

5:9-1 et seq

December 11, 1970

LEGISLATIVE HISTORY OF R.S. 5:9-1 et seq.
(State lottery established)

For history of the amendment of the New Jersey Constitution to permit a state lottery, see Legislative History of Constitution Art. IV, Sect. 7, Par. 2.

For more recent background, see:

974.90 Lacey, Frederick B.
C929 Recommendations ... to curb ... organized
1970 crime in New Jersey.

974.90 N.J. State Lottery Planning Commission.
G191 Report ... Feb. 9, 1970.
1970

L. 1970, Chapter 13 - A616
Introduced February 9 by Coleman & Kean.
Not amended during passage.
No statement.
Approved February 16, 1970.

Newspaper clippings: (V.F.--N.J.--Lotteries 1970) (cop. enc.)

"Lottery stumper ... how often to hold drawing?" 1-6-70 TET
"Daily win in lottery criticized" 1-6-70 Record
"Lottery unit samples market" 1-6-70 NEN
"Lottery fantasy" 1-23-70 NEN
"Five-member lottery commission would answer only to Governor"
1-23-70 TET
"Oct. 1 lottery start in Jersey proposed" 2-9-70 TET
"State takes no chances: lottery bill now law" 2-17-70 NSL
"Game of chance" 2-20-70 Record
"N.Y. reviews lottery to vie with Jersey" 3-13-70 TET
"New lottery chief sees small dent in mob profits" 3-18-70 NSL
"Governor will be big boss of New Jersey's state lottery" 3-20-70 C-P
"A good start for the lottery" 3-30-70 Record

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January 8, 1970

CONSTITUTION ARTICLE IV, SECTION 7, PARAGRAPH 2
(1969 Amendment - Authorization of State Lottery (ACR 32 of 1969))

Resolutions 1955 to 1969:

1955	ACR3	Musto
1956	ACR10	Musto
1957	ACF12	Musto
1958	ACR3	Musto
	ACR9	Werner
1959	ACF1	Werner
	ACR7	Musto
1960	ACF18	Musto
	ACR27	Werner
1961	ACR10	Musto
	ACR25	Werner
1962	ACF6	Musto
	ACF36	Werner
1963	ACF1	Musto
1964	ACR4	Musto, Kijewski
1965	ACR14	Musto, Werner, Sweeney, Kijewski
	SCR10	Kelly
1966	ACR15	McLaughlin, McLeon, Friedland, Brady, Sweeney
	ACR18	McLaughlin, Fekety, Albanese, Friedland, Brady, Sweeney
	SCR7	Musto, Kelly, Guarini
	SJR21	Keegan - Study Commission
1967	ACR12	McLaughlin, Fekety, Friedland, McLeon, Sweeney
	ACR21	Perski, Fekety, McLeon, Horn Cryant
	SCR15	Musto, Kelly, Guarini
	SJR15	Keegan - Study Commission
1968	AL18	(Referendum to ascertain voted sentiment) Heilman and others
	ACR22	Brown, McLeon, Fekety, Friedland, Jackman, Digiammo
	SCR10	Musto, W. Kelly, Guarini, Hauser
1969	A1035	(\$25,000 to Planning Commission)
	AJR15	Commission to make plans
	SCR11	Musto, W. Kelly, Guarini, Hauser

The resolution that passed and was successful in the general election of November 4, 1969 was:

1969 ✓ ACR32
February 3 - Introduced by Brown and 18 others
April 2 - Passed in Assembly
May 1 - Passed in Senate
May 27 - Filed

ASSEMBLY, No. 616

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 9, 1970

By Assemblymen COLEMAN and KEAN

(Without Reference)

AN ACT concerning the establishment and operation of a State lottery, creating the Division of the State Lottery in the Department of the Treasury, prescribing its functions, powers and duties, and providing for an appropriation therefor.

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

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

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

1 3. For the purposes of this act:

2 a. "Commission" shall mean the State Lottery Commission
3 established by this act.

4 b. "Division" shall mean the Division of the State Lottery
5 created by this act.

6 c. "Lottery" or "State lottery" shall mean the lottery estab-
7 lished and operated pursuant to this act.

8 d. "Director" shall mean the Director of the Division of the
9 State Lottery.

1 4. There is hereby established in the Department of the Trea-
2 sury a Division of the State Lottery, which shall include a State
3 Lottery Commission and a director.

1 5. The commission shall consist of five members, all of whom
2 shall be citizens and residents of this State and all of whom shall
3 be appointed by the Governor by and with the advice and consent
4 of the Senate. No more than three of the five members shall be
5 members of the same political party. The members shall be ap-

6 pointed for terms of 5 years, except that of the members first ap-
7 pointed, one shall be appointed for a term of 1 year, one for a term
8 of 2 years, one for a term of 3 years, one for a term of 4 years, and
9 one for a term of 5 years, commencing as of the date of their ap-
10 pointment by the Governor. The term of each of the members first
11 appointed shall be designated by the Governor. The members shall,
12 annually, elect one of them as chairman of the commission.

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

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

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

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

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

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

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

2 a. After full and thorough study of the report and recommenda-
3 tions of the State Lottery Planning Commission established pur-
4 suant to Joint Resolution Number 11, approved November 20, 1969,
5 and such other pertinent information as may be available, to promul-
6 gate such rules and regulations governing the establishment and
7 operation of a State lottery as it deems necessary and desirable in
8 order that the mandate of the people expressed in their approval of
9 the amendment to Article IV, Section VII, paragraph 2, of the
10 Constitution in the general election of November, 1969, may be fully
11 implemented, in order that such a lottery shall be initiated at the
12 earliest feasible and practicable time, and in order that such lottery
13 shall produce the maximum amount of net revenues for State in-

14 stitutions and State aid for education consonant with the dignity
15 of the State and the general welfare of the people. Such rules and
16 regulations may include, but shall not be limited to, the following:

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

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

19 (3) The numbers and sizes of the prizes on the winning tickets
20 or shares.

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

22 (5) The manner of payment of prizes to the holders of winning
23 tickets or shares.

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

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

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

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

31 (10) The manner and amount of compensation, if any, to be paid
32 licensed sales agents necessary to provide for the adequate avail-
33 ability of tickets or shares to prospective buyers and for the con-
34 venience of the public.

35 (11) The apportionment of the total revenues accruing from the
36 sale of lottery tickets or shares and from all other sources among
37 (a) the payment of prizes to the holders of winning tickets or
38 shares, (b) the payment of costs incurred in the operation and
39 administration of the lottery, including the expenses of the division
40 and the costs resulting from any contract or contracts entered into
41 for promotional, advertising or operational services or for the
42 purchase or lease of lottery equipment and materials, (c) for the
43 repayment of the moneys appropriated to the State Lottery Fund
44 pursuant to section 23 of this act, and (d) for transfer to the general
45 fund for State institutions and State aid for education; provided,
46 however, that no less than 30% of the total revenues accruing from
47 the sale of lottery tickets or shares shall be dedicated to (d), above.

48 (12) Such other matters necessary or desirable for the efficient
49 and economical operation and administration of the lottery and for
50 the convenience of the purchasers of tickets or shares and the hold-
51 ers of winning tickets or shares.

52 b. To amend, repeal, or supplement any such rules and regula-
53 tions from time to time as it deems necessary or desirable.

54 c. To advise and make recommendations to the director regard-
55 ing the operation and administration of the lottery.

56 d. To report monthly to the Governor and the Legislature the

57 total lottery revenues, prize disbursements and other expenses for
58 the preceding month, and to make an annual report, which shall
59 include a full and complete statement of lottery revenues, prize dis-
60 bursements and other expenses, to the Governor and the Legisla-
61 ture, and including such recommendations for changes in this act
62 as it deems necessary or desirable.

63 e. To report immediately to the Governor and the Legislature
64 any matters which shall require immediate changes in the laws of
65 this State in order to prevent abuses and evasions of this act or
66 rules and regulations promulgated thereunder or to rectify undesir-
67 able conditions in connection with the administration or operation
68 of the lottery.

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

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

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

2 a. Supervise and administer the operation of the lottery in ac-
3 cordance with the provisions of this act and with the rules and
4 regulations of the commission.

5 b. Subject to the approval of the commission, appoint such
6 deputy directors as may be required to carry out the functions and
7 duties of the division, which deputy directors shall be in the un-
8 classified service of the civil service.

9 c. Subject to the approval of the commission and Title 11 of the
10 Revised Statutes, Civil Service, appoint such professional, technical

11 and clerical assistants and employees as may be necessary to per-
12 form the duties imposed upon the division by this act.

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

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

22 f. Shall confer regularly as necessary or desirable and not less
23 than once every month with the commission on the operation and
24 administration of the lottery; shall make available for inspection
25 by the commission, upon request, all books, records, files, and other
26 information and documents of the division; shall advise the commis-
27 sion and recommend such matters as he deems necessary and advis-
28 able to improve the operation and administration of the lottery.

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

31 h. Subject to the approval of the commission and the applicable
32 laws relating to public contracts, to enter into contracts for the
33 operation of the lottery, or any part thereof, and into contracts for
34 the promotion of the lottery. No contract awarded or entered into
35 by the director may be assigned by the holder thereof except by
36 specific approval of the commission.

37 i. To certify monthly to the State Treasurer and the commission
38 a full and complete statement of lottery revenues, prize disburse-
39 ments and other expenses for the preceding month.

1 9. No action of the commission shall be binding unless taken at a
2 meeting at which at least three of the five members are present and
3 shall vote in favor thereof. The minutes of every meeting of the
4 commission, including any rules and regulations promulgated by
5 the commission or any amendments, revisions, supplements or re-
6 peal thereof, shall be forthwith transmitted, by and under the
7 certification of the secretary thereof, to the Governor at the Execu-
8 tive Chamber, State House, Trenton. The Governor shall, within 10
9 days after said minutes shall have been so delivered, cause the same
10 to be returned to the commssion either with or without his veto on
11 any action therein recited as having been taken by the commission.
12 If the Governor shall not return the minutes within said 10 days,
13 any action recited therein shall have force and effect according to
14 the wording thereof.

1 10. The commission shall have the power to issue subpoenas to
2 compel the attendance of witnesses and the production of docu-
3 ments, papers, books, records and other evidence before it in any
4 matter over which it has jurisdiction, control or supervision. The
5 commission shall have the power to administer oaths and affirma-
6 tions to persons whose testimony is required. If a person sub-
7 poenaed to attend in any such proceeding or hearing fails to obey
8 the command of the subpoena without reasonable cause, or if a per-
9 son in attendance in any such proceeding or hearing refuses, with-
10 out lawful cause, to be examined or to answer a legal or pertinent
11 question or to exhibit any book, account, record or other document
12 when ordered so to do by the commission, the commission may
13 apply to any judge of the Superior Court, upon proof by affidavit
14 of the facts, for an order returnable in not less than 2 nor more than
15 10 days, or as the court shall prescribe, directing such person to
16 show cause before the court why he should not comply with such
17 subpoena or such order.

18 Upon return of the order, the court before whom the matter shall
19 come on for hearing shall examine such person under oath, and if
20 the court shall determine, after giving such person an opportunity
21 to be heard, that he refused without legal excuse to comply with
22 such subpoena or such order of the director, the court may order
23 such person to comply therewith forthwith and any failure to obey
24 the order of the court may be punished as a contempt of the
25 Superior Court.

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

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

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

1 13. No right of any person to a prize drawn shall be assignable,
2 except that payment of any prize drawn may be paid to the estate
3 of a deceased prize winner, and except that any person pursuant to
4 an appropriate judicial order may be paid the prize to which the
5 winner is entitled. The director shall be discharged of all further
6 liability upon payment of a prize pursuant to this section.

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

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

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

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

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

1 18. The director may, in his discretion, require any or all lottery
2 sales agents to deposit to the credit of the State Lottery Fund in
3 banks, designated by the State Treasurer all moneys received by
4 such agents from the sale of lottery tickets or shares, less the
5 amount, if any, retained as compensation for the sale of the tickets
6 or shares, and to file with the director or his designated agents
7 reports of their receipts and transactions in the sale of lottery
8 tickets in such form and containing such information as he may
9 require. The director may make such arrangements for any person,

10 including a bank, to perform such functions, activities or services
11 in connection with the operation of the lottery as he may deem
12 advisable pursuant to this act and the rules and regulations of the
13 commission, and such functions, activities or services shall con-
14 stitute lawful functions, activities and services of such person.

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

1 20. If the person entitled to a prize or any winning ticket is
2 under the age of 18 years, and such prize is less than \$5,000.00, the
3 director may direct payment of the prize by delivery to an adult
4 member of the minor's family or a guardian of the minor of a check
5 or draft payable to the order of such minor. If the person entitled
6 to a prize or any winning ticket is under the age of 18 years, and
7 such prize is \$5,000.00 or more, the director may direct payment to
8 such minor by depositing the amount of the prize in any bank to the
9 credit of an adult member of the minor's family or a guardian of
10 the minor as custodian for such minor. The person so named as
11 custodian shall have the same duties and powers as a person
12 designated as a custodian in a manner prescribed by the "New
13 Jersey Uniform Gifts to Minors Act," P. L. 1963, chapter 177 (C.
14 46:38-13 et seq.) and for the purposes of this section the terms
15 "adult member of a minor's family," "guardian of a minor" and
16 "bank" shall have the same meaning as in said act. The director
17 shall be discharged of all further liability upon payment of a prize
18 to a minor pursuant to this section.

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

1 22. The moneys in said State Lottery Fund shall be appropriated
2 only (a) for the payment of prizes to the holders of winning lottery
3 tickets or shares, (b) for the expenses of the division in its opera-
4 tion of the lottery, (c) for State institutions and State aid for educa-
5 tion as shall be provided by law, and (d) for the repayment to the
6 general treasury of the amount appropriated to the fund pursuant
7 to section 23 of this act.

1 23. There is hereby appropriated to the State Lottery Fund from
2 the general fund the sum of \$1,500,000.00 and such other moneys as

3 shall be appropriated by the general or any supplemental appro-
4 priations act, or so much thereof as may be necessary, in the first
5 instance, for the purposes of the division in carrying out its func-
6 tions and duties pursuant to this act. Such appropriation shall be
7 repaid to the general fund as soon as practicable from the net
8 revenues accruing in the State Lottery Fund after the payment of
9 prizes to holders of winning tickets or shares and expenses of the
10 division.

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

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

1 26. If any clause, sentence, paragraph, subdivision, section, pro-
2 vision or other portion of this act or the application thereof to any
3 person or circumstances is held to be invalid, such holding shall not
4 affect, impair or invalidate the remainder of this act or the applica-
5 tion of such portion held invalid to any other person or circum-
6 stances, but shall be confined in its operation to the clause, sentence,
7 paragraph, subdivision, provision or other portion thereof directly
8 involved in such holding or to the person and circumstances therein
9 involved. If any provision of this act is inconsistent with, in con-
10 flict with, or contrary to any other provision of law, such provision
11 of this act shall prevail over such other provision and such other
12 provision shall be deemed to have been amended, superseded or
13 repealed to the extent of such inconsistency, conflict and con-
14 trariety.

1 27. This act shall take effect immediately.