SENATE TRANSPORTATION COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 2121

STATE OF NEW JERSEY

DATED: DECEMBER 12, 2002

The Senate Transportation Committee reports favorably a Senate Committee Substitute for Senate Bill No. 2121.

This substitute bill, entitled "The Motor Vehicle Security and Customer Service Act," abolishes the Division of Motor Vehicle (DMV) in the Department of Transportation (DOT) and creates the New Jersey Motor Vehicle Commission (the "commission") as a successor agency in but not of the DOT.

ORGANIZATIONAL PROVISIONS

The commission is modeled in part on the New Jersey Transit Corporation which is also in but not of DOT. The membership of the commission is to consist of the following eight members: the Commissioner of Transportation, the State Attorney General, the Chair, the State Treasurer and four public members. The Commissioner of Transportation, the Attorney General and the State Treasurer would be ex officio voting members. The Chair, who would be a non-voting member, is to be appointed by the Governor with the advice and consent of the Senate and to serve at the pleasure of the Governor. The four public members are to be appointed by the Governor with the advice and consent of the Senate for four year terms and no more than two of the public members shall be of the same political party. The Chair of the commission would be the Chief Administrator of the commission, assigned to the State unclassified service, and devote full-time to the performance of his duties.

In section 13 of the bill, the commission is given various corporate powers, such as maintaining an office, adopting a seal, etc. Of special interest among these corporate powers is the power to impose, revise and collect service charges as needed by regulation pursuant to the "Administrative Procedure Act, P.L. 1968, c. 410, (C.52:14B-1 et seq.) The commission is also given the authority to review and approve the statement of vision, mission and goals of the commission; the strategic business plan of the commission, including the commission's long term objectives, policies and programs, including a facilities improvement and management plan and a table of organization; and the annual budget of the commission. The
commission is also to review and recommend all capital purchases and construction projects undertaken by the commission, and to authorize commission notes and other obligations. Finally, the commission is given the power to review proposed bills, joint resolutions or concurrent resolutions introduced in either House of the Legislature which establish and or modify any motor vehicle statute or regulation in this State and to suggest alternatives. The Governor is given veto power over the minutes of the commission.

The Chair and Chief Administrator of the commission is given the executive and administrative power of the commission and, except for those powers specifically given to the commission in section 13 and the power to adopt regulations, may exercise all administrative functions, powers and duties of the commission. The Chief Administrator may also be delegated powers by the commission.

The Chief Administrator, and the Deputy Chief Administrator under the Chief Administrator's direction, are charged in the bill with the improvement of the safety and security of the State's motor vehicle licensing, titling, registration and inspection system and are authorized to take various steps, such as making technological improvements, including the modernization of software and hardware, the addition of surveillance cameras and alarms, increasing the number of security-related employees, implementing additional proofs of identity verification and replacing the written driver's license knowledge test with an online test.

When the DMV is abolished, all of its career service employees are to be transferred to the commission and shall retain their present career service status. Upon action of the commission, all Motor Vehicle Agency employees shall become employees of the commission and if employed by the agency on or before January 1, 2003 and assigned to career service titles shall, upon successful completion of a special probationary period, attain a permanent, regular appointment in their respective titles and shall be covered under the State of New Jersey's collective bargaining agreement. Employees who have already completed a probationary period need not complete the special probationary period. Employees of a private motor vehicle agency shall receive seniority civil service credit for all years of employment with the agency if they were employees of DMV immediately prior to its privatization and return to State service as employees of the commission. Employees entering State service as employees of the commission in career service titles, following employment after January 1, 2003 with a private motor vehicle agency, shall be considered provisional employees subject to competitive testing. Officers and employees of the commission shall be enrolled in the Public Employees' Retirement System and eligible to participate in the State Health Benefits Program.

Motor vehicle agents are to be in the State unclassified service and serve at the pleasure of the Chief Administrator.
The bill requires the commission to issue an annual report which is to include the latest audited financial statement and a listing of revenues remitted to the commission, and to file semi-annually a report which details the number of criminal complaints filed against any commission employee or any other person, in connection with commission related activity, and which provides an assessment of the quality of service provided by the commission, the number of transactions reported and, to the extent practicable, the average waiting time to process a transaction at each commission agency or facility. In addition, a financial audit of the commission books and accounts by a certified public accountant is required.

There are five advisory councils created to advise the commission, including (1) the Safety and Privacy Advisory Council, (2) the Customer Service Advisory Council, (3) the Security Advisory Council, (4) the Business Advisory Council and (5) the Technology Advisory Council.

The bill also establishes a "Motor Vehicle Affordability & Fairness Task Force" to study the impact of non-driving related suspension of driving privileges, in particular the Merit Rating Plan Surcharges, on the driving public and to make recommendations for an amnesty policy and for the reform of the surcharge suspension program to increase motorist safety. The task force is also to examine "The Parking Offenses Adjudication Act" and municipal court process related thereto, as well as court actions on surcharge assessments and license suspensions related to nonpayment of fines or tickets as well as motor vehicle moving violations.

The bill requires the commission to fingerprint prospective and current employees of the commission and employees of its agents and certain contractors and to receive criminal history record information from the FBI. The commission is to require fingerprinting and criminal history record background checks on all applicants for commercial driver's licenses with hazardous material or tank vehicle endorsements.

FISCAL PROVISIONS

The bill alters the budgetary treatment of revenues from motor vehicle fees and the appropriations for the Division of Motor Vehicles (DMV). Presently, the motor vehicle fees are anticipated as General Fund revenue and a portion thereof is appropriated as Direct State Services spending authority for the DMV. This amount appropriated to the DMV is substantially less than the amount taken in as motor vehicle fees. The new method would not involve an "on-budget" appropriation to the commission for Direct State Services. Under the substitute, a constant proportion or percentage from certain motor vehicle fees and surcharges (called "service charges") will be excluded from the anticipated General Fund revenues and made available for the sole use of the commission. In the first fiscal year the
amount to be so reserved would be $200 million. This amount would fluctuate annually based upon the revenues received from the stipulated service charges. If such revenues were to increase, the amount would be greater than $200 million; if revenues were to decrease, the amount would be less than $200 million. In addition to this revenue, the bill further reserves the revenue from the $6 fee authorized for a picture on a new or renewed digitized driver's license and from an $8 security surcharge immediately imposed by the bill on new and renewed motor vehicle registrations. Seniors and the handicapped are exempt from the security surcharge. The security surcharge will sunset in ten years. The $6 fee is also to go into effect immediately irrespective of whether or not a picture is on the new or renewed license.

The bill authorizes the commission to establish or alter service charges by regulation, with the revenues being dedicated to the commission. All new fees so established, or increments to existing fees would be revenues of the commission.

Finally, the bill authorizes the New Jersey Economic Development Authority to issue New Jersey Motor Vehicle Commission Bonds to be secured by the Market Transition Facility Revenue Fund resources that are available when the current Market Transition Facility Bonds are retired. The Motor Vehicle Commission Bonds are to pay for the costs of any and all capital improvements to commission facilities, including, but not limited to, building improvements and the acquisition and installation of furniture, fixtures, machinery, computers and electronic equipment, provided that the bonds are not to be issued in an amount exceeding $160 million in the aggregate without the prior approval of the Joint Budget Oversight Committee. $10 million of the amount shall be transferred to the Administrative Office of the Courts for improvements to the Automated Traffic System.

TRANSITIONAL PROVISIONS
The bill provides immediate authorization for the members to be appointed to the commission. When the Commissioner of Transportation certifies to the Governor that a majority of the members of the commission are appointed or in office and that all necessary anticipatory actions have been accomplished, the organizational provisions of the bill become effective, the DMV is abolished and its functions, powers and duties are transferred to the commission. The person in office as Director of the DMV is to be the first Chair and Chief Administrator of the commission without the further requirement of Senate confirmation. Most of the other provisions of the bill take effect on the date of certification. The revenues from the $6 fee collected for the digitized picture on driver's licenses are to be revenues of the commission upon enactment of this bill into law. The additional $8 security surcharge on motor vehicle registration shall also take effect upon enactment. However, until the
DMV is abolished, the digitized picture fee and the security surcharge are appropriated to the DMV.

FIX DMV REPORT

The provisions of this bill address many of the concerns and problems raised in the recent report of the FIX DMV Commission. That commission, established by the Governor's Executive Order No. 19 of 2002, recommended that the DMV be "ripped up by its roots" and replaced with a commission. Of particular importance in the report was the need to improve customer services. Some of this improvement is expected to come with the upgraded facilities, additional parking, computers and on-line technology to be funded under this bill.

The ending of privatized motor vehicle agencies and criminal history background checks for employees and certain specialized vehicle operators, such as those holding hazmat licensees, are recommended in the report to ensure the integrity of the State's motor vehicle documents and data base and to protect the public safety.

Finally, the bill repeals certain statutes relating to the organization of the Division of Motor Vehicles.

This bill is identical to A3058 ACS.