

ASSEMBLY, No. 2858

STATE OF NEW JERSEY

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1 AN ACT concerning the inspection of motor vehicles and
2 supplementing the "Federal Clean Air Mandate Compliance Act,"
3 P.L.1995, c.112.

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5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

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8 1. The Legislature finds and declares that this State is preparing to
9 implement an Enhanced Motor Vehicle Inspection and Maintenance
10 Program, which represents a radical departure from its traditional
11 motor vehicle inspection system. It has been estimated that
12 implementation of this new and controversial program, based on
13 requirements of the federal Clean Air Act, will cost the State upwards
14 of \$100 million. At the same time, this program's stringent emission
15 standards and highly complex testing system could result in significant
16 inconvenience and higher vehicle repair costs for the motoring public.

17 The Legislature further finds and declares that even as the Division
18 of Motor Vehicles (DMV) reviews bids from private contractors
19 hoping to operate the proposed inspection system, troubling questions
20 have been raised about whether the system being readied for
21 implementation is feasible. A study performed by the New Jersey
22 Institute of Technology indicates that serious flaws in equipment and
23 procedures exist in the system prototype being tested at DMV's
24 Wayne inspection facility. These flaws include the inability of
25 dynamometers to properly test four-wheel drive vehicles or those with
26 traction control; a perception by inspection personnel that certain
27 vehicles become unstable when subjected to testing; the inability of
28 some vehicles to maintain the test speeds within required tolerances;
29 tailpipe emissions distorted by helium concurrently being used in
30 another test; the failure to isolate results from tests that are meant to
31 be conducted independently; and various equipment and procedural

1 shortcomings that add to the time and complexity of the inspection
2 process.

3 The Legislature further finds and declares that the problems being
4 encountered at the DMV test site clearly indicate that this inspection
5 system is far from ready for operation by a private contractor. To
6 impose such a flawed system upon the unsuspecting vehicle owners
7 of this State would be an act of folly. It is incumbent upon the
8 members of this Legislature, as the elected representatives of the
9 motoring public, to ensure that any inspection system is fully tested
10 and free of major problems before sanctioning its full-scale
11 implementation. The Legislature determines, therefore, that a private
12 contractor should be selected to provide inspection services only after
13 it has demonstrated its ability to provide those services effectively in
14 a real-world environment, and that these services can be provided in
15 the most cost-effective and efficient manner through the competitive
16 efforts of two or more contractors.

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18 2. Notwithstanding any other law to the contrary, a contract or
19 contracts for the operation of official motor vehicle inspection
20 facilities entered into pursuant to section 4 of P.L.1995, c.112
21 (C.39:8-44) shall be governed by the provisions of this supplemental
22 act.

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24 3. a. The director shall establish a one-year pilot inspection
25 program in which all bidders for a contract to operate an official
26 inspection facility shall be required to participate as a precondition to
27 being considered for selection as a contractor. The purpose of this
28 program shall be to provide a practical demonstration under actual
29 working conditions of the feasibility and effectiveness of proposed
30 inspection systems.

31 b. The program shall require a bidder to operate a pilot inspection
32 lane at a State inspection agency for a minimum period of one year.
33 The director shall inform prospective contractors of this requirement
34 and bids for contracts shall contain a plan for operation of a pilot
35 inspection lane.

36 c. Pilot inspection lanes shall be operated in a manner approved by
37 the director and shall be staffed by Division of Motor Vehicles
38 inspection personnel. Special training required for operation of the
39 pilot inspection lane shall be provided by the division and the bidder
40 at the expense of the division. Emissions testing and related
41 equipment required for the operation of the inspection lane shall meet
42 the specifications established by the director and shall be provided,
43 installed and maintained at the expense of the bidder. At the
44 conclusion of the test period, successful bidders shall be responsible
45 for purchasing, at the market price for used equipment, emissions
46 testing and related equipment purchased by unsuccessful bidders.

1 d. Bidders operating pilot inspection lanes shall be paid \$23 for
2 each motor vehicle inspected from moneys deposited in the "Motor
3 Vehicle Inspection Fund" established pursuant to subsection j. of
4 R.S.39:8-2.

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6 4. Operators of motor vehicles subject to biennial inspection
7 pursuant to subsection c. of R.S.39:8-2 shall have the option of
8 having their vehicles inspected in the pilot inspection lanes. A two-
9 year certificate of approval shall be issued for vehicles which pass
10 inspection in a pilot inspection lane. Vehicles which fail to pass
11 inspection in a pilot inspection lane may, at the option of the vehicle
12 operator, be reinspected in the pilot lane or be inspected in the regular
13 lanes of the inspection facility, subject to the rules and regulations
14 governing the regular inspection program.

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16 5. To assist in the evaluation of competing testing systems, the
17 director shall establish a protocol for systematically documenting the
18 operation and measuring the feasibility of the pilot inspection lanes.
19 The evaluation will determine which of the competing systems is best
20 able to provide a cost-effective, efficient and consumer friendly
21 statewide program for inspecting motor vehicles to comply with the
22 enhanced inspection and maintenance requirements of the federal
23 Clean Air Act. This determination shall include, but not be limited to,
24 a consideration of the cost, accuracy and reliability of the tests
25 conducted and of the equipment used to conduct the tests; the
26 consistency and replicability of test results; the average time required
27 to perform the tests; the ease and convenience of the testing process
28 and the response of the motoring public to the testing system. The
29 results of the pilot program shall be given due consideration in the
30 awarding of motor vehicle inspection contracts under section 4 of
31 P.L.1995, c.112 (C.39:8-44).

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33 6. a. Contracts for the inspection of motor vehicles shall be
34 awarded to the two most qualified bidders. These contracts shall
35 contain incentives designed to encourage competition among
36 contractors to carry out their assigned functions in a cost-effective and
37 consumer-friendly manner.

38 b. A contractor selected to operate an inspection facility shall
39 employ all inspection personnel employed by the division at that
40 facility at their current salaries and with their current fringe benefits.

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42 7. This act shall take effect immediately.

STATEMENT

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3 This bill would impose certain conditions pertaining to the awarding
4 of contracts for operation of the State's motor vehicle inspection
5 system designed to ensure the effectiveness and smooth performance
6 of that system. The bill represents a legislative response to recent well-
7 documented reports that major problems exist in the prototype system
8 being tested by the Division of Motor Vehicles (DMV) in compliance
9 with requirements of the federal Clean Air Act.

10 The State is preparing to implement a highly complicated Enhanced
11 Motor Vehicle Inspection and Maintenance Program that will require
12 motor vehicles to comply with stringent new exhaust emission
13 standards imposed by the federal government. With the passage of
14 the "Federal Clean Air Mandate Compliance Act," P.L.1995, c.112,
15 the Legislature reluctantly agreed to revamp the States inspection
16 system and to allow its operation in whole or part by private
17 contractors. This revamped system, if hastily implemented, could
18 result in significant inconvenience and higher automobile maintenance
19 and repair costs for the motoring public.

20 DMV has been testing prototype components of the new system at
21 its Wayne inspection facility and is currently reviewing the bids of
22 private contractors to operate the system. However, a recent study by
23 the New Jersey Institute of Technology has revealed that significant
24 problems are being encountered at the DMV testing site. These
25 include the inability of dynamometers to properly test four-wheel drive
26 vehicles or those with traction control; a perception by inspection
27 personnel that certain vehicles become unstable when subjected to
28 testing; the inability of some vehicles to maintain the test speeds
29 within required tolerances; tailpipe emissions distorted by helium
30 concurrently being used in another test; the failure to isolate results
31 from tests that are meant to be conducted independently and various
32 equipment and procedural shortcomings that add to the time and
33 complexity of the inspection process.

34 The bill recognizes that the documentation of these problems makes
35 it clear that the enhanced inspection system is not yet ready for full-
36 scale implementation. The bill would require DMV to establish a pilot
37 program to test the operation of inspection lanes by private
38 contractors prior to the award of a contract. Bidders would be
39 required to operate a pilot inspection lane for one year in a DMV
40 inspection facility. The bidder would provide the required emissions
41 and related equipment for operation of the inspection lane at its
42 expense. DMV personnel would operate the pilot inspection lanes.
43 The bidder would receive \$23 for each motor vehicle inspected from
44 moneys deposited in the "Motor Vehicle Inspection Fund" established
45 to fund the enhanced inspection program.

46 Under the bill, motorists would have the option of having their

1 vehicles inspected either in the pilot lanes operated by contract bidders
2 or in the regular DMV inspection lanes. Two-year certificates of
3 approval would be granted for vehicles which pass inspection in the
4 pilot lanes as opposed to the current one-year approvals granted by
5 DMV.

6 During the one-year pilot period, DMV would gather information
7 on the bidder's operation of the lane that would be used in evaluating
8 the bidder's contract proposal. Evaluation criteria would include the
9 cost, accuracy and reliability of the tests conducted and of the
10 equipment used to conduct the tests; the consistency and replicability
11 of test results; the average time required to perform the tests; the ease
12 and convenience of the testing process and the response of the
13 motoring public to the testing system.

14 Successful bidders for inspection contracts would be required to
15 retain current DMV inspection personnel at their current salary and
16 benefit levels. Successful contractors also would be required to
17 purchase inspection and related equipment purchased by unsuccessful
18 contractors for use in a pilot inspection lane.

19 The bill further provides that contracts for motor vehicle
20 inspections be granted to at least two contractors in order to foster
21 healthy competition in providing cost-effective and consumer friendly
22 services.

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27 Requires bidders to demonstrate competence before granting of DMV
28 inspection contract.