

FISCAL NOTE TO
[First Reprint]
ASSEMBLY, No. 1119

STATE OF NEW JERSEY

DATED: JUNE 24, 1996

Assembly Bill No. 1119 (1R) of 1996 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. Under the bill, 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 shall 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.

The OSA estimates that in the first year following enactment additional revenue of up to \$100,000 annually could be collected for 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.

Loans provided to students through higher education institutions

under the Federal Direct Loan Program would not realize an increase in collections because these loans are administered by the federal government.

The Office of Legislative Services concurs with this estimate.

This fiscal note has been prepared pursuant to P.L.1980, c.67.