

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 2090

# STATE OF NEW JERSEY

DATED: JUNE 23, 2010

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2090.

The bill amends various statutes relating to motor vehicle inspection. The bill streamlines inspections of passenger automobiles and noncommercial truck inspections by limiting inspections of such vehicles to emissions and emission-related items such as emission control equipment and on-board diagnostics and providing for the issuance of certificates of approval to passenger automobiles and noncommercial trucks that successfully pass such inspections. The bill also exempts motorcycles from the motor vehicle inspection requirements currently imposed by law.

Further, the bill extends to five years the period of time before a model year 2006 or later motor vehicle and certain used motor vehicles will be subject to inspection at an official inspection facility.

The bill also deletes references to “waivers” and “waiver certificates” because the statutory authority for the issuance of such waivers was repealed by section 11 of P.L.2009, c. 331.

#### FISCAL IMPACT:

The Office of Legislative Services (OLS) has determined that this bill would reduce costs to the State through a reduction of motor vehicle inspections. According to information provided by the MVC, by extending the inspection cycle of new vehicles for emissions from four to five years a savings to the State of \$5.9 million annually would be achieved. Approximately 2.4 million vehicles that are four year old or older are inspected and re-inspected annually at centralized lanes run by the Parsons Corp. and another 578,000 done by more than 1,100 licensed private facilities. The MVC believes this change is justified since vehicles today are manufactured to be cleaner and more energy efficient with less than six percent between the ages of 2004 and 2009 failing the emissions component of inspections. This bill also proposes to eliminate the mechanical review portion of the inspection process for all passenger vehicles and motorcycles. The MVC estimates annualized savings of \$11.5 million to the State. Currently, 1.9 million initial vehicle inspections are conducted by the MVC. Approximately six percent are rejected due to more serious mechanical defects related to brakes, steering, suspension or tires. Based on this

information, and various studies of the safety impact of mechanical inspections which are inconclusive, the MVC has determined that the mechanical defect inspections conducted in the State do not justify the nearly \$11.5 million expense.

The OLS agrees that the research and studies done to date on the effects of safety on mechanical inspections and the role of defective equipment in causing vehicular crashes are inconclusive. The OLS notes, however, that nationally, vehicle safety inspection programs appear to be a significant factor in lowering fatal crashes, suggesting that the abolishment of mechanical inspections could lead to more unsafe vehicles and traffic accidents on New Jersey roads. It is possible that the resulting increase in expenditures by the public for medical care and to repair collision damage could exceed the \$11.5 million cost savings for the State.

The OLS also notes that if this bill becomes law, the State could incur some costs to terminate or renegotiate the existing motor vehicle inspection contract with Parsons Corp., which conducts the emissions and mechanical inspection since the firm is only two years into a five year contract with the State.