

56:8-205 & 56:8-206
LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library

LAWS OF: 2017 **CHAPTER:** 37

NJSA: 56:8-205 & 56:8-206 (Regulates use of motor vehicle payment assurance devices)

BILL NO: A756 (Substituted for S2046)

SPONSOR(S) Moriarty and others

DATE INTRODUCED: 1-27-2016

COMMITTEE: **ASSEMBLY:** Consumer Affairs

SENATE: Commerce

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 2-15-2017

SENATE: 3-13-2017

DATE OF APPROVAL: 3-22-2017

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Second Reprint enacted) Yes

A756

SPONSOR'S STATEMENT: (Begins on page 3 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: Yes

LEGISLATIVE FISCAL ESTIMATE: No

S2046

SPONSOR'S STATEMENT: (Begins on page 3 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

(continued)

VETO MESSAGE: Yes

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Bill makes it tougher for auto dealers to disable car for late payments," The Star-Ledger, March 23, 2017

RWH/JA

P.L.2017, CHAPTER 37, *approved March 22, 2017*
Assembly, No. 756 (*Second Reprint*)

1 AN ACT concerning motor vehicle payment assurance devices and
2 supplementing P.L.1960, c.39 (C.56:8-1 et seq.).
3

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

7 1. As used in this act:

8 "Consumer" means a purchaser or lessee of a motor vehicle
9 normally used for personal, family, or household purposes.

10 "Creditor" means a dealer ²[,] or² lender, ²[or lessor,]² or any
11 assignee of a dealer ²[,] or² lender ²[, or lessor]².

12 "Dealer" means a person who is ²licensed as a motor vehicle
13 dealer or leasing dealer under R.S.39:10-19 and² actively engaged
14 in the business of buying, selling, exchanging, or leasing new or
15 used motor vehicles at retail and who has an established place of
16 business.

17 "Financing agreement" means an agreement, through a bargained
18 communication or written contract, of an extension of a loan or
19 other line of credit by a lender to a borrower toward the purchase of
20 a motor vehicle.

21 "Lease agreement" has the same meaning as defined in section 2
22 of P.L.1988, c.123 (C.56:12-30).

23 "Lender" means an agent, officer, director, and employee of a
24 lender, or any person who solicits, arranges for, or otherwise
25 participates or assists in the making of loans, or in any way acts as
26 an intermediary between a borrower and a lender in effecting loans
27 related to the sale or lease of a motor vehicle.

28 "Lessee" has the same meaning as defined in section 2 of
29 P.L.1988, c.123 (C.56:12-30).

30 ²["Lessor" has the same meaning as defined in section 2 of
31 P.L.1988, c.123 (C.56:12-30).]²

32 "Motor vehicle" has the same meaning as defined in R.S.39:1-1.

33 "Payment assurance device" means a device installed on a motor
34 vehicle with global positioning system capability, starter interrupt
35 capability allowing for the remote enabling or disabling of the

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined **thus** is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly floor amendments adopted March 14, 2016.

²Assembly amendments adopted in accordance with Governor's
recommendations February 13, 2017.

1 motor vehicle, or both, and which is installed pursuant to a motor
2 vehicle consumer's financing agreement or lease agreement.

3

4 2. a. ²No person other than a creditor may install or have
5 installed a payment assurance device on a motor vehicle.

6 b.² A creditor ²~~shall~~ may² install or have installed a payment
7 assurance device on a motor vehicle only if:

8 (1) ²~~Written disclosure of the installation is provided to the~~
9 ~~consumer prior to or at the time the motor vehicle is purchased or~~
10 ~~leased, which shall include a statement of the intended use of the~~
11 ~~device and notification~~ Prior to or at the time the motor vehicle is
12 purchased or leased, the creditor provides, and the consumer
13 acknowledges in writing the receipt of, written notification of the
14 installation of the payment assurance device, which shall include,
15 but is not limited to, a statement in at least 10-point boldface type
16 indicating that the motor vehicle is equipped with a device that the
17 creditor can use to remotely disable the vehicle, advising the
18 consumer² of the grace period and warning provided for in
19 paragraphs (3) and (4) of this subsection ², and identifying the
20 name, address, and a telephone number of the creditor²;

21 (2) The consumer is not billed or charged a fee for the
22 installation of the device;

23 (3) The creditor or an agent thereof does not remotely disable
24 the motor vehicle until the consumer is ¹~~five~~ ²~~seven~~¹ or more
25 days² in default on any term under the financing agreement or
26 lease agreement, including but not limited to the periodic payment
27 due on the purchase or lease ², for five or more calendar days on a
28 financing agreement or lease agreement whose terms call for at
29 least one weekly payment or for 10 or more calendar days on any
30 other financing agreement or lease agreement²;

31 (4) The consumer is provided a warning no less than ¹~~48~~ ²~~72~~¹
32 hours before the motor vehicle is disabled remotely ¹, and the
33 warning is transmitted by the creditor through at least two modes of
34 communication, such as by email, mail, telephone, text message, or
35 through the payment assurance device or motor vehicle^{1 2}, provided
36 that the warning method shall not violate any applicable State or
37 federal law²;

38 (5) The ²~~creditor or an agent thereof, does not~~ payment
39 assurance device cannot² remotely disable the motor vehicle while
40 it is being operated; ²and²

41 (6) The consumer ²in default² is provided with the ability to
42 start a ²remotely² disabled motor vehicle and use it for a period of
43 at least 48 hours ²~~],~~ in the event of an emergency; and

44 (7) For purposes of a financing agreement, the consumer's
45 interest rate on the loan or other line of credit is at least 10

1 percentage points lower than the maximum interest rate permitted
2 by law, pursuant to subsection a. of N.J.S.2C:21-19².

3 ²**[b.] c.**² A violation of the provisions of subsection a. of this
4 section by a creditor is an unlawful practice and a violation of
5 P.L.1960, c.39 (C.56:8-1 et seq.).

6

7 3. This act shall take effect on the first day of the fourth month
8 next following enactment.

9

10

11

12

13

Regulates use of motor vehicle payment assurance devices.

ASSEMBLY, No. 756

STATE OF NEW JERSEY

217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

Sponsored by:

Assemblyman PAUL D. MORIARTY

District 4 (Camden and Gloucester)

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

SYNOPSIS

Regulates use of motor vehicle payment assurance devices.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning motor vehicle payment assurance devices and
2 supplementing P.L.1960, c.39 (C.56:8-1 et seq.).

3

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

6

7 1. As used in this act:

8 "Consumer" means a purchaser or lessee of a motor vehicle
9 normally used for personal, family, or household purposes.

10 "Creditor" means a dealer, lender, or lessor, or any assignee of a
11 dealer, lender, or lessor.

12 "Dealer" means a person who is actively engaged in the business
13 of buying, selling, exchanging, or leasing new or used motor
14 vehicles at retail and who has an established place of business.

15 "Financing agreement" means an agreement, through a bargained
16 communication or written contract, of an extension of a loan or
17 other line of credit by a lender to a borrower toward the purchase of
18 a motor vehicle.

19 "Lease agreement" has the same meaning as defined in section 2
20 of P.L.1988, c.123 (C.56:12-30).

21 "Lender" means an agent, officer, director, and employee of a
22 lender, or any person who solicits, arranges for, or otherwise
23 participates or assists in the making of loans, or in any way acts as
24 an intermediary between a borrower and a lender in effecting loans
25 related to the sale or lease of a motor vehicle.

26 "Lessee" has the same meaning as defined in section 2 of
27 P.L.1988, c.123 (C.56:12-30).

28 "Lessor" has the same meaning as defined in section 2 of
29 P.L.1988, c.123 (C.56:12-30).

30 "Motor vehicle" has the same meaning as defined in R.S.39:1-1.

31 "Payment assurance device" means a device installed on a motor
32 vehicle with global positioning system capability, starter interrupt
33 capability allowing for the remote enabling or disabling of the
34 motor vehicle, or both, and which is installed pursuant to a motor
35 vehicle consumer's financing agreement or lease agreement.

36

37 2. a. A creditor shall install or have installed a payment
38 assurance device on a motor vehicle only if:

39 (1) Written disclosure of the installation is provided to the
40 consumer prior to or at the time the motor vehicle is purchased or
41 leased, which shall include a statement of the intended use of the
42 device and notification of the grace period and warning provided
43 for in paragraphs (3) and (4) of this subsection;

44 (2) The consumer is not billed or charged a fee for the
45 installation of the device;

46 (3) The creditor or an agent thereof does not remotely disable
47 the motor vehicle until the consumer is five or more days in default
48 on any term under the financing agreement or lease agreement,

- 1 including but not limited to the periodic payment due on the
2 purchase or lease;
- 3 (4) The consumer is provided a warning no less than 48 hours
4 before the motor vehicle is disabled remotely;
- 5 (5) The creditor or an agent thereof, does not remotely disable
6 the motor vehicle while it is being operated;
- 7 (6) The consumer is provided with the ability to start a disabled
8 motor vehicle and use it for a period of at least 48 hours, in the
9 event of an emergency; and
- 10 (7) For purposes of a financing agreement, the consumer's
11 interest rate on the loan or other line of credit is at least 10
12 percentage points lower than the maximum interest rate permitted
13 by law, pursuant to subsection a. of N.J.S.2C:21-19.
- 14 b. A violation of the provisions of subsection a. of this section
15 by a creditor is an unlawful practice and a violation of P.L.1960,
16 c.39 (C.56:8-1 et seq.).
- 17
- 18 3. This act shall take effect on the first day of the fourth month
19 next following enactment.
- 20

21
22 STATEMENT

- 23
- 24 This bill regulates the use of payment assurance devices by
25 motor vehicle dealers and lenders.
- 26 Under the provisions of the bill, a "payment assurance device" is
27 defined as a device installed on a motor vehicle with global
28 positioning system (GPS) capability or starter interrupt capability
29 allowing for the remote enabling or disabling of the motor vehicle,
30 and which is installed pursuant to a motor vehicle consumer's
31 financing agreement or lease agreement.
- 32 The bill authorizes a creditor to install, or have installed,
33 payment assurance devices only if the following criteria are met:
- 34 (1) written disclosure of the installation and certain notifications
35 are provided to the consumer when the vehicle is purchased or
36 leased;
- 37 (2) the consumer is not billed or charged a fee for the
38 installation of the device;
- 39 (3) the creditor, or an agent thereof, does not remotely disable
40 the vehicle until the consumer is five or more days in default on any
41 terms under the financing agreement or lease agreement including
42 but not limited to the periodic payment due on the purchase or
43 lease;
- 44 (4) the consumer is provided a warning no less than 48 hours
45 before the vehicle is disabled remotely;
- 46 (5) the creditor, or an agent thereof, does not remotely disable
47 the vehicle while it is being operated;

A756 MORIARTY, COUGHLIN

1 (6) the consumer is provided with the ability to start a disabled
2 vehicle, and use it for at least 48 hours, in the event of an
3 emergency; and

4 (7) for purposes of a financing agreement, the consumer's
5 interest rate on the loan is at least 10 percentage points lower than
6 the maximum interest rate permitted by law.

7 Under the bill, a violation of its provisions by a creditor is an
8 unlawful practice under the consumer fraud act, P.L.1960, c.39
9 (C.56:8-1 et seq.), which is punishable by a monetary penalty of not
10 more than \$10,000 for a first offense and not more than \$20,000 for
11 any subsequent offense. Additionally, violations can result in cease
12 and desist orders issued by the Attorney General, the assessment of
13 punitive damages, and the awarding of treble damages and costs to
14 the injured party.

ASSEMBLY CONSUMER AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 756

STATE OF NEW JERSEY

DATED: FEBRUARY 4, 2016

The Assembly Consumer Affairs Committee reports favorably on Assembly Bill No. 756.

As reported by the committee, Assembly Bill No. 756 regulates the use of payment assurance devices by motor vehicle dealers and lenders.

The bill defines a “payment assurance device” as a device installed on a motor vehicle with global positioning system (GPS) capability or starter interrupt capability allowing for the remote enabling or disabling of the motor vehicle, and which is installed pursuant to a consumer’s financing agreement or lease agreement.

The bill authorizes a creditor to install, or have installed, payment assurance devices only if the following criteria are met:

(1) written disclosure of the installation and certain notifications are provided to the consumer when the vehicle is purchased or leased;

(2) the consumer is not billed or charged a fee for the installation of the device;

(3) the creditor, or an agent thereof, does not remotely disable the vehicle until the consumer is five or more days in default on any terms under the financing agreement or lease agreement, including but not limited to the periodic payment due on the purchase or lease;

(4) the consumer is provided a warning no less than 48 hours before the vehicle is disabled remotely;

(5) the creditor, or an agent thereof, does not remotely disable the vehicle while it is being operated;

(6) the consumer is provided with the ability to start a disabled vehicle and use it for at least 48 hours, in the event of an emergency; and

(7) for purposes of a financing agreement, the consumer’s interest rate on the loan is at least 10 percentage points lower than the maximum interest rate permitted by law.

A violation of the bill’s provisions by a creditor is an unlawful practice under the consumer fraud act, P.L.1960, c.39 (C.56:8-1 et seq.), which is punishable by a monetary penalty of not more than \$10,000 for a first offense and not more than \$20,000 for any subsequent offense. Additionally, violations can result in cease and

desist orders issued by the Attorney General, the assessment of punitive damages, and the awarding of treble damages and costs to the injured party.

This bill was pre-filed for introduction in the 2016-2017 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE COMMERCE COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 756

STATE OF NEW JERSEY

DATED: SEPTEMBER 26, 2016

The Senate Commerce Committee reports favorably Assembly Bill No. 756 (1R).

This bill regulates the use of payment assurance devices by motor vehicle dealers and lenders.

The bill defines a “payment assurance device” as a device installed on a motor vehicle with global positioning system (GPS) capability or starter interrupt capability allowing for the remote enabling or disabling of the motor vehicle, and which is installed pursuant to a consumer’s financing agreement or lease agreement.

The bill authorizes a creditor to install, or have installed, payment assurance devices only if the following criteria are met:

(1) written disclosure of the installation and certain notifications are provided to the consumer when the vehicle is purchased or leased;

(2) the consumer is not billed or charged a fee for the installation of the device;

(3) the creditor, or an agent thereof, does not remotely disable the vehicle until the consumer is seven or more days in default on any terms under the financing agreement or lease agreement, including but not limited to the periodic payment due on the purchase or lease;

(4) the consumer is provided a warning no less than 72 hours before the vehicle is disabled remotely, and the warning is transmitted through at least two modes of communication;

(5) the creditor, or an agent thereof, does not remotely disable the vehicle while it is being operated;

(6) the consumer is provided with the ability to start a disabled vehicle and use it for at least 48 hours, in the event of an emergency; and

(7) for purposes of a financing agreement, the consumer’s interest rate on the loan is at least 10 percentage points lower than the maximum interest rate permitted by law.

A violation of the bill’s provisions by a creditor is an unlawful practice under the consumer fraud act, P.L.1960, c.39 (C.56:8-1 et seq.), which is punishable by a monetary penalty of not more than \$10,000 for a first offense and not more than \$20,000 for any

subsequent offense. Additionally, violations can result in cease and desist orders issued by the Attorney General, the assessment of punitive damages, and the awarding of treble damages and costs to the injured party.

STATEMENT TO
ASSEMBLY, No. 756

with Assembly Floor Amendments
(Proposed by Assemblyman MORIARTY)

ADOPTED: MARCH 14, 2016

Assembly Bill No. 756 authorizes the use of payment assurance devices by motor vehicle dealers and lenders only under certain conditions.

These Assembly amendments:

- (1) expand the amount of time during which a creditor is prohibited from remotely disabling a vehicle when the consumer is in default on any terms under the financing agreement or lease agreement, from five or more days to seven or more days;
- (2) increase the time in which a consumer is warned before a vehicle is disabled remotely, from 48 hours to 72 hours; and
- (3) provide that any warning prior to the remote disabling of a vehicle is transmitted through at least two modes of communication, such as by email, mail, telephone, text message, or through the payment assurance device or motor vehicle.

SENATE, No. 2046

STATE OF NEW JERSEY
217th LEGISLATURE

INTRODUCED APRIL 21, 2016

Sponsored by:

Senator NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

SYNOPSIS

Regulates use of motor vehicle payment assurance devices.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning motor vehicle payment assurance devices and
2 supplementing P.L.1960, c.39 (C.56:8-1 et seq.).

3

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

6

7 1. As used in this act:

8 "Consumer" means a purchaser or lessee of a motor vehicle
9 normally used for personal, family, or household purposes.

10 "Creditor" means a dealer, lender, or lessor, or any assignee of a
11 dealer, lender, or lessor.

12 "Dealer" means a person who is actively engaged in the business
13 of buying, selling, exchanging, or leasing new or used motor
14 vehicles at retail and who has an established place of business.

15 "Financing agreement" means an agreement, through a bargained
16 communication or written contract, of an extension of a loan or
17 other line of credit by a lender to a borrower toward the purchase of
18 a motor vehicle.

19 "Lease agreement" has the same meaning as defined in section 2
20 of P.L.1988, c.123 (C.56:12-30).

21 "Lender" means an agent, officer, director, and employee of a
22 lender, or any person who solicits, arranges for, or otherwise
23 participates or assists in the making of loans, or in any way acts as
24 an intermediary between a borrower and a lender in effecting loans
25 related to the sale or lease of a motor vehicle.

26 "Lessee" has the same meaning as defined in section 2 of
27 P.L.1988, c.123 (C.56:12-30).

28 "Lessor" has the same meaning as defined in section 2 of
29 P.L.1988, c.123 (C.56:12-30).

30 "Motor vehicle" has the same meaning as defined in R.S.39:1-1.

31 "Payment assurance device" means a device installed on a motor
32 vehicle with global positioning system capability, starter interrupt
33 capability allowing for the remote enabling or disabling of the
34 motor vehicle, or both, and which is installed pursuant to a motor
35 vehicle consumer's financing agreement or lease agreement.

36

37 2. a. A creditor shall install or have installed a payment
38 assurance device on a motor vehicle only if:

39 (1) Written disclosure of the installation is provided to the
40 consumer prior to or at the time the motor vehicle is purchased or
41 leased, which shall include a statement of the intended use of the
42 device and notification of the grace period and warning provided
43 for in paragraphs (3) and (4) of this subsection;

44 (2) The consumer is not billed or charged a fee for the
45 installation of the device;

46 (3) The creditor or an agent thereof does not remotely disable
47 the motor vehicle until the consumer is seven or more days in
48 default on any term under the financing agreement or lease

1 agreement, including but not limited to the periodic payment due on
2 the purchase or lease;

3 (4) The consumer is provided a warning no less than 72 hours
4 before the motor vehicle is disabled remotely, and the warning is
5 transmitted by the creditor through at least two modes of
6 communication, such as by email, mail, telephone, text message, or
7 through the payment assurance device or motor vehicle;

8 (5) The creditor or an agent thereof, does not remotely disable
9 the motor vehicle while it is being operated;

10 (6) The consumer is provided with the ability to start a disabled
11 motor vehicle and use it for a period of at least 48 hours, in the
12 event of an emergency; and

13 (7) For purposes of a financing agreement, the consumer's
14 interest rate on the loan or other line of credit is at least 10
15 percentage points lower than the maximum interest rate permitted
16 by law, pursuant to subsection a. of N.J.S.2C:21-19.

17 b. A violation of the provisions of subsection a. of this section
18 by a creditor is an unlawful practice and a violation of P.L.1960,
19 c.39 (C.56:8-1 et seq.).

20

21 3. This act shall take effect on the first day of the fourth month
22 next following enactment.

23

24

25

STATEMENT

26

27 This bill regulates the use of payment assurance devices by
28 motor vehicle dealers and lenders.

29 The bill defines a "payment assurance device" as a device
30 installed on a motor vehicle with global positioning system (GPS)
31 capability or starter interrupt capability allowing for the remote
32 enabling or disabling of the motor vehicle, and which is installed
33 pursuant to a consumer's financing agreement or lease agreement.

34 The bill authorizes a creditor to install, or have installed,
35 payment assurance devices only if the following criteria are met:

36 (1) written disclosure of the installation and certain notifications
37 are provided to the consumer when the vehicle is purchased or
38 leased;

39 (2) the consumer is not billed or charged a fee for the
40 installation of the device;

41 (3) the creditor, or an agent thereof, does not remotely disable
42 the vehicle until the consumer is seven or more days in default on
43 any terms under the financing agreement or lease agreement,
44 including but not limited to the periodic payment due on the
45 purchase or lease;

46 (4) the consumer is provided a warning no less than 72 hours
47 before the vehicle is disabled remotely, and the warning is
48 transmitted through at least two modes of communication;

S2046 CRUZ-PEREZ

1 (5) the creditor, or an agent thereof, does not remotely disable
2 the vehicle while it is being operated;

3 (6) the consumer is provided with the ability to start a disabled
4 vehicle and use it for at least 48 hours, in the event of an
5 emergency; and

6 (7) for purposes of a financing agreement, the consumer's
7 interest rate on the loan is at least 10 percentage points lower than
8 the maximum interest rate permitted by law.

9 A violation of the bill's provisions by a creditor is an unlawful
10 practice under the consumer fraud act, P.L.1960, c.39 (C.56:8-1 et
11 seq.), which is punishable by a monetary penalty of not more than
12 \$10,000 for a first offense and not more than \$20,000 for any
13 subsequent offense. Additionally, violations can result in cease and
14 desist orders issued by the Attorney General, the assessment of
15 punitive damages, and the awarding of treble damages and costs to
16 the injured party.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 2046

STATE OF NEW JERSEY

DATED: SEPTEMBER 26, 2016

The Senate Commerce Committee reports favorably Senate Bill No. 2046.

This bill regulates the use of payment assurance devices by motor vehicle dealers and lenders.

The bill defines a “payment assurance device” as a device installed on a motor vehicle with global positioning system (GPS) capability or starter interrupt capability allowing for the remote enabling or disabling of the motor vehicle, and which is installed pursuant to a consumer’s financing agreement or lease agreement.

The bill authorizes a creditor to install, or have installed, payment assurance devices only if the following criteria are met:

(1) written disclosure of the installation and certain notifications are provided to the consumer when the vehicle is purchased or leased;

(2) the consumer is not billed or charged a fee for the installation of the device;

(3) the creditor, or an agent thereof, does not remotely disable the vehicle until the consumer is seven or more days in default on any terms under the financing agreement or lease agreement, including but not limited to the periodic payment due on the purchase or lease;

(4) the consumer is provided a warning no less than 72 hours before the vehicle is disabled remotely, and the warning is transmitted through at least two modes of communication;

(5) the creditor, or an agent thereof, does not remotely disable the vehicle while it is being operated;

(6) the consumer is provided with the ability to start a disabled vehicle and use it for at least 48 hours, in the event of an emergency; and

(7) for purposes of a financing agreement, the consumer’s interest rate on the loan is at least 10 percentage points lower than the maximum interest rate permitted by law.

A violation of the bill’s provisions by a creditor is an unlawful practice under the consumer fraud act, P.L.1960, c.39 (C.56:8-1 et seq.), which is punishable by a monetary penalty of not more than \$10,000 for a first offense and not more than \$20,000 for any subsequent offense. Additionally, violations can result in cease and desist orders issued by the Attorney General, the assessment of punitive damages, and the awarding of treble damages and costs to the injured party.

ASSEMBLY BILL NO. 756
(First Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 756 (First Reprint) with my recommendations for reconsideration.

This bill would regulate the use of payment assurance devices in automobiles, which can remotely disable automobiles, track vehicles using a global positioning system ("GPS"), or both. Creditors utilize payment assurance devices to locate and disable a vehicle when consumers default on their financing agreements. These devices can benefit both consumers and creditors - they give creditors sufficient protection to extend credit to consumers who otherwise might not receive financing to purchase a vehicle, and they reduce potential repossession and storage costs that creditors incur and often pass on to the delinquent consumers.

Notwithstanding these benefits, payment assurance devices can be abused. As such, I endorse the sponsors' efforts to reasonably regulate the installation and use of these devices in automobiles. This bill includes a number of commonsense protections that provide greater clarity to consumers and creditors and enhance safety, including: (1) requiring written disclosure to consumers about the device's installation and use; (2) providing the consumer a cure period before a vehicle could be remotely disabled; and (3) mandating at least 72 hours advance notice via two separate communication modes before a vehicle can be remotely disabled.

Although I largely support this bill, I am concerned about some of its provisions. For example, the bill's limitation on permissible interest should be eliminated. The law permits private parties to agree to an interest rate provided it does

not exceed the criminal usury rate set forth in N.J.S.A. 2C:21-19. As a general matter, lowering the legally permissible interest rate on a statute-by-statute basis intrudes on private transactions and the marketplace, could lead to confusion, and is unwarranted. More specifically, doing so here could unreasonably restrict some consumers with poor credit from obtaining financing needed to purchase an automobile and, thus, can undermine this bill's purpose. In addition, while I support the cure period, the bill's seven-day period should be modified to account for different payment terms.

I am also recommending additional changes that strengthen the bill's consumer protections. First, the bill should be amended to reinforce that no person other than a "creditor" may install a payment assurance device on a motor vehicle. Second, the clarity of the required written disclosure should be enhanced and be acknowledged in writing by the consumer. Third, to ensure that misuse of the device on a vehicle in operation does not occur, creating a substantial safety risk, I am recommending that the bill be amended to preclude the use of any device that can remotely disable a vehicle while it is being operated. Fourth, I am recommending that a consumer in default have the ability to start a remotely disabled motor vehicle and use it for at least 48 hours. This change will eliminate potential confusion and disagreements about the bill's "emergency" exception, and ensures that consumers can use a remotely disabled vehicle in an emergency without first having to prove one exists.

Accordingly, I herewith return Assembly Bill No. 756 (First Reprint) and recommend that it be amended as follows:

<u>Page 2, Section 1, Line 10:</u>	After "dealer" delete "," and insert "or"
<u>Page 2, Section 1, Line 10:</u>	Delete "or lessor,"

- Page 2, Section 1, Line 11: After "dealer" delete "," and insert "or"
- Page 2, Section 1, Line 11: Delete ", or lessor"
- Page 2, Section 1, Line 12: After "is" insert "licensed as a motor vehicle dealer or leasing dealer under R.S. 39:10-19 and"
- Page 2, Section 1, Lines 28-29: Delete in their entirety
- Page 2, Section 2, Line 37: After "a." insert "No person other than a creditor may install or have installed a payment assurance device on a motor vehicle.
b."
- Page 2, Section 2, Line 37: Delete "shall" and insert "may"
- Page 2, Section 2, Lines 39-43: Delete in their entirety and insert "(1) Prior to or at the time the motor vehicle is purchased or leased, the creditor provides, and the consumer acknowledges in writing the receipt of, written notification of the installation of the payment assurance device, which shall include, but is not limited to, a statement in at least 10-point boldface type indicating that the motor vehicle is equipped with a device that the creditor can use to remotely disable the vehicle, advising the consumer of the grace period and warning provided for in paragraphs (3) and (4) of this subsection, and identifying the name, address, and a telephone number of the creditor;"
- Page 3, Section 2, Line 2: Delete "seven or more days"
- Page 3, Section 2, Line 5: After "lease" insert ", for five or more calendar days on a financing agreement or lease agreement whose terms call for at least one weekly payment or for 10 or more calendar days on any other financing agreement or lease agreement"

Page 3, Section 2, Line 10:

After "vehicle" insert ", provided that the warning method shall not violate any applicable State or federal law"

Page 3, Section 2, Line 11:

Delete "creditor or an agent thereof, does not" and insert "payment assurance device cannot"

Page 3, Section 2, Line 12:

After ";" insert "and"

Page 3, Section 2, Line 13:

After "consumer" insert "in default"

Page 3, Section 2, Line 13:

After "a" insert "remotely"

Page 3, Section 2, Line 14:

Delete ", in the" and insert "."

Page 3, Section 2, Lines 15-19:

Delete in their entirety

Page 3, Section 2, Line 20:

Delete "b." and insert "c."

[seal]

Respectfully,

/s/ Chris Christie

Governor

Attest:

/s/ Thomas P. Scrivo

Chief Counsel to the Governor

ASSEMBLY BILL NO. 756
(First Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 756 (First Reprint) with my recommendations for reconsideration.

This bill would regulate the use of payment assurance devices in automobiles, which can remotely disable automobiles, track vehicles using a global positioning system ("GPS"), or both. Creditors utilize payment assurance devices to locate and disable a vehicle when consumers default on their financing agreements. These devices can benefit both consumers and creditors - they give creditors sufficient protection to extend credit to consumers who otherwise might not receive financing to purchase a vehicle, and they reduce potential repossession and storage costs that creditors incur and often pass on to the delinquent consumers.

Notwithstanding these benefits, payment assurance devices can be abused. As such, I endorse the sponsors' efforts to reasonably regulate the installation and use of these devices in automobiles. This bill includes a number of commonsense protections that provide greater clarity to consumers and creditors and enhance safety, including: (1) requiring written disclosure to consumers about the device's installation and use; (2) providing the consumer a cure period before a vehicle could be remotely disabled; and (3) mandating at least 72 hours advance notice via two separate communication modes before a vehicle can be remotely disabled.

Although I largely support this bill, I am concerned about some of its provisions. For example, the bill's limitation on permissible interest should be eliminated. The law permits private parties to agree to an interest rate provided it does

not exceed the criminal usury rate set forth in N.J.S.A. 2C:21-19. As a general matter, lowering the legally permissible interest rate on a statute-by-statute basis intrudes on private transactions and the marketplace, could lead to confusion, and is unwarranted. More specifically, doing so here could unreasonably restrict some consumers with poor credit from obtaining financing needed to purchase an automobile and, thus, can undermine this bill's purpose. In addition, while I support the cure period, the bill's seven-day period should be modified to account for different payment terms.

I am also recommending additional changes that strengthen the bill's consumer protections. First, the bill should be amended to reinforce that no person other than a "creditor" may install a payment assurance device on a motor vehicle. Second, the clarity of the required written disclosure should be enhanced and be acknowledged in writing by the consumer. Third, to ensure that misuse of the device on a vehicle in operation does not occur, creating a substantial safety risk, I am recommending that the bill be amended to preclude the use of any device that can remotely disable a vehicle while it is being operated. Fourth, I am recommending that a consumer in default have the ability to start a remotely disabled motor vehicle and use it for at least 48 hours. This change will eliminate potential confusion and disagreements about the bill's "emergency" exception, and ensures that consumers can use a remotely disabled vehicle in an emergency without first having to prove one exists.

Accordingly, I herewith return Assembly Bill No. 756 (First Reprint) and recommend that it be amended as follows:

<u>Page 2, Section 1, Line 10:</u>	After "dealer" delete "," and insert "or"
<u>Page 2, Section 1, Line 10:</u>	Delete "or lessor,"

- Page 2, Section 1, Line 11: After "dealer" delete "," and insert "or"
- Page 2, Section 1, Line 11: Delete ", or lessor"
- Page 2, Section 1, Line 12: After "is" insert "licensed as a motor vehicle dealer or leasing dealer under R.S. 39:10-19 and"
- Page 2, Section 1, Lines 28-29: Delete in their entirety
- Page 2, Section 2, Line 37: After "a." insert "No person other than a creditor may install or have installed a payment assurance device on a motor vehicle.
b."
- Page 2, Section 2, Line 37: Delete "shall" and insert "may"
- Page 2, Section 2, Lines 39-43: Delete in their entirety and insert "(1) Prior to or at the time the motor vehicle is purchased or leased, the creditor provides, and the consumer acknowledges in writing the receipt of, written notification of the installation of the payment assurance device, which shall include, but is not limited to, a statement in at least 10-point boldface type indicating that the motor vehicle is equipped with a device that the creditor can use to remotely disable the vehicle, advising the consumer of the grace period and warning provided for in paragraphs (3) and (4) of this subsection, and identifying the name, address, and a telephone number of the creditor;"
- Page 3, Section 2, Line 2: Delete "seven or more days"
- Page 3, Section 2, Line 5: After "lease" insert ", for five or more calendar days on a financing agreement or lease agreement whose terms call for at least one weekly payment or for 10 or more calendar days on any other financing agreement or lease agreement"

Page 3, Section 2, Line 10:

After "vehicle" insert ", provided that the warning method shall not violate any applicable State or federal law"

Page 3, Section 2, Line 11:

Delete "creditor or an agent thereof, does not" and insert "payment assurance device cannot"

Page 3, Section 2, Line 12:

After ";" insert "and"

Page 3, Section 2, Line 13:

After "consumer" insert "in default"

Page 3, Section 2, Line 13:

After "a" insert "remotely"

Page 3, Section 2, Line 14:

Delete ", in the" and insert "."

Page 3, Section 2, Lines 15-19:

Delete in their entirety

Page 3, Section 2, Line 20:

Delete "b." and insert "c."

[seal]

Respectfully,

/s/ Chris Christie

Governor

Attest:

/s/ Thomas P. Scrivo

Chief Counsel to the Governor

Governor Chris Christie Takes Action On Pending Legislation

Wednesday, March 22, 2017 Tags: [Bill Action](#)



Stay Connected
with Social Media

Stay Connected
with Email Alerts

LIKE THIS PAGE? SHARE IT WITH YOUR FRIENDS.



Trenton, NJ – Governor Chris Christie announced that he has taken action on the following legislation:

BILL SIGNINGS:

S-2347wGR/A-3723 (Rice, Ruiz/Pintor Marin, Giblin) - Permits certain municipalities to impose and collect payroll tax of up to 1% of employer's payroll

A-312wGR/S-2557 (Singleton, Lampitt, Quijano, Pintor Marin, Wimberly, Downey/Cruz-Perez, Stack) - Requires Division of Local Government Services to include certain property tax information on division's web page

A-756wGR/S-2046 (Moriarty, Coughlin, Mukherji, Benson/Cruz-Perez) - Regulates use of motor vehicle payment assurance devices

###

Press Contact:
Brian Murray
609-777-2600

