

5:9-13.10

LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library

(Lottery)

NJSA: 5:9-13.10

LAWS OF: 1997 CHAPTER: 306

BILL NO: A1119

SPONSOR(S): Lance and Rocco

DATE INTRODUCED: Pre-filed

COMMITTEE: ASSEMBLY: Education

SENATE: Education; Budget

AMENDED DURING PASSAGE: Yes Amendments during passage denoted
First reprint enacted by superscript numbers

DATE OF PASSAGE: ASSEMBLY: October 21, 1997

SENATE: December 18, 1997

DATE OF APPROVAL: January 8, 1998

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: Yes 1-14-97 & 11-17-97

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:
REPORTS: No

HEARINGS: No

KBP:pp

§§1-7
C. 5:9-13.10
To
5:9-13.16
§8
Note To §§1-7

P.L. 1997, CHAPTER 306, *approved January 8, 1998*
Assembly, No. 1119 (*First Reprint*)

1 AN ACT concerning lottery prizes and the repayment of student loans
2 and supplementing Title 5 of the Revised Statutes.

3

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

6

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

13

14 2. The Executive Director of the Office of Student Assistance shall
15 periodically supply the Office of Telecommunications and Information
16 Systems with a list of those individuals in default of student loan
17 repayments to the Office of Student Assistance.

18

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

24

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

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AED committee amendments adopted March 4, 1996.

1 5. If a lottery prize claimant is on the list of individuals in default
2 of a student loan as reported pursuant to section 2 of P.L. ,c. (C.)
3 (now pending before the Legislature as this bill), the Office of Student
4 Assistance shall promptly notify the Department of the Treasury and
5 the Division of the State Lottery of the claimant's name, address,
6 social security number and the outstanding amount of the student loan.
7 The Department of the Treasury shall withhold this amount from the
8 pending lottery payment and transmit same to the Office of Student
9 Assistance ¹after withholding any appropriate amounts for State or
10 federal income taxes or for such other withholdings as may be required
11 under State or federal law¹ . If the amount of the student loan
12 outstanding is greater than the amount available from the lottery
13 payment, the entire amount available shall be transmitted to the Office
14 of Student Assistance.

15

16 6. Any of the claimant's lottery prize funds remaining after
17 withholding pursuant to section 5 of P.L. ,c. (C.)(now pending
18 before the Legislature as this bill) shall be paid to the claimant in
19 accordance with lottery procedures.

20

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

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

36

37 8. This act shall take effect on the 90th day after enactment.

38

39

40

41

42 Provides that State lottery prizes over \$1,000 will be used to offset
43 defaulted guaranteed student loans.

1 the Division of the State Lottery of the claimant's name, address,
2 social security number and the outstanding amount of the student loan.
3 The Department of the Treasury shall withhold this amount from the
4 pending lottery payment and transmit same to the Office of Student
5 Assistance. If the amount of the student loan outstanding is greater
6 than the amount available from the lottery payment, the entire amount
7 available shall be transmitted to the Office of Student Assistance.

8
9 6. Any of the claimant's lottery prize funds remaining after
10 withholding pursuant to section 5 of P.L. ,c. (C.)(now pending
11 before the Legislature as this bill) shall be paid to the claimant in
12 accordance with lottery procedures.

13
14 7. The State Treasurer, in consultation with the Office of Student
15 Assistance, shall promulgate, pursuant to the "Administrative
16 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules and
17 regulations as may be necessary to effectuate the purposes of this act
18 including, but not limited to, regulations providing for prompt notice
19 to any prize winner from whose award the Department of the Treasury
20 seeks to withhold funds, of the amount to be withheld and the reason
21 therefor and providing the prize winners with the opportunity for a
22 hearing upon request prior to the disposition of any funds. For the
23 purposes of this act, "prompt notice" shall mean notice within 14 days
24 or less.

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

29
30 8. This act shall take effect on the 90th day after enactment.

31
32

33 STATEMENT

34
35 This bill establishes procedures to ensure that persons who win
36 State lottery prizes in excess of \$1,000 and who have failed to make
37 scheduled payments to the Office of Student Assistance on any note
38 held by the Office of Student Assistance will have the proceeds of their
39 lottery winnings automatically applied against the outstanding balance
40 of their defaulted student loan.

41 The bill directs the State Lottery and the Office of Student
42 Assistance to institute an ongoing computer data exchange to identify
43 these lottery prize claimants and withhold the amount of the student
44 loan repayment in default.

45 Currently, defaults on repayment of student loans nationally
46 continue to be a cause for concern. Nationally, the default rate on

1 federally guaranteed student loans is 15% for FY92 (the most recent
2 statistic available). In New Jersey, the Office of Student Assistance
3 and financial institutions that have lent money in cooperation with the
4 Office of Student Assistance have loaned over \$5 billion to students
5 since the inception of the Office of Student Assistance in the 1960s.
6 Although the net default rate in New Jersey for federal guaranteed
7 student loans is 6.4% and for State student loans (the NJCLASS
8 program) is .34%, defaults on these loans do have an impact when
9 they occur. The State loan program will have less to lend to students
10 if it has to use bond proceeds to cover the costs of defaults. The
11 federal government has to budget greater amounts to cover loan
12 defaults, thus increasing federal spending. The federal government has
13 also recently attempted to burden States by requiring them to share the
14 costs of student loan defaults.

15 The national trend on both federal and State levels is to reduce the
16 cost of collecting defaulted student loans by promoting such
17 alternatives to litigation as wage garnishment, federal and State
18 income tax refund offset (e.g., SOIL), and lottery offset. This State
19 has endorsed this trend. Rather than have one State agency incur
20 costs to collect on amounts another State agency is paying out, New
21 Jersey collects \$2 million annually by offsetting State income tax
22 refunds to cover student loan defaults. Also, since 1992, New Jersey
23 has a lottery offset program to address overdue child support
24 payments.

25 The bill seeks to expand the State lottery offset program to
26 minimize the debt created by defaulted student loans.

27

28

29

30

31 Provides that State lottery prizes over \$1,000 will be used to offset
32 defaulted guaranteed student loans.

[Passed Both Houses]

[First Reprint]

ASSEMBLY, No. 1119

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblymen LANCE and ROCCO

1 AN ACT concerning lottery prizes and the repayment of student loans
2 and supplementing Title 5 of the Revised Statutes.

3

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

6

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

13

14 2. The Executive Director of the Office of Student Assistance shall
15 periodically supply the Office of Telecommunications and Information
16 Systems with a list of those individuals in default of student loan
17 repayments to the Office of Student Assistance.

18

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

24

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

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AED committee amendments adopted March 4, 1996.

1 Telecommunications and Information Systems shall notify the Office
2 of Student Assistance.

3

4 5. If a lottery prize claimant is on the list of individuals in default
5 of a student loan as reported pursuant to section 2 of P.L. ,c. (C.)
6 (now pending before the Legislature as this bill), the Office of Student
7 Assistance shall promptly notify the Department of the Treasury and
8 the Division of the State Lottery of the claimant's name, address,
9 social security number and the outstanding amount of the student loan.
10 The Department of the Treasury shall withhold this amount from the
11 pending lottery payment and transmit same to the Office of Student
12 Assistance 'after withholding any appropriate amounts for State or
13 federal income taxes or for such other withholdings as may be required
14 under State or federal law' . If the amount of the student loan
15 outstanding is greater than the amount available from the lottery
16 payment, the entire amount available shall be transmitted to the Office
17 of Student Assistance.

18

19 6. Any of the claimant's lottery prize funds remaining after
20 withholding pursuant to section 5 of P.L. ,c. (C.)(now pending
21 before the Legislature as this bill) shall be paid to the claimant in
22 accordance with lottery procedures.

23

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

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

39

40 8. This act shall take effect on the 90th day after enactment.

41

42

43

44

45 Provides that State lottery prizes over \$1,000 will be used to offset
46 defaulted guaranteed student loans.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 1119

STATE OF NEW JERSEY

DATED: JUNE 13, 1996

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1119 (1R).

Assembly Bill No. 1119 (1R) establishes procedures to ensure that persons who win State lottery prizes in excess of \$1,000 and who have failed to make scheduled payments to the Office of Student Assistance on any student loan note held by the Office of Student Assistance will have the proceeds of their lottery winnings automatically applied against the outstanding balance of their defaulted student loan.

The Executive Director of the Office of Student Assistance is to forward to the Office of Telecommunications and Information Systems (OTIS), a list of individuals who are in default of student loan repayments. Similarly, the Division of the State Lottery is to provide OTIS with a list of lottery prize winners which shall include the prize winner's name, address, social security number, and amount of the pending prize payment. OTIS is to cross check the two lists and if a match is made to notify the Office of Student Assistance. The Office of Student Assistance will then notify the Division of the State Lottery and provide the division with information on the outstanding amount of the student loan. The Department of the Treasury shall withhold this amount from the pending lottery payment and transmit it to the Office of Student Assistance. If the amount of the outstanding student loan is greater than the lottery payment, the entire amount available shall be transmitted to the Office of Student Assistance after the withholding of any amounts necessary for State or federal income taxes or for such other withholdings that may be required under State or federal law.

FISCAL IMPACT:

The Office of Student Assistance (OSA) estimates additional revenue of up to \$100,000 could be collected for student loan default payments. Of this amount, \$10,000 is estimated to be payable to the N.J. College Loans to Assist State Students (NJCLASS) and \$90,000

would be used to repay federal guaranteed student loans in default which flow through the State system. The administrative cost is estimated to be nominal to the OSA. The Lottery Division had no estimate as to new offsets or administrative costs but plans to absorb additional workload in this operation.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1119

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 4, 1996

The Assembly Education Committee favorably reports Assembly Bill No. 1119 with committee amendments.

As amended by committee, this bill establishes procedures to ensure that persons who win State lottery prizes in excess of \$1,000 and who have failed to make scheduled payments to the Office of Student Assistance on any student loan note held by the Office of Student Assistance will have the proceeds of their lottery winnings automatically applied against the outstanding balance of their defaulted student loan.

Under the bill's provisions, the Executive Director of the Office of Student Assistance is to forward to the Office of Telecommunications and Information Systems (OTIS), a list of individuals who are in default of student loan repayments. Similarly, the Division of the State Lottery is to provide OTIS with a list of lottery prize winners which shall include the prize winner's name, address, social security number, and amount of the pending prize payment. OTIS is to cross check the two lists and if a match is made to notify the Office of Student Assistance. The Office of Student Assistance will then notify the Division of the State Lottery and provide the division with information on the outstanding amount of the student loan. The Department of the Treasury shall withhold this amount from the pending lottery payment and transmit it to the Office of Student Assistance. If the amount of the outstanding student loan is greater than the lottery payment, the entire amount available shall be transmitted to the Office of Student Assistance.

The bill also directs the State Treasurer to promulgate regulations necessary to implement the act, which regulations shall provide for prompt notice to any prize winner who may have funds withheld as well as an opportunity for a hearing upon request prior to the disposition of any funds.

The committee amended the bill to provide that the amount of lottery prize money withheld shall be transmitted to the Office of Student Assistance only after the withholding of any amounts necessary for State or federal income taxes or for such other withholdings that may be required under State or federal law.

This bill was pre-filed for introduction in the 1996 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE EDUCATION COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 1119

STATE OF NEW JERSEY

DATED: JANUARY 14, 1997

The Senate Education Committee reports favorably Assembly Bill No. 1119 (1R).

This bill establishes procedures to ensure that persons who win State lottery prizes in excess of \$1,000 and who have failed to make scheduled payments to the Office of Student Assistance on any student loan note held by the Office of Student Assistance will have the proceeds of their lottery winnings automatically applied against the outstanding balance of their defaulted student loan.

The Executive Director of the Office of Student Assistance is to forward to the Office of Telecommunications and Information Systems (OTIS), a list of individuals who are in default of student loan repayments. Similarly, the Division of the State Lottery is to provide OTIS with a list of lottery prize winners which shall include the prize winner's name, address, social security number, and amount of the pending prize payment. OTIS is to cross check the two lists and if a match is made to notify the Office of Student Assistance. The Office of Student Assistance will then notify the Division of the State Lottery and provide the division with information on the outstanding amount of the student loan. The Department of the Treasury shall withhold this amount from the pending lottery payment and transmit it to the Office of Student Assistance. If the amount of the outstanding student loan is greater than the lottery payment, the entire amount available shall be transmitted to the Office of Student Assistance after the withholding of any amounts necessary for State or federal income taxes or for such other withholdings that may be required under State or federal law.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 1119

STATE OF NEW JERSEY

DATED: NOVEMBER 17, 1997

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 1119 (1R).

Assembly Bill No. 1119 (1R) requires the Executive Director of the Office of Student Assistance (OSA) to submit ongoing lists of individuals who are in default on student loan repayments to the Department of Treasury, the Office of Telecommunications and Information Systems (OTIS) before payment is made of a State lottery prize in excess of \$1,000. This information will be cross checked by OTIS with lists of lottery prize winners submitted by the Director of the Division of the State Lottery. In the event of a match, the Department of Treasury will withhold the outstanding amount of the student loan from the lottery prize winnings, subsequent to State or federal income taxes or other withholdings as may be required by law, and transmit it to the OSA. Any lottery prize funds remaining are to be paid to the claimant.

FISCAL IMPACT

In a fiscal note prepared by the Office of Legislative Services (OLS), it is estimated that in the first year following enactment additional revenue of up to \$100,000 annually could be collected through student loan default repayments. Of this amount, up to \$10,000 is estimated to be available to repay loan defaults under the State loan program--New Jersey College Loans to Assist State Students (better known as NJCLASS). The remaining \$90,000 would be used to repay federally guaranteed student loans. This estimate is based on a similar program established in Florida which has collected a cumulative total of \$536,000 from 1991 through 1995. The administrative cost of the program under the OSA is estimated to be nominal due to the OSA's participation in the administration of the Setoff of Individual Liabilities (SOIL) program, P.L.1981, c.239, which allows the State to apply any refund of taxes, or the homestead rebate of a taxpayer that is indebted, to any agency or institution of State Government or for child support.

According to the Division of the State Lottery, although no estimate can be provided on the number of new offsets the Lottery

would have to process in a year or the associated administrative costs, the division plans to absorb the additional workload into its operation through existing staff and resources.