fiscal year, then the required dedications to the investment account under

(c) above shall be permanently decreased to not less than 25 percent of the proceeds accruing from the sale of lottery tickets or shares; or

(ii) 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 following the base fiscal year are less than those figures from the base fiscal year, then the required dedications to the investment account under (c) above shall be permanently reverted to not less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares, where such reversion shall become effective in the next fiscal year following the fiscal year containing the shortfall.

(12) Such other matters necessary or desirable for the efficient and economical operation and administration of the lottery and the Lottery Enterprise 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, and to establish by regulation that holders of winning tickets or shares may choose to remain anonymous indefinitely and that the identity of a holder choosing such option shall not be included under materials available to public inspection pursuant to P.L.1963, c.73 (C.47:1A-1 et seq.). Nothing in this subsection shall be construed to prevent the conduct of data exchange among authorized State entities for the purpose of implementing the provisions of P.L.1991, c.384 (C.5:9-13.1 et seq.) concerning the collection of child support arrears or certain public assistance overpayments; P.L.1997, c.306 (C.5:9-13.10 et seq.) concerning the collection of delinquent or defaulted student loan payments; P.L.2007, c.106 (C.5:9-13.17 et seq.) concerning the payment of certain debts to State agencies; or of any other law providing for the collection of any debts or other payments from lottery winnings. Notwithstanding any provision of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the commission may adopt, immediately upon filing with the Office of Administrative Law, such regulations as are necessary to implement the provisions of the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.), which shall be effective for a period not to exceed 12 months following adoption, and may thereafter be amended, adopted, or readopted by the commission in accordance with the requirements of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

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

d. To report monthly to the Governor and the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during the lottery contribution, to the Director of the Division of Investment, the total lottery proceeds, 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 proceeds, prize disbursements and other expenses, to the Governor, the Legislature, and during the lottery contribution, the Director of the Division of Investment, including such recommendations for changes in this act as it deems necessary or desirable.

e. To report immediately to the Governor and the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during the lottery contribution, to the Director of the Division of Investment, 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 and the Lottery Enterprise.

f. To carry on a continuous study and investigation of the lottery and the Lottery Enterprise throughout the State, which may include requiring a financial or operational audit of the Lottery Enterprise, (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 and the Lottery Enterprise 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 and the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.).

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 the Lottery Enterprise, and (4) the reaction of New Jersey residents to existing and potential features of the lottery and the Lottery Enterprise, with a view to recommending or effecting changes that will tend to serve the purposes of this act.

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

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

STATEMENT

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.

[First Reprint]

SENATE, No. 4122

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 3, 2025

Sponsored by:
Senator JOHN J. BURZICHELLI
District 3 (Cumberland, Gloucester and Salem)
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 reported by the Senate State Government, Wagering, Tourism & Historic Preservation Committee on June 19, 2025, with amendments.

(Sponsorship Updated As Of: 6/30/2025)

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

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

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

7. 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 proceeds 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

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 <u>thus</u> is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
[1]Senate SSG committee amendments adopted June 19, 2025.

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

(11) The apportionment of the total proceeds 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 proceeds accruing from the sale of lottery tickets or shares shall be dedicated to (d) above.

During the term of the lottery contribution made pursuant to section 4 of P.L.2017, c.98 (C.5:9-22.8), the apportionment of the total proceeds 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 Enterprise, as defined in section 3 of P.L.2017, c.98 (C.5:9-22.7), including the expenses of the division and the costs resulting from any contract or contracts entered into for promotional, advertising, or operational services for the purchase or lease of lottery equipment and materials, and (c) for transfer to the investment account of Common Pension Fund L, for the benefit of retirement systems, as provided in the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.); provided, however, that no less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares shall be dedicated to the investment account under (c) above.

Notwithstanding the provisions of this section or any other law, rule, or regulation to the contrary, the required dedications to the investment account under (c) above shall be decreased to not less than [1]⁅25⁆ 27[1] percent of the proceeds accruing from the sale of lottery tickets or shares, commencing with [1]⁅the first fiscal year following the base fiscal year⁆ State Fiscal Year 2026[1]. For the purposes of this section, "base fiscal year" [1]⁅means the fiscal year in which P.L. , c. (pending before the Legislature as this bill) becomes effective⁆ refers to State Fiscal Year 2025[1].

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

(i) 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 following the base fiscal year are equal to or greater than those figures from the base fiscal year, then the required dedications to the investment account under (c) above shall be permanently decreased to not less than [1]**[**25**]** 27[1] percent of the proceeds accruing from the sale of lottery tickets or shares [1], except as otherwise provided by subparagraph (iii) of this paragraph[1]; or

(ii) 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 following the base fiscal year are less than those figures from the base fiscal year, then the required dedications to the investment account under (c) above shall be permanently reverted to not less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares [1]**[**, where such reversion shall become effective in the next fiscal year following the fiscal year containing the shortfall**]**[1] .

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

(12) Such other matters necessary or desirable for the efficient and economical operation and administration of the lottery and the Lottery Enterprise 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, and to establish by regulation that holders of winning tickets or shares may choose to remain anonymous indefinitely and that the identity of a holder choosing such option shall not be included under materials available to public inspection pursuant to P.L.1963, c.73 (C.47:1A-1 et seq.). Nothing in this subsection shall be construed to prevent the conduct of data exchange among authorized State entities for the purpose of implementing the provisions of P.L.1991, c.384 (C.5:9-13.1 et seq.) concerning the collection of child support arrears or certain public assistance overpayments; P.L.1997, c.306 (C.5:9-13.10 et seq.) concerning the collection of delinquent or defaulted student loan payments; P.L.2007, c.106 (C.5:9-13.17 et seq.) concerning the payment of certain debts to State agencies; or of any other law providing for the collection of any debts or other payments from lottery winnings. Notwithstanding any provision of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the commission may adopt, immediately upon filing with the Office of Administrative Law, such regulations as are necessary to implement the provisions of the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.), which shall be effective for a period not to exceed 12 months following adoption, and may thereafter be amended, adopted, or readopted by the commission in accordance with the requirements of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

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

d. To report monthly to the Governor and the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during the lottery contribution, to the Director of the Division of Investment, the total lottery proceeds, 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 proceeds, prize disbursements and other expenses, to the Governor, the Legislature, and during the lottery contribution, the Director of the Division of Investment, including such recommendations for changes in this act as it deems necessary or desirable.

e. To report immediately to the Governor and the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during the lottery contribution, to the Director of the Division of Investment, 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 and the Lottery Enterprise.

f. To carry on a continuous study and investigation of the lottery and the Lottery Enterprise throughout the State, which may include requiring a financial or operational audit of the Lottery Enterprise, (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 and the Lottery Enterprise 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 and the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.).

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 the Lottery Enterprise, and (4) the reaction of New Jersey residents to existing and potential features of the lottery and the Lottery Enterprise, with a view to recommending or effecting changes that will tend to serve the purposes of this act.

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

2. This act shall take effect [1]**[**on July 1 next following the date of enactment**]** <u>immediately</u>[1].

SENATE STATE GOVERNMENT, WAGERING, TOURISM & HISTORIC PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 4122

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 19, 2025

The Senate State Government, Wagering, Tourism & Historic Preservation Committee reports favorably and with committee amendments Senate Bill No. 4122.

As amended by the committee, 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, as amended by the committee, revises the apportionment of State lottery contributions to require a minimum of 27 percent of the proceeds accruing from the sale of lottery tickets or shares to be dedicated to the Common Pension Fund L investment account, commencing with State Fiscal Year 2026. State Fiscal Year 2026 begins on July 1, 2025 and ends on June 30, 2026.

The bill designates State Fiscal Year 2025, which began on July 1, 2024 and ends on June 30, 2025, as the “base fiscal year” for means of assessing changes in contributions made to the Common Pension Fund L by the State Lottery.

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 27 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.

However, under the bill, as amended, commencing with the fourth fiscal year following the base fiscal year, if, at any time, the required dedications to Common Pension Fund L have been decreased to 27 percent of the proceeds accruing from the sale of lottery tickets or shares, and the State fails to make the full annual required contribution for the benefit of retirement systems as recommended in the annual actuarial valuations of the retirement systems, then the Director of the Division of the State Lottery will procure and conduct a third party review of the apportionment of proceeds to evaluate the effect of reducing the required dedications. If that review determines that the reduction from 30 percent to 27 percent has not resulted in higher transfers to Common Pension Fund L, then the required dedications to Common Pension Fund L will be permanently reverted to not less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares. The reversion will become effective in the second fiscal year following the fiscal year containing the shortfall and no further reviews will be conducted in subsequent fiscal years if the reversion occurs.

COMMITTEE AMENDMENTS:

The committee amendments revise the minimum contributions from the State Lottery to the Common Pension Fund L from 25 percent of proceeds from the sale of lottery tickets or shares to 27 percent. The amendments also make the lower contribution requirements effective for State Fiscal Year 2026, so that the lower rate will apply beginning July 1, 2025. The "base fiscal year" will be State Fiscal Year 2025, which began on July 1, 2024 and ends on June 30, 2025.

The committee amendments also require that, commencing with the fourth fiscal year following the base fiscal year, if, at any time, the required dedications to Common Pension Fund L have been decreased to 27 percent of the proceeds accruing from the sale of lottery tickets or shares, and the State fails to make the full annual required contribution for the benefit of retirement systems as recommended in the annual actuarial valuations of the retirement systems, then the Director of the Division of the State Lottery will conduct a third party review of the apportionment of proceeds to evaluate the effect of reducing the required dedications. If that review determines that the reduction from 30 percent to 27 percent has not resulted in higher transfers to Common Pension Fund L, then the required dedications will be permanently reverted to not less than 30 percent.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 4122

STATE OF NEW JERSEY

DATED: JUNE 26, 2025

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 4122 (1R).

As reported, 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.

Apportionment of State lottery contributions would be revised under the bill to require a minimum of 27 percent of the proceeds accruing from the sale of lottery tickets or shares to be dedicated to the Common Pension Fund L investment account, commencing with State Fiscal Year 2026. State Fiscal Year 2026 begins on July 1, 2025 and ends on June 30, 2026.

The bill designates State Fiscal Year 2025, which began on July 1, 2024 and ends on June 30, 2025, as the "base fiscal year" for means of assessing changes in contributions made to the Common Pension Fund L by the State Lottery.

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 27 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.

However, under the bill, commencing with the fourth fiscal year following the base fiscal year, if, at any time, the required dedications to Common Pension Fund L have been decreased to 27 percent of the proceeds accruing from the sale of lottery tickets or shares, and the

State fails to make the full annual required contribution for the benefit of retirement systems as recommended in the annual actuarial valuations of the retirement systems, then the Director of the Division of the State Lottery will procure and conduct a third party review of the apportionment of proceeds to evaluate the effect of reducing the required dedications. If that review determines that the reduction from 30 percent to 27 percent has not resulted in higher transfers to Common Pension Fund L, then the required dedications to Common Pension Fund L will be permanently reverted to not less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares. The reversion will become effective in the second fiscal year following the fiscal year containing the shortfall and no further reviews will be conducted in subsequent fiscal years if the reversion occurs.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that this bill will have an indeterminate impact on the contribution of State lottery revenue to State pension funds, and therefore on the annual State appropriation to pension funds. There is uncertainty concerning whether the reduction in the percentage of required contributions from 30 percent to 27 percent of State lottery revenue to the State pension funds will increase or decrease the monetary value of the lottery contribution to the State retirement systems and whether the reduction in the percentage of required contributions will continue beyond three fiscal years as provided in the bill.

Any reduction in the amount of State Lottery revenues transferred to Common Pension Fund L would cause an increase in State appropriations to the pension funds, beginning in FY 2026. Conversely, any increase in the amount of State Lottery revenues transferred to Common Pension Fund L would cause a reduction in those appropriations.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 4122

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JUNE 30, 2025

SUMMARY

Synopsis: Revises apportionment of State lottery contributions.

Type of Impact: Annual State expenditure impact.

Agencies Affected: Division of Pensions and Benefits and Division of State Lottery in the Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Impact	Indeterminate
State Revenue Impact	Indeterminate

- The Office of Legislative Services (OLS) finds that this bill will have an indeterminate impact on the contribution of State lottery revenue to State pension funds, and therefore on the annual State appropriation to pension funds. There is uncertainty concerning whether the reduction in the percentage of required contributions from 30 percent to 27 percent of State lottery revenue to the State pension funds will increase or decrease the monetary value of the lottery contribution to the State retirement systems and whether the reduction in the percentage of required contributions will continue beyond three fiscal years as provided in the bill.

- Any reduction in the amount of State Lottery revenues transferred to Common Pension Fund L would cause an increase in State appropriations to the pension funds, beginning in FY 2026. Conversely, any increase in the amount of State Lottery revenues transferred to Common Pension Fund L would cause a reduction in those appropriations.

BILL DESCRIPTION

This bill revises the apportionment of total revenues accruing from the sale of lottery tickets that are dedicated for the purposes of the Lottery Enterprise contribution to the investment account of Common Pension Fund L from no less than 30 percent to no less than 27 percent for the next

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three years commencing in FY 2026, assuming the bill is enacted in FY 2025. If by FY 2028 the average annual three-year total Lottery Enterprise contribution is not less than the total Lottery Enterprise contribution in FY 2025, then the Lottery Enterprise dedication will permanently remain at no less than 27 percent of the proceeds accruing from the sale of lottery tickets. Conversely, if by FY 2028 the average annual three-year total Lottery Enterprise contribution is less than the total Lottery Enterprise contribution in FY 2025, then the Lottery Enterprise dedication will permanently revert to no less than 30 percent of the proceeds accruing from the sale of lottery tickets commencing in FY 2029.

Effective as of FY 2029, if the Lottery Enterprise dedication is permanently reduced to 27 percent of the proceeds accruing from the sale of lottery tickets and the State fails to make the full actuarially determined contribution to the retirement systems in FY 2029 and subsequent fiscal years, then State Lottery Commission is required to hire a third party to review the apportionment of proceeds of the Lottery Enterprise dedication and evaluate the effect of reducing the dedication. If the review determines that the reduction in the Lottery Enterprise dedication has not resulted in higher transfers to Pension Fund L, then the Lottery Enterprise contribution will permanently revert to 30 percent of the proceeds accruing from the sale of lottery tickets and shares beginning in the second fiscal year following the shortfall.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None Received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill will have an indeterminate impact on the contribution of State lottery revenue to State pension funds, and therefore on the annual State appropriation to pension funds. There is uncertainty concerning whether the reduction in the percentage of required contributions from 30 percent to 27 percent of State lottery revenue to the State pension funds will increase or decrease the monetary value of the lottery contribution to the State retirement systems and whether the reduction in the percentage of required contributions will continue beyond three fiscal years as provided in the bill.

Any reduction in the amount of State Lottery revenues transferred to Common Pension Fund L would cause an increase in State appropriations to the pension funds, beginning in FY 2026. Conversely, any increase in the amount of State Lottery revenues transferred to Common Pension Fund L would cause a reduction in those appropriations.

On June 19, 2025, the Director of the Division of the State Lottery provided testimony at the Senate State Government, Wagering, Tourism and Historic Preservation Committee meeting regarding the bill’s provisions. According to the director, the Division of the State Lottery directed Northstar NJ Lottery, the Lottery’s sales and marketing vendor, to analyze the lottery market and the effect of reducing the contribution percentage. Northstar projected that reducing the mandatory contribution would result in incremental sales increases of $50 million to $100 million per year, with the contribution increasing by as much as $15 million per year in the first two fiscal years following the enactment of the bill.

The FY 2025 Lottery Enterprise contribution was $1.126 billion, which is 30 percent of $3.753 billion in estimated FY 2025 State Lottery revenues. Likewise, State Lottery revenues are estimated to be $3.784 billion in FY 2026 based on the recommended FY 2026 Lottery Enterprise contribution of $1.135 billion. Thus, using the Executive example and assuming a 27 percent dedication, an incremental increase of $100 million in estimated FY 2026 State Lottery revenues would render a Lottery Enterprise contribution of $1.049 billion in the first year.

Section: *Legislative Budget and Finance Office*

Analyst: *Kim Clemmensen*
Assistant Legislative Budget and Finance Officer

Approved: *Thomas Koenig*
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

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.

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

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

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

7. 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 proceeds 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

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 <u>thus</u> is new matter.

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

(11) The apportionment of the total proceeds 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 proceeds accruing from the sale of lottery tickets or shares shall be dedicated to (d) above.

During the term of the lottery contribution made pursuant to section 4 of P.L.2017, c.98 (C.5:9-22.8), the apportionment of the total proceeds 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 Enterprise, as defined in section 3 of P.L.2017, c.98 (C.5:9-22.7), including the expenses of the division and the costs resulting from any contract or contracts entered into for promotional, advertising, or operational services for the purchase or lease of lottery equipment and materials, and (c) for transfer to the investment account of Common Pension Fund L, for the benefit of retirement systems, as provided in the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.); provided, however, that no less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares shall be dedicated to the investment account under (c) above.

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

<u>Commencing with the fourth fiscal year following the base fiscal year, the following shall apply:</u>

<u>(i) 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 following the base fiscal year are equal to or greater than those figures from the base fiscal year, then the required dedications to the investment account under</u>

(c) above shall be permanently decreased to not less than 25 percent of the proceeds accruing from the sale of lottery tickets or shares; or

(ii) 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 following the base fiscal year are less than those figures from the base fiscal year, then the required dedications to the investment account under (c) above shall be permanently reverted to not less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares, where such reversion shall become effective in the next fiscal year following the fiscal year containing the shortfall.

(12) Such other matters necessary or desirable for the efficient and economical operation and administration of the lottery and the Lottery Enterprise 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, and to establish by regulation that holders of winning tickets or shares may choose to remain anonymous indefinitely and that the identity of a holder choosing such option shall not be included under materials available to public inspection pursuant to P.L.1963, c.73 (C.47:1A-1 et seq.). Nothing in this subsection shall be construed to prevent the conduct of data exchange among authorized State entities for the purpose of implementing the provisions of P.L.1991, c.384 (C.5:9-13.1 et seq.) concerning the collection of child support arrears or certain public assistance overpayments; P.L.1997, c.306 (C.5:9-13.10 et seq.) concerning the collection of delinquent or defaulted student loan payments; P.L.2007, c.106 (C.5:9-13.17 et seq.) concerning the payment of certain debts to State agencies; or of any other law providing for the collection of any debts or other payments from lottery winnings. Notwithstanding any provision of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the commission may adopt, immediately upon filing with the Office of Administrative Law, such regulations as are necessary to implement the provisions of the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.), which shall be effective for a period not to exceed 12 months following adoption, and may thereafter be amended, adopted, or readopted by the commission in accordance with the requirements of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

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

d. To report monthly to the Governor and the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during the lottery contribution, to the Director of the Division of Investment, the total lottery proceeds, 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 proceeds, prize disbursements and other expenses, to the Governor, the Legislature, and during the lottery contribution, the Director of the Division of Investment, including such recommendations for changes in this act as it deems necessary or desirable.

e. To report immediately to the Governor and the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during the lottery contribution, to the Director of the Division of Investment, 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 and the Lottery Enterprise.

f. To carry on a continuous study and investigation of the lottery and the Lottery Enterprise throughout the State, which may include requiring a financial or operational audit of the Lottery Enterprise, (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 and the Lottery Enterprise 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 and the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.).

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 the Lottery Enterprise, and (4) the reaction of New Jersey residents to existing and potential features of the lottery and the Lottery Enterprise, with a view to recommending or effecting changes that will tend to serve the purposes of this act.

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

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

STATEMENT

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.

[First Reprint]

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

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

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

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

7. 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 proceeds 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.

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 <u>thus</u> is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
[1]Assembly ABU committee amendments adopted June .

(11) The apportionment of the total proceeds 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 proceeds accruing from the sale of lottery tickets or shares shall be dedicated to (d) above.

During the term of the lottery contribution made pursuant to section 4 of P.L.2017, c.98 (C.5:9-22.8), the apportionment of the total proceeds 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 Enterprise, as defined in section 3 of P.L.2017, c.98 (C.5:9-22.7), including the expenses of the division and the costs resulting from any contract or contracts entered into for promotional, advertising, or operational services for the purchase or lease of lottery equipment and materials, and (c) for transfer to the investment account of Common Pension Fund L, for the benefit of retirement systems, as provided in the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.); provided, however, that no less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares shall be dedicated to the investment account under (c) above.

Notwithstanding the provisions of this section or any other law, rule, or regulation to the contrary, the required dedications to the investment account under (c) above shall be decreased to not less than [1]⟦25⟧ 27[1] percent of the proceeds accruing from the sale of lottery tickets or shares, commencing with [1]⟦the first fiscal year following the base fiscal year⟧ State Fiscal Year 2026[1]. For the purposes of this section, “base fiscal year” [1]⟦means the fiscal year in which P.L.   , c.   (pending before the Legislature as this bill) becomes effective⟧ refers to State Fiscal Year 2025[1].

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

(i) 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 following the base fiscal year are equal to or greater than those figures from the base fiscal year, then the required dedications to the investment account under (c) above shall be permanently decreased to not less than [1]⟦25⟧ 27[1] percent of the proceeds accruing from the sale of lottery tickets or shares [1], except as otherwise provided by subparagraph (iii) of this paragraph[1]; or

(ii) 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 following the base fiscal year are less than those figures from the base fiscal year, then the required dedications to the investment account under (c) above shall be permanently reverted to not less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares [1]**[**, where such reversion shall become effective in the next fiscal year following the fiscal year containing the shortfall**]**[1] .

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

(12) Such other matters necessary or desirable for the efficient and economical operation and administration of the lottery and the Lottery Enterprise 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, and to establish by regulation that holders of winning tickets or shares may choose to remain anonymous indefinitely and that the identity of a holder choosing such option shall not be included under materials available to public inspection pursuant to P.L.1963, c.73 (C.47:1A-1 et seq.). Nothing in this subsection shall be construed to prevent the conduct of data exchange among authorized State entities for the purpose of implementing the provisions of P.L.1991, c.384 (C.5:9-13.1 et seq.) concerning the collection of child support arrears or certain public assistance overpayments; P.L.1997, c.306 (C.5:9-13.10 et seq.) concerning the collection of delinquent or defaulted student loan payments; P.L.2007, c.106 (C.5:9-13.17 et seq.) concerning the payment of certain debts to State agencies; or of any other law providing for the collection of any debts or other payments from lottery winnings. Notwithstanding any provision of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the commission may adopt, immediately upon filing with the Office of Administrative Law, such regulations as are necessary to implement the provisions of the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.), which shall be effective for a period not to exceed 12 months following adoption, and may thereafter be amended, adopted, or readopted by the commission in accordance with the requirements of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

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

d. To report monthly to the Governor and the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during the lottery contribution, to the Director of the Division of Investment, the total lottery proceeds, 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 proceeds, prize disbursements and other expenses, to the Governor, the Legislature, and during the lottery contribution, the Director of the Division of Investment, including such recommendations for changes in this act as it deems necessary or desirable.

e. To report immediately to the Governor and the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and during the lottery contribution, to the Director of the Division of Investment, 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 and the Lottery Enterprise.

f. To carry on a continuous study and investigation of the lottery and the Lottery Enterprise throughout the State, which may include requiring a financial or operational audit of the Lottery Enterprise, (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 and the Lottery Enterprise 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 and the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (C.5:9-22.5 et al.).

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 the Lottery Enterprise, and (4) the reaction of New Jersey residents to existing and potential features of the lottery and the Lottery Enterprise, with a view to recommending or effecting changes that will tend to serve the purposes of this act.

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

2. This act shall take effect [1]⟦on July 1 next following the date of enactment⟧ immediately[1].

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5257

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 26, 2025

The Assembly Budget Committee reports favorably and with committee amendments Assembly Bill No. 5257.

As amended and reported, 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, as amended by the committee, revises the apportionment of State lottery contributions to require a minimum of 27 percent of the proceeds accruing from the sale of lottery tickets or shares to be dedicated to the Common Pension Fund L investment account, commencing with State Fiscal Year 2026. State Fiscal Year 2026 begins on July 1, 2025 and ends on June 30, 2026.

The bill designates State Fiscal Year 2025, which began on July 1, 2024 and ends on June 30, 2025, as the "base fiscal year" for means of assessing changes in contributions made to the Common Pension Fund L by the State Lottery.

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 27 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.

However, under the bill, as amended, commencing with the fourth fiscal year following the base fiscal year, if, at any time, the required dedications to Common Pension Fund L have been decreased to 27 percent of the proceeds accruing from the sale of lottery tickets or shares, and the State fails to make the full annual required contribution for the benefit of retirement systems as recommended in the annual actuarial valuations of the retirement systems, then the Director of the Division of the State Lottery will procure and conduct a third party review of the apportionment of proceeds to evaluate the effect of reducing the required dedications. If that review determines that the reduction from 30 percent to 27 percent has not resulted in higher transfers to Common Pension Fund L, then the required dedications to Common Pension Fund L will be permanently reverted to not less than 30 percent of the proceeds accruing from the sale of lottery tickets or shares. The reversion will become effective in the second fiscal year following the fiscal year containing the shortfall and no further reviews will be conducted in subsequent fiscal years if the reversion occurs.

COMMITTEE AMENDMENTS:

The committee amendments revise the minimum contributions from the State Lottery to the Common Pension Fund L from 25 percent of proceeds from the sale of lottery tickets or shares to 27 percent. The amendments also make the lower contribution requirements effective for State Fiscal Year 2026, so that the lower rate will apply beginning July 1, 2025. The "base fiscal year" will be State Fiscal Year 2025, which began on July 1, 2024 and ends on June 30, 2025.

The committee amendments also require that, commencing with the fourth fiscal year following the base fiscal year, if, at any time, the required dedications to Common Pension Fund L have been decreased to 27 percent of the proceeds accruing from the sale of lottery tickets or shares, and the State fails to make the full annual required contribution for the benefit of retirement systems as recommended in the annual actuarial valuations of the retirement systems, then the Director of the Division of the State Lottery will conduct a third party review of the apportionment of proceeds to evaluate the effect of reducing the required dedications. If that review determines that the reduction from 30 percent to 27 percent has not resulted in higher transfers to Common Pension Fund L, then the required dedications will be permanently reverted to not less than 30 percent.

FISCAL IMPACT:

The Office of Legislative Services finds that this bill will have an indeterminate impact on the contribution of State lottery revenue to State pension funds, and therefore on the annual State appropriation to pension funds. There is uncertainty concerning whether the reduction in the percentage of required contributions from 30 percent to 27 percent of State lottery revenue to the State pension funds will increase or decrease the monetary value of the lottery contribution to the State retirement systems and whether the reduction in the percentage of required contributions will continue beyond three fiscal years as provided in the bill.

Any reduction in the amount of State Lottery revenues transferred to Common Pension Fund L would cause an increase in State appropriations to the pension funds, beginning in FY 2026. Conversely, any increase in the amount of State Lottery revenues transferred to Common Pension Fund L would cause a reduction in those appropriations.

LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY, No. 5257

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JUNE 30, 2025

SUMMARY

Synopsis: Revises apportionment of State lottery contributions.

Type of Impact: Annual State expenditure impact.

Agencies Affected: Division of Pensions and Benefits and Division of State Lottery in the Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	**Annual**
State Expenditure Impact	Indeterminate
State Revenue Impact	Indeterminate

- The Office of Legislative Services (OLS) finds that this bill will have an indeterminate impact on the contribution of State lottery revenue to State pension funds, and therefore on the annual State appropriation to pension funds. There is uncertainty concerning whether the reduction in the percentage of required contributions from 30 percent to 25 percent of State lottery revenue to the State pension funds will increase or decrease the monetary value of the lottery contribution to the State retirement systems and whether the reduction in the percentage of required contributions will continue beyond three fiscal years as provided in the bill.

- Any reduction in the amount of State Lottery revenues transferred to Common Pension Fund L would cause an increase in State appropriations to the pension funds, beginning in FY 2026. Conversely, any increase in the amount of State Lottery revenues transferred to Common Pension Fund L would cause a reduction in those appropriations.

BILL DESCRIPTION

This bill revises the apportionment of total revenues accruing from the sale of lottery tickets that are dedicated for the purposes of the Lottery Enterprise contribution to the investment account of Common Pension Fund L from no less than 30 percent to no less than 25 percent for the next three years commencing in FY 2026, assuming the bill is enacted in FY 2025. If by FY 2028 the average annual three-year total Lottery Enterprise contribution is not less than the total Lottery Enterprise contribution in FY 2025, then the Lottery Enterprise dedication will remain at no less than 25 percent of the proceeds accruing from the sale of lottery tickets. Conversely, if by FY 2028 the average annual three-year total Lottery Enterprise contribution is less than the total Lottery Enterprise contribution in FY 2025, then the Lottery Enterprise dedication will revert to no less than 30 percent of the proceeds accruing from the sale of lottery tickets commencing in FY 2029.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None Received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill will have an indeterminate impact on the contribution of State lottery revenue to State pension funds, and therefore on the annual State appropriation to pension funds. There is uncertainty concerning whether the reduction in the percentage of required contributions from 30 percent to 25 percent of State lottery revenue to the State pension funds will increase or decrease the monetary value of the lottery contribution to the State retirement systems and whether the reduction in the percentage of required contributions will continue beyond three fiscal years as provided in the bill.

Any reduction in the amount of State Lottery revenues transferred to Common Pension Fund L would cause an increase in State appropriations to the pension funds, beginning in FY 2026. Conversely, any increase in the amount of State Lottery revenues transferred to Common Pension Fund L would cause a reduction in those appropriations.

On June 19, 2025, the Director of the Division of the State Lottery provided testimony at the Senate State Government, Wagering, Tourism and Historic Preservation Committee meeting regarding the bill’s provisions. According to the director, the Division of the State Lottery directed Northstar NJ Lottery, the Lottery’s sales and marketing vendor, to analyze the lottery market and the effect of reducing the contribution percentage. Northstar projected that reducing the mandatory contribution would result in incremental sales increases of $50 million to $100 million per year, with the contribution increasing by as much as $15 million per year in the first two fiscal years following the enactment of the bill.

The FY 2025 Lottery Enterprise contribution was $1.126 billion, which is 30 percent of $3.753 billion in estimated FY 2025 State Lottery revenues. Likewise, State Lottery revenues are estimated to be $3.784 billion in FY 2026 based on the recommended FY 2026 Lottery Enterprise contribution. Thus, using the Executive example and assuming a 25 percent dedication, an incremental increase of $100 million in estimated FY 2026 State Lottery revenues would render a Lottery Enterprise contribution of $971 million in the first year.

Section:	*State Government*
Analyst:	*Camryn Mathews* *Assistant Fiscal Analyst*
Approved:	*Thomas Koenig* *Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5257

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JULY 2, 2025

SUMMARY

Synopsis: Revises apportionment of State lottery contributions.

Type of Impact: Annual State expenditure impact.

Agencies Affected: Division of Pensions and Benefits and Division of State Lottery in the Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	**Annual**
State Expenditure Impact	Indeterminate
State Revenue Impact	Indeterminate

- The Office of Legislative Services (OLS) finds that this bill will have an indeterminate impact on the contribution of State lottery revenue to State pension funds, and therefore on the annual State appropriation to pension funds. There is uncertainty concerning whether the reduction in the percentage of required contributions from 30 percent to 27 percent of State lottery revenue to the State pension funds will increase or decrease the monetary value of the lottery contribution to the State retirement systems and whether the reduction in the percentage of required contributions will continue beyond three fiscal years as provided in the bill.

- Any reduction in the amount of State Lottery revenues transferred to Common Pension Fund L would cause an increase in State appropriations to the pension funds, beginning in FY 2026. Conversely, any increase in the amount of State Lottery revenues transferred to Common Pension Fund L would cause a reduction in those appropriations.

BILL DESCRIPTION

This bill revises the apportionment of total revenues accruing from the sale of lottery tickets that are dedicated for the purposes of the Lottery Enterprise contribution to the investment account of Common Pension Fund L from no less than 30 percent to no less than 27 percent for the next three years commencing in FY 2026, assuming the bill is enacted in FY 2025. If by FY 2028 the average annual three-year total Lottery Enterprise contribution is not less than the total Lottery Enterprise contribution in FY 2025, then the Lottery Enterprise dedication will permanently remain at no less than 27 percent of the proceeds accruing from the sale of lottery tickets. Conversely, if by FY 2028 the average annual three-year total Lottery Enterprise contribution is less than the total Lottery Enterprise contribution in FY 2025, then the Lottery Enterprise dedication will permanently revert to no less than 30 percent of the proceeds accruing from the sale of lottery tickets commencing in FY 2029.

Effective as of FY 2029, if the Lottery Enterprise dedication is permanently reduced to 27 percent of the proceeds accruing from the sale of lottery tickets and the State fails to make the full actuarially determined contribution to the retirement systems in FY 2029 and subsequent fiscal years, then State Lottery Commission is required to hire a third party to review the apportionment of proceeds of the Lottery Enterprise dedication and evaluate the effect of reducing the dedication. If the review determines that the reduction in the Lottery Enterprise dedication has not resulted in higher transfers to Pension Fund L, then the Lottery Enterprise contribution will permanently revert to 30 percent of the proceeds accruing from the sale of lottery tickets and shares beginning in the second fiscal year following the shortfall.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None Received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill will have an indeterminate impact on the contribution of State lottery revenue to State pension funds, and therefore on the annual State appropriation to pension funds. There is uncertainty concerning whether the reduction in the percentage of required contributions from 30 percent to 27 percent of State lottery revenue to the State pension funds will increase or decrease the monetary value of the lottery contribution to the State retirement systems and whether the reduction in the percentage of required contributions will continue beyond three fiscal years as provided in the bill.

Any reduction in the amount of State Lottery revenues transferred to Common Pension Fund L would cause an increase in State appropriations to the pension funds, beginning in FY 2026. Conversely, any increase in the amount of State Lottery revenues transferred to Common Pension Fund L would cause a reduction in those appropriations.

On June 19, 2025, the Director of the Division of the State Lottery provided testimony at the Senate State Government, Wagering, Tourism and Historic Preservation Committee meeting regarding the bill's provisions. According to the director, the Division of the State Lottery directed Northstar NJ Lottery, the Lottery's sales and marketing vendor, to analyze the lottery market and the effect of reducing the contribution percentage. Northstar projected that reducing the mandatory contribution would result in incremental sales increases of $50 million to $100 million per year, with the contribution increasing by as much as $15 million per year in the first two fiscal years following the enactment of the bill.

The FY 2025 Lottery Enterprise contribution was $1.126 billion, which is 30 percent of $3.753 billion in estimated FY 2025 State Lottery revenues. Likewise, State Lottery revenues are estimated to be $3.784 billion in FY 2026 based on the recommended FY 2026 Lottery Enterprise contribution of $1.135 billion. Thus, using the Executive example and assuming a 27 percent dedication, an incremental increase of $100 million in estimated FY 2026 State Lottery revenues would render a Lottery Enterprise contribution of $1.049 billion in the first year.

Section:	*Legislative Budget and Finance Office*
Analyst:	*Kim Clemmensen* *Assistant Legislative Budget and Finance Officer*
Approved:	*Thomas Koenig* *Legislative Budget and Finance Officer*

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Bills Gov Acted On

Posted on - 06/30/2025

The Governor has acted on the following bills:

BILL SIGNINGS:

S-4620/A-5879 (McKnight, Mukherji/McCann Stamato) - Amends Fiscal Year 2025 annual appropriations act to assign distribution of Old Courthouse asbestos remediation funding from Hudson County to Jersey City

S-2788wGR/A-4569 (Cruz-Perez, Turner/Freiman, Katz, Simmons) - Appropriates $128.241 million from constitutionally dedicated CBT revenues to State Agriculture Development Committee for farmland preservation purposes

A-5100/S-3991 (Rodriguez/Stack) - Re-appropriates unexpended balance of FY 2024 appropriation for Town of West New York to support recreation center; appropriates $3 million for Town of West New York – Recreation Center to restore lapsed FY 2024 funding

A-5807/S-4655 (Pintor Marin/Sarlo) - Makes FY2025 supplemental appropriations of $142,615,000; adds various language provisions to FY2025 Appropriations Act

A-5803/SCS for S-3064 (Bagolie/McKeon, Turner) - Modifies tax on certain forms of online gaming and wagering

ACS for A-4455/SCS for S-4503 (Freiman, Schaer, Karabinchak /Sarlo, Mukherji) - Allows exemption from New Jersey gross income of certain capital gains from sale or exchange of qualified small business stock

A-5805/SCS for S-4659 and 4661 (Venezia/Sarlo, Vitale) - Modifies tax rate on certain nicotine products

A-5804/S-4666 (Reynolds-Jackson/Wimberly) - Modifies payer of additional fees and taxes imposed on certain real property transfers; modifies fees and taxes imposed on property transfers valued over $2 million

A-5809/S-4656 (Murphy/Vitale) - “Healthcare Finance Enhancement Act”

S-3189/A-2365 (Zwicker, Sarlo/Tully, Murphy, DePhillips) - Makes various changes to "New Jersey Angel Investor Tax Credit Act" and Technology Business Tax Certificate Transfer Program; repeals "New Jersey Ignite Act"

S-4654/A-5878 (Scutari, A.M. Bucco/Schnall, Inganamort) - Provides for publication of required legal notices on government Internet websites and through certain online news publications

A-5801/S-4692 (Freiman/Sarlo) - Appropriates $247,128,000 from "New Jersey Debt Defeasance and Prevention Fund"; establishes process for authorizing future appropriations for debt defeasance and capital projects

(BUDGET BILL – w/Rev Cert. LIV, Summary)

BILL VETOED:

S-2026/A-5800 **(Sarlo/Pintor Marin, Park) – w/LINE ITEM** Appropriates $58,782,119,000 in State funds and $31,007,261,743 in federal funds for the State budget for fiscal year 2026

BILL SIGNINGS:

A-5810/S-4660 (Pintor Marin, Dolon, Bagolie/McKeon, McKnight) - Promotes equity in health insurance appeal process

S-4632/A-5812 (Scutari, Ruiz/Schaer) - Establishes grant program in DOE for public schools to purchase and install point-of-use filtered bottle-filling stations and filtered faucets

S-3618/A-4926 (Smith, Greenstein/Calabrese, Tully, Haider) - Directs DEP and DOT to establish "Wildlife Corridor Action Plan"

S-3933/A-5075 (Ruiz, McKnight/Swain, Morales, Bagolie) - Establishes School Supervisor Mentorship Pilot Program; appropriates $500,000

A-5077/S-4375 (Morales, Bagolie, Carter/Ruiz, Zwicker) - Extends statutory pause on collection of student growth objective data

A-5795/S-4619 (Pintor Marin, Freiman, Drulis/Zwicker) - Modifies certain provisions of "New Jersey Innovation Evergreen Act"

S-4618/A-5827 (Mukherji, Gopal/Pintor Marin, Peterpaul, Donlon) - Modifies certain requirements and award availability under film and digital media content production tax credit program

S-4122/A-5257 (Burzichelli/Stanley, Egan) - Revises apportionment of State lottery contributions

Governor Murphy Signs Fiscal Year 2026 Budget into Law

Posted on - 06/30/2025

Budget Builds on Governor Murphy's Historic Record of Fiscal Responsibility – With a $6.7 Billion Surplus to Help Weather Future Financial Challenges Compared to Just $409 Million Surplus Inherited in 2018

Budget Provides An All-Time High Level of Property Tax Relief, the Highest Level of School Funding in History, and a Fifth Consecutive Full Pension Payment

Budget Makes Historic Investments in Women's Health Care and Provides Funding to Fully Modernize NJ TRANSIT's Fleet

TRENTON – Governor Phil Murphy today signed into law the Fiscal Year 2026 Appropriations Act, marking a culmination of the Murphy Administration's longstanding commitment to fiscal responsibility, affordability, and opportunity. Over nine budgets spanning nearly eight years in office, Governor Murphy has presided over sustained economic growth while making long overdue investments in addressing the needs of working New Jerseyans, from property tax relief, to school funding, to restoring funding for the State's pension systems.

The $58.78 billion Fiscal Year 2026 (FY2026) budget, which was passed by the Legislature earlier today, redirects over 75 percent of the total budget back into our communities in the form of grants-in-aid for property tax relief, social services, higher education, as well as State aid to schools, municipalities, and counties. The budget includes an all-time high level of direct property tax relief for homeowners and renters, yields the highest level of school funding in history, and delivers a fifth consecutive full pension payment. It also prioritizes quality health services for women and families, and it invests in beginning to fully modernize NJ TRANSIT's fleet.

Upon taking office, Governor Murphy inherited a $409 million surplus from his predecessor. Eight years later, the Governor will leave his successor with a surplus 16 times greater than that amount—$6.7 billion.

"This budget exemplifies our dedication to fiscal responsibility, affordability, and opportunity for all New Jerseyans," **said Governor Murphy**. "Over nearly eight years in office, we have maintained a steadfast commitment to building a stronger and fairer New Jersey and righting our fiscal ship. I'm proud that this budget caps off an eight-year journey to turn our state around and delivers greater economic security and opportunity to every family. With the help of our legislative partners, we are moving New Jersey toward a brighter future for every child, student, worker, parent, and senior citizen who calls our great state home."

"The budget upholds our administration's promise to make sure that New Jersey remains the best state in the nation to live, work, raise a family, and retire," **said Lieutenant Governor Tahesha Way**. "Over the past seven and a half years, we have made historic strides in making our state more affordable for hardworking residents and families through expanded tax relief and major investments in affordable housing, social services, and education. This state budget is a direct result of the strong collaboration between Governor Murphy, Treasurer Muoio, and legislative leadership."

"This budget is the culmination of a nearly eight-year effort to improve conditions for all New Jerseyans, building a fiscally stronger state that is more affordable for all," **said State Treasurer Elizabeth Maher Muoio**. "As always, this budget could not have been completed without the hard work of my staff at the Department of the Treasury and particularly the folks at the Office of Management and Budget and the Office of Revenue and Economic Analysis. I want to thank all of them for their tireless work, dedication, and exemplary professionalism over the past seven and a half years."

"This is a fiscally responsible budget that puts New Jersey families first. At a time when working people are being left behind by misguided decisions in Washington, we're making smart, strategic investments that deliver meaningful support, especially through historic property tax reductions, strong funding for public education, higher education, healthcare, transit, and a full pension payment," **said Senate President Nick Scutari, Senate Majority Leader M. Teresa Ruiz and Senator Paul Sarlo, Chair of the Senate Budget Committee**. "We're grateful to Governor Murphy and our colleagues in the Legislature for coming together to enact a disciplined, forward-looking budget that safeguards essential services, expands opportunity, and reinforces New Jersey's long-term fiscal strength."

Fiscal Responsibility
The budget once again provides a full payment to the pension systems. This year's $7.2 billion payment marks the fifth year in a row Governor Murphy has fully funded the systems. Total pension contributions by the Murphy Administration are on track to exceed $47 billion – nearly four times the $12.2 billion in total contributions of the previous six governors combined.

With an eye toward ensuring New Jersey remains prepared for the future, this budget provides a surplus of $6.7 billion, more than ten times larger than the average surplus under the previous administration.

Additionally, the budget includes $788 million in funding from the Corporate Transit Fee dedicated to support NJ TRANSIT and builds upon $1.358 billion in interest saved by taxpayers over the last four years by paying down debt and minimizing new debt taken on.

The budget also includes several tax policy changes, including increases for the highest tier of realty transfer fees, sports betting, and cigarettes and vaping, as well as a new exemption for small business investment and reforms to the Angel Investor Tax Credit.

These changes, along with the cuts in appropriations, help ensure that revenues are more closely in line with expenditures.

Affordability and Economic Security
Continuing efforts to make New Jersey affordable for all, this budget includes nearly $4.3 billion in direct property tax relief for New Jersey homeowners and renters, including $2.4 billion for the continuation of the popular ANCHOR program, which last year delivered more than $2.2 billion in property tax relief to nearly two million residents. The budget also continues the Senior Freeze program, with a $239 million allocation to benefit more than 235,000 taxpayers.

The budget also includes additional funding for the landmark Stay NJ program, allocating $600 million in resources to significantly reduce property taxes for more than 432,000 senior homeowners. Stay NJ is expected to launch for the 2025 tax season and will reimburse eligible seniors for up to 50 percent of their property tax bills.

Continuing the focus on making the state more affordable for working and middle-class families, the budget maintains recent expansions of the Earned Income Tax Credit, the Child and Dependent Care Tax Credit, and the Child Tax Credit.

The tax relief included in this budget brings the total relief provided by the Murphy Administration and our partners in the Legislature to more than double any prior administration.

Continuing efforts to provide quality health services for all, a top priority of this administration, the budget includes $165 million for the continuation of Cover All Kids; $55.4 million for the Pharmaceutical Assistance to the Aged and Disabled (PAAD) and Senior Gold programs, helping more than 149,000 seniors and residents with disabilities; $52 million for family planning services and reproductive health programs; and $35.8 million for Family Connects NJ, which has provided nearly 2,500 free in-home nurse visits to families with newborns and is now available in 11 counties; and $52 million for family planning services and reproductive health programs.

The proposal also includes $10 million for a new initiative to provide State employees with full pay while they take family leave to care for a newborn, adopted, or fostered child.

Supporting the Next Generation of New Jerseyans
Last year, Governor Murphy became the first Governor to fully fund the K-12 school funding formula. This budget builds on that commitment, providing record-high school funding in FY2026. The budget includes a record $12.1 billion for K-12 schools, a nearly $4 billion increase since FY2018. This budget also addresses feedback from school districts by capping losses in major school aid categories and reducing input volatility, ensuring no district sees a steep reduction in aid from one year to the next. A district's K-12 State aid will not decrease by an amount greater than 3% of the prior year's State aid in the four primary categories: equalization, special education, security, and transportation.

The budget also proposes $7.5 million in new grant funding to support districts in providing high-impact tutoring to students in need of extra academic support, as well as $3 million in incentive grants for schools that want to go entirely phone-free, giving students the best opportunity to learn without distraction.

Continuing the push for universal pre-school throughout New Jersey, the FY2026 budget proposes $1.27 billion for Preschool Education Aid. Since 2018, the Murphy Administration has expanded pre-K to 229 school districts and created nearly 20,000 new seats.

Building New Jersey's Future
In an effort to fortify our transportation infrastructure, this budget includes $1.23 billion for critical investments in State and local highway and bridge projects, and another $767 million for NJ TRANSIT to begin to fully modernize its fleet.

To ensure stability and future success for New Jersey's institutions of higher education, this budget provides $755.2 million in institutional support for State colleges and universities, as well as $169.1 million for county colleges and $8.6 million for independent institutions of higher education in New Jersey. This totals $932.9 million, a nearly 50% increase over the $629.6 million in funding provided in FY2018.

The budget agreement also provides for $250 million in bonding for capital grants to higher education institutions. This builds on the $400 million in capital grants announced in 2023.

The budget also sets aside $222 million from the Debt Defeasance and Prevention Fund for a critical investment in the construction of a new correctional facility to replace the Edna Mahan Correctional Facility for Women.

An additional one-page policy summary on the central commitments of the FY2026 budget can be found online here.

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Line Item Veto Message

Line Item Veto Summary

Revenue Certification

In addition to the Appropriations Act, Governor Murphy also signed the following bills into law today:

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