

CHAPTER 42

**OFFSET OF STATE LOTTERY PRIZES TO SATISFY
OVERDUE CHILD SUPPORT PAYMENTS AND
OVERPAYMENTS IN CERTAIN PUBLIC ASSIS-
TANCE PROGRAMS**

Authority

P.L. 1995, c.333 (N.J.S.A. 5:9-13.1 et seq.).

Source and Effective Date

R.1996 d.507, effective November 4, 1996.
See: 28 N.J.R. 3896(a), 28 N.J.R. 4794(c).

Executive Order No. 66(1978) Expiration Date

Chapter 42, Offset of State Lottery Prizes to Satisfy Overdue Child Support Payments and Overpayments in Certain Public Assistance Programs, expires on October 2, 2001.

Chapter Historical Note

Chapter 42, Offset of State Lottery Prizes to Satisfy Overdue Child Support Payments and Overpayments in Certain Public Assistance Programs, was adopted as R.1992 d.337, effective September 8, 1992. See: 24 N.J.R. 2343(b), 24 N.J.R. 3098(a).

Pursuant to Executive Order No. 66(1978), Chapter 42 was readopted as R.1996 d.507, effective October 2, 1996. See: Source and Effective Date. See, also, section annotations.

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. GENERAL PROVISIONS

- 17:42-1.1 DFD's responsibility
- 17:42-1.2 Lottery's responsibility
- 17:42-1.3 OTIS' responsibility
- 17:42-1.4 Prize disbursement restriction
- 17:42-1.5 Notice of prize withholding
- 17:42-1.6 Treasury action following notice of prize withholding
- 17:42-1.7 Right to hearing
- 17:42-1.8 Transmission of prize offset to DFD or OCSP
- 17:42-1.9 Notice and disbursement of prize after setoff
- 17:42-1.10 Confidentiality

SUBCHAPTER 1. GENERAL PROVISIONS

17:42-1.1 DFD's responsibility

The Division of Family Development in the Department of Human Services (DFD) shall maintain a list of individuals covered by P.L. 1991, c.384 (N.J.S.A. 5:9-13.1 et seq.). The list shall include the individual's name and social security number, plus the amount of the alleged support arrears or public assistance overpayment. The list shall be updated at least monthly to show new individuals or obligations and to show payment or satisfaction of amounts outstanding.

Amended by R.1996 d.507, effective November 4, 1996.
See: 28 N.J.R. 3896(a), 28 N.J.R. 4794(c).

17:42-1.2 Lottery's responsibility

The Division of the State Lottery (Lottery) shall maintain a list of winners of prizes in amounts in excess of \$1,000. The list shall include the winner's names, addresses, social security numbers and amounts won. The list shall be updated weekly.

Amended by R.1996 d.507, effective November 4, 1996.
See: 28 N.J.R. 3896(a), 28 N.J.R. 4794(c).

17:42-1.3 OTIS' responsibility

On a weekly basis, the Office of Telecommunications and Information Systems (OTIS) shall perform a computer match of the data on the two lists to ascertain the existence of a social security number match and shall notify both DFD and Lottery of the existence of any such match or of the fact that no matches were found from the given comparison. If matches are found, OTIS shall transmit a list to each agency including the individual's name, address, social security number, lottery prize and outstanding arrearage or overpayment. No Lottery prize in excess of \$1,000 shall be disbursed by the Department of the Treasury (Treasury) until results of a match involving that prize payment have been determined. In case of annuity prizes where the first installment has not been paid, the match will be conducted on an expedited basis, directly between DFD and Lottery. If the first installment exceeds the lien, a net check can be given to the winner immediately, with the procedures elaborated under these rules to apply to the amount withheld from immediate distribution.

Amended by R.1996 d.507, effective November 4, 1996.
See: 28 N.J.R. 3896(a), 28 N.J.R. 4794(c).

17:42-1.4 Prize disbursement restriction

Upon receipt of notice from OTIS that a social security number match has been made, neither Lottery nor Treasury shall disburse the lottery prize (except a first annuity installment as described in N.J.A.C. 17:42-1.3) until notified that the hearing procedures set forth in this subchapter have been completed or that no hearing has been timely requested. Lottery prizes of \$5,000 or more shall first be subjected to Federal income tax withholding before any other setoffs, deductions or set-asides under these rules.

17:42-1.5 Notice of prize withholding

Within 14 days of notification by OTIS that a social security number match has been found to exist, DFD shall cause written notice to be sent to the subject of the match by first class mail. Such notice shall inform the individual that the match has been found to exist, that payment of the lottery prize is being withheld, that he or she has the right to make a request, within 10 business days of the date of the notice, for a hearing on the alleged debt and the proposed setoff and that, if no such request is timely received, Treasury will transmit the withheld money, up to the amount

owed, to DFD or to the Office of Child Support and Paternity Programs in the Department of Human Services (OCSPP) for transmission to the appropriate county probation department.

Amended by R.1996 d.507, effective November 4, 1996.
See: 28 N.J.R. 3896(a), 28 N.J.R. 4794(c).

17:42-1.6 Treasury action following notice of prize withholding

(a) No later than 15 business days from the date of the notice to the alleged debtor, DFD shall notify Treasury and Lottery of any request by the alleged debtor for a hearing, of the failure of the debtor to make such request or of the satisfaction of the alleged debt. Such information shall allow Treasury to:

1. Maintain the account on a hold status if a hearing has been requested;
2. Transmit the alleged debt to DFD or OCSPP where the alleged debtor has not made a timely request for a hearing or where a hearing request is made but subsequently withdrawn; or
3. Release the prize check to the winner if the debt has been satisfied.

(b) Treasury shall extend the hold status of an affected check until a final decision by DFD, in order to accommodate the hearing process, where Treasury has been notified that a hearing has been requested pursuant to N.J.A.C. 17:42-1.7. Following the hearing, N.J.A.C. 17:42-1.8 shall apply. If the request for the hearing is withdrawn, the provisions of (a)2 and 3 above shall apply.

Amended by R.1996 d.507, effective November 4, 1996.
See: 28 N.J.R. 3896(a), 28 N.J.R. 4794(c).

17:42-1.7 Right to hearing

(a) Any person whose lottery prize has been withheld pursuant to P.L. 1991, c.384 (N.J.S.A. 5:9-13.1 et seq.) may request a hearing by serving a written request on DFD within 10 business days of the notice of match described in N.J.A.C. 17:42-1.5.

(b) When an alleged debtor makes a timely request for a hearing in a case where DFD is seeking to recoup arrears of child support payments, DFD shall notify the appropriate county probation department, which shall conduct an administrative review of the matter. The issues to be resolved shall include whether the claimed sum asserted is due and owing. If the matter cannot be resolved, then the alleged debtor may appeal to the Superior Court of New Jersey, Chancery Division, Family Part.

(c) If there is a judgment against the alleged debtor in a case where DFD is seeking to recoup an overpayment of Aid to Families with Dependent Children benefits, food stamp benefits or low-income home energy assistance benefits, the alleged debtor must seek relief in the court where judgment was entered. If there is no judgment against the alleged debtor, he or she may request a contested case hearing pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., through the county welfare agency which issued the benefits.

Amended by R.1996 d.507, effective November 4, 1996.
See: 28 N.J.R. 3896(a), 28 N.J.R. 4794(c).

17:42-1.8 Transmission of prize offset to DFD or OCSPP

(a) Upon either final determination of the debt due and owing and exhaustion of time in which an appeal may be filed, or upon the debtor's default for failure to make timely request for review of the asserted setoff, or upon payment (in whole or in part) of the outstanding debt, DFD shall forthwith notify Treasury and Lottery, following which the amounts withheld from distribution, up to the amount owed, shall be transmitted to DFD or OCSPP, as appropriate. In cases of multiple or conflicting claims, DFD will provide internal dispute resolution or apportionment according to its own procedures.

(b) Where judicial review is sought from the administrative review, DFD shall advise Treasury and Lottery of such appeal within three days of receiving notice of the filing of the request for review. Upon resolution of judicial review (including any appeal which may be taken) like notice shall be provided by DFD to Treasury and Lottery.

Amended by R.1996 d.507, effective November 4, 1996.
See: 28 N.J.R. 3896(a), 28 N.J.R. 4794(c).

17:42-1.9 Notice and disbursement of prize after setoff

Upon the finalization of setoff through administrative or judicial action, DFD shall notify the debtor in writing of the action taken and of any outstanding balance remaining due after the setoff. If there is an outstanding prize balance remaining after the setoff, it shall be disbursed with the notice described in this section.

Amended by R.1996 d.507, effective November 4, 1996.
See: 28 N.J.R. 3896(a), 28 N.J.R. 4794(c).

17:42-1.10 Confidentiality

Apart from notice to affected individuals and to county probation departments for purposes of administrative review, personally identifiable information compiled under this chapter regarding any person shall be confidential and shall not be disseminated or used for any purpose other than as set forth in N.J.S.A. 5:9-13.1 et seq. and this chapter.