

ASSEMBLY BILL NO. 5033
(Second Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I herewith return Assembly Bill No. 5033 (Second Reprint) with my recommendations for reconsideration.

Assembly Bill No. 5033 (Second Reprint) seeks to modernize how we buy and sell cars in New Jersey, primarily by facilitating online transactions. First, the bill amends statutory requirements and definitions related to motor vehicle dealers, enabling licensed dealers in New Jersey to sell cars online and augmenting the regulatory oversight capacity of the Motor Vehicle Commission ("MVC"). Second, the bill will allow buyers and licensed dealers to execute and submit powers of attorney with electronic signatures instead of "wet" signatures and eliminates the notarization requirement for those documents. Third, the bill requires MVC to begin accepting other motor vehicle transaction documents, such as titles and mileage disclosures, electronically within 24 months.

I commend the bill's sponsors for their sustained efforts to make buying a car as simple and as painless as possible, while also ensuring that MVC has sufficient authority and resources to combat fraud and punish bad actors. Online sales, electronic signatures, and, eventually, electronic titles will make purchasing a car more convenient and less expensive, and I am proud to help make these changes a reality.

Nevertheless, because our State's car titling system is currently paper-based, the best way of achieving the bill's goals while complying with federal law and maintaining security against fraud is for MVC to implement a fully electronic titling system. I am therefore recommending amendments to provide MVC the flexibility to implement an electronic titling system and to ensure the bill's consistency and accuracy in light of those changes.

To be clear, my recommended amendments do not change the structure, outcomes, or key timelines envisioned in Assembly Bill No. 5033 (Second Reprint). Immediately upon enactment, MVC will be able to accept

electronically signed, non-notarized powers of attorney for motor vehicle sales conducted by licensed dealers, unless otherwise prohibited by federal law. Per both the bill's original text and my recommended amendments, MVC will adopt rules and establish a fully electronic titling system – to enable the electronic submission and receipt of all motor vehicle transaction documents for new motor vehicles – within 24 months. This timeline does not extend to used motor vehicle transactions, as MVC may need additional time to adapt the electronic titling system to cover used motor vehicles given the additional complexities and higher potential for fraud involved in these transactions. My recommended revisions will also enable MVC to facilitate electronic instead of paper-based notification, and recording, transfer, and release of security interests and title information by motor vehicle lienholders, which will make motor vehicle financing and refinancing more efficient.

Therefore, I herewith return Assembly Bill No. 5033 (Second Reprint) and recommend that it be amended as follows:

<u>Page 10, Section 5, Line 10:</u>	Delete "on" and insert "or"
<u>Page 10, Section 5, Lines 16-24:</u>	Delete in their entirety
<u>Page 10, Section 6, Line 31:</u>	Delete "all"
<u>Page 10, Section 6, Line 34:</u>	After "documents" insert "pursuant to this section"
<u>Page 10, Section 6, Line 44:</u>	After "signatures" insert "permitted under this section"
<u>Page 11, Section 6, Line 4:</u>	After "signatures" insert "on power of attorney documents"
<u>Page 11, Section 6, Line 7:</u>	After "documents" insert "executed in accordance with this section"
<u>Page 11, Section 6, Line 10:</u>	After "licensee" insert "in accordance with this section"
<u>Page 11, Section 6, Line 11:</u>	After "." insert "Nothing in this section shall permit the electronic execution of any documents for the purpose of mileage disclosure subject to R.S. 39:10-9 or the federal Truth in Mileage Act of 1986, Pub.L.99-579 (49 U.S.C. § s.32705) unless authorized by the chief administrator by regulations adopted pursuant to section 8 of P.L. , c. (C.) (pending before the Legislature as this bill)."

Page 11, Section 7, Line 17:

Delete "transaction documents" and insert "electronically signed power of attorney permitted by section 6 of P.L. , c. (C.) (pending before the Legislature as this bill)."

Page 11, Section 8, Line 19:

Delete "90 days" and insert "24 months"

Page 11, Section 8, Line 22:

Delete "engage with the industry to update" and insert ", in accordance with the 'Administrative Procedure Act,' P.L.1968, c.410 (C.52:14B-1 et seq.), adopt rules and regulations necessary to establish and administer a system to permit new motor vehicle sales transaction documents to be prepared by or submitted to the commission in electronic form, or processed electronically in compliance with R.S. 39:10-1 et seq., the federal Truth in Mileage Act of 1986, Pub. L.99-579 (49 U.S.C. s.32705), and the regulations promulgated pursuant to the federal Truth in Mileage Act of 1986, Pub. L. 99-579 (49 U.S.C. s.32705).

The chief administrator shall, by regulations adopted pursuant to this section, establish a schedule to permit used motor vehicle sales transaction documents to be prepared by or submitted to the commission in electronic form, or processed electronically, in compliance with R.S. 39:10-1 et seq., the federal Truth in Mileage Act of 1986, Pub. L.99-579 (49 U.S.C. s.32705), and the regulations promulgated pursuant to the federal Truth in Mileage Act of 1986, Pub. L. 99-579 (49 U.S.C. s.32705).

Notwithstanding the provisions of P.L.2017, c.308 (C.39:10-11.2 to -11.6) to the contrary, the system established by the commission pursuant to this section shall include the notification, recording, transfer, and release of security interests and title information by the lienholders of motor vehicles in lieu of a paper-based system used for those purposes."

Page 11, Section 8, Lines 23-27:

Delete in their entirety

Page 11, Section 9, Line 37:

Delete ", except that the"

Page 11, Section 9, Lines 38-42:

Delete in their entirety

Page 11, Section 9, Line 43:

Delete "processed electronically"

Page 11, Section 9, Line 47:

Delete "shall" and insert "may"

Page 12, Section 9, Line 11:

After "specifying" insert "how the signature, verification, certification, witnessing or other formal requirements shall be met with respect to documents or information permitted to be prepared or submitted in electronic or digital form pursuant to this section and specifying such additional safeguards as the chief administrator deems necessary to protect the privacy, and prevent improper access to or disclosure, of any personal information as defined in section 1 of P.L.1997, c.188 (C.39:2-3.3) that may be transmitted in an electronic or digital form, or processed electronically"

Page 12, Section 9, Lines 20-22:

Delete in their entirety

Page 12, Section 9, Line 23:

Delete "s.580.1 et seq. for Assurance Level 2"

Page 12, Section 9, Line 24:

Delete "shall" and insert "may"

Page 12, Section 9, Line 26:

Delete "If necessary, the chief administrator may"

Page 12, Section 9, Lines 27-35:

Delete in their entirety

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor