

FISCAL NOTE
[First Reprint]
ASSEMBLY, No. 4163
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: AUGUST 5, 2020

SUMMARY

- Synopsis:** Directs State Lottery Commission to permit lottery player to submit and validate lottery claims of \$600 or more via Internet, mobile applications, or other electronic means.
- Type of Impact:** Indeterminate Fiscal Impact to the State General Fund and local government funds.
- Agencies Affected:** New Jersey State Lottery Commission; Division of Pensions and Benefits, Department of the Treasury; local government entities.

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost		Indeterminate	
State Revenue		Indeterminate	
Local Cost		Indeterminate	
Local Revenue		Indeterminate	

- The Office of Legislative Services (OLS) **concurs** with the Executive.
- The State Lottery Commission (Lottery) provided information to the OLS that they are “in the process of upgrading the entire gaming system and looking toward future development that will grow greater revenue, such as cashless transactions at vending machines and in-lane sales. While moving towards modernization, the untimely implementation of a critical component, such as validation, prior to complete development would disrupt the Lottery’s ability to create a seamless integrated product. The fiscal impact of the cost of the disruption and the implementation of the requirements of this bill could not be determined at this time.”
- The Lottery also stated that the bill would “prove detrimental for the Lottery’s generation of revenue, negatively impacting the revenue projections in P.L.2017, c.98, the Lottery Enterprise Contribution Act. In addition, the bill may be in conflict with the 15-year management services agreement with NorthstarNJLottery, specifically the gaming system upgrade called for in the agreement.”

- The OLS notes that implementation of a single component of a system in the midst of an upgrade may prove to be counterproductive. On the other hand, to the extent that the upgrade contains an improvement to the validation component, the bill may be obviated. If the upgrade does not contain an improvement to the validation component, as long as it is not prohibitively expensive or detrimental it may be possible to negotiate that the validation component be included in the current upgrade plan, if it is not too late, or be included in a future upgrade plan.

BILL DESCRIPTION

This bill provides for the submission of a lottery claim form and validation of certain lottery claims via the Internet, a mobile application, or other electronic means.

Currently, payment of lottery prizes not to exceed \$599 are redeemed directly from the retailer. However, lottery prizes of \$600 or more require the completion of a New Jersey Lottery Claim Form, which has to be mailed or delivered to the State Lottery headquarters.

As amended, the bill directs the Lottery to implement a program that allows residents of this State to submit a lottery claim form and validate a lottery claim for a winning ticket or prize of \$600 or more using the Internet, a mobile application, or any other electronic means deemed appropriate by the commission. Under the bill, the mobile application would allow for the validation of lottery tickets by persons using operating systems approved by the commission, including, but not limited to, the iOS and Android operating systems. The commission is also required to establish procedures for the payment of winnings to winning ticket holders, which may include crediting amounts won to a player's Internet or mobile application account or direct deposit into a player's account at a financial institution.

In addition to mail or hand-delivery of a lottery claim form, this bill provides lottery players with an electronic option to validate certain winning tickets or prizes.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Lottery is "in the process of upgrading the entire gaming system and looking toward future development that will grow greater revenue, such as cashless transactions at vending machines and in-lane sales. While moving towards modernization, the untimely implementation of a critical component, such as validation, prior to complete development would disrupt the Lottery's ability to create a seamless integrated product. The fiscal impact of the cost of the disruption and the implementation of the requirements of this bill could not be determined at this time."

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OFFICE OF LEGISLATIVE SERVICES

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Section: State Government

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