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[First Reprint]

SENATE, No. 2903

STATE OF NEW JERSEY
213th LEGISLATURE

INTRODUCED MAY 21, 2009

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Senator STEPHEN M. SWEENEY

District 3 (Salem, Cumberland and Gloucester)

Senator M. TERESA RUIZ

District 29 (Essex and Union)

Assemblywoman BONNIE WATSON COLEMAN

District 15 (Mercer)

Assemblyman REED GUSCIORA

District 15 (Mercer)

Assemblyman JOHN S. WISNIEWSKI

District 19 (Middlesex)

Co-Sponsored by:

Senator Cunningham

SYNOPSIS

Requires chief administrator to establish certain promotional payment incentives.

CURRENT VERSION OF TEXT

As reported by the Assembly Transportation, Public Works and Independent Authorities Committee on December 3, 2009, with amendments.

(Sponsorship Updated As Of: 1/12/2010)

1 AN ACT concerning certain motor vehicle surcharges ¹, amending
2 R.S.39:3-40, and supplementing Title 39 of the Revised Statutes¹

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 ¹[1. a. In addition to the provisions of the Motor Vehicle
8 Violations Surcharge System established pursuant to section 6 of
9 P.L.1983, c.65 (C.17:29A-35), and notwithstanding the provisions
10 of any other law to the contrary, there is established a motor vehicle
11 surcharge amnesty period. This period, which shall begin on the
12 60th day following the enactment of this act, shall be for a period of
13 60 days. During this amnesty period, a driver who has failed to pay
14 any motor vehicle surcharges levied pursuant to paragraphs (1) or
15 (3) of subsection b. of section 6 of P.L.1983, c.65 (C.17:29A-35)
16 may pay the full principal amount of any such surcharges to the
17 Chief Administrator of the New Jersey Motor Vehicle Commission
18 without any interest that otherwise may be due and without any
19 costs of collection that otherwise may be due.

20 Notwithstanding the provisions of any other law to the contrary,
21 no person shall be entitled to a waiver of any interest or cost of
22 collection afforded under this subsection unless full payment of the
23 motor vehicle surcharges due is made in accordance with rules and
24 procedures established by the chief administrator. Full payment of
25 the surcharges due shall constitute satisfaction of the applicable
26 surcharge obligation. A driver who has been authorized by the chief
27 administrator to pay a surcharge levied pursuant to paragraphs (1)
28 or (3) of subsection b. of section 6 of P.L.1983, c.65 (C.17:29A-35)
29 on an installment basis may participate in the amnesty established
30 pursuant to this subsection. The amnesty afforded under this
31 subsection shall not apply to surcharges levied pursuant to
32 paragraph (2) of subsection b. of section 6 of P.L.1983, c.65
33 (C.17:29A-35) nor shall any driver who has any outstanding
34 surcharges levied pursuant to that paragraph be eligible to
35 participate in this amnesty.

36 b. There shall be imposed a penalty equal to five percent of the
37 principal outstanding upon any motor vehicle surcharges which are
38 eligible to be satisfied during the amnesty period established
39 pursuant to subsection a. of this section, but which are not so
40 satisfied during that amnesty period. This penalty shall be in
41 addition to all other penalties, interest or costs of collection
42 otherwise authorized by law upon those unsatisfied surcharges;
43 provided, however, this five percent penalty shall not be assessed
44 against any person who:

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 ATR committee amendments adopted December 3, 2009.

1 (1) prior to the effective date of this act, was authorized by the
2 chief administrator to pay a surcharge on an installment basis; or

3 (2) during the 60-day amnesty period established under
4 subsection a. of this section, was a member of the United States
5 Armed Forces engaged in active military duty and provides
6 documentation of such service to the chief administrator.】¹

7
8 ¹【2. The moneys collected pursuant to section 1 of this act shall
9 be deposited, as prescribed by law, in the “Unsafe Driving
10 Surcharges Fund,” established pursuant to section 5 of P.L.2004,
11 c.70 (C.34:1B-21.27) and the “Motor Vehicle Surcharges Revenue
12 Fund,” established pursuant to section 6 of P.L.2004, c.70
13 (C.34:1B-21.28) shall be used, along with all the other amounts
14 deposited in those funds, to pay the amounts required under the
15 provisions of any bond resolutions authorizing the issuance of
16 bonds or refunding bonds pursuant to the “Motor Vehicle
17 Surcharges Securitization Act of 2004”, P.L.2004, c.70 (C.34:1B-
18 21.23 et seq.) or any payment agreement contracted between the
19 New Jersey Economic Development Authority created pursuant to
20 P.L.1974, c.80 (34:1B-1 et seq.) and the State Treasurer in
21 accordance with the provisions of section 7 of P.L.2004, c.70
22 (C.34:1B-21.29).】¹

23
24 ¹1. R.S.39:3-40 is amended to read as follows:

25 39:3-40. No person to whom a driver's license has been refused
26 or whose driver's license or reciprocity privilege has been
27 suspended or revoked, or who has been prohibited from obtaining a
28 driver's license, shall personally operate a motor vehicle during the
29 period of refusal, suspension, revocation, or prohibition.

30 No person whose motor vehicle registration has been revoked
31 shall operate or permit the operation of such motor vehicle during
32 the period of such revocation.

33 Except as provided in subsections i. and j. of this section, a
34 person violating this section shall be subject to the following
35 penalties:

36 a. Upon conviction for a first offense, a fine of \$500.00 and, if
37 that offense involves the operation of a motor vehicle during a
38 period when the violator's driver's license is suspended for a
39 violation of R.S.39:4-50 or section 2 of P.L.1981, c.512 (C.39:4-
40 50.4a), revocation of the violator's motor vehicle registration
41 privilege in accordance with the provisions of sections 2 through 6
42 of P.L.1995, c.286 (C.39:3-40.1 through C.39:3-40.5);

43 b. Upon conviction for a second offense, a fine of \$750.00,
44 imprisonment in the county jail for at least one but not more than
45 five days and, if the second offense involves the operation of a
46 motor vehicle during a period when the violator's driver's license is
47 suspended and that second offense occurs within five years of a
48 conviction for that same offense, revocation of the violator's motor

1 vehicle registration privilege in accordance with the provisions of
2 sections 2 through 6 of P.L.1995, c.286 (C.39:3-40.1 through
3 C.39:3-40.5);

4 c. Upon conviction for a third offense or subsequent offense, a
5 fine of \$1,000.00 and imprisonment in the county jail for 10 days.
6 If the third or a subsequent offense involves the operation of a
7 motor vehicle during a period when the violator's driver's license is
8 suspended and the third or subsequent offense occurs within five
9 years of a conviction for the same offense, revocation of the
10 violator's motor vehicle registration privilege in accordance with
11 the provisions of sections 2 through 6 of P.L.1995, c.286 (C.39:3-
12 40.1 through C.39:3-40.5);

13 d. Upon conviction, the court shall impose or extend a period
14 of suspension not to exceed six months;

15 e. Upon conviction, the court shall impose a period of
16 imprisonment for not less than 45 days or more than 180 days, if
17 while operating a vehicle in violation of this section a person is
18 involved in an accident resulting in bodily injury to another person;

19 f. (1) In addition to any penalty imposed under the provisions of
20 subsections a. through e. of this section, any person violating this
21 section while under suspension issued pursuant to section 2 of
22 P.L.1972, c.197 (C.39:6B-2), upon conviction, shall be fined
23 \$500.00, shall have his license to operate a motor vehicle suspended
24 for an additional period of not less than one year nor more than two
25 years, and may be imprisoned in the county jail for not more than
26 90 days.

27 (2) In addition to any penalty imposed under the provisions of
28 subsections a. through e. of this section and paragraph (1) of this
29 subsection, any person violating this section under suspension
30 issued pursuant to R.S.39:4-50, section 2 of P.L.1981, c.512
31 (C.39:4-50.4a) or P.L.1982, c.85 (C.39:5-30a et seq.), shall be fined
32 \$500, shall have his license to operate a motor vehicle suspended
33 for an additional period of not less than one year or more than two
34 years, and shall be imprisoned in the county jail for not less than 10
35 days or more than 90 days.

36 (3) In addition to any penalty imposed under the provisions of
37 subsections a. through e. of this section and paragraphs (1) and (2)
38 of this subsection, a person shall have his license to operate a motor
39 vehicle suspended for an additional period of not less than one year
40 or more than two years, which period shall commence upon the
41 completion of any prison sentence imposed upon that person, shall
42 be fined \$500 and shall be imprisoned for a period of 60 to 90 days
43 for a first offense, imprisoned for a period of 120 to 150 days for a
44 second offense, and imprisoned for 180 days for a third or
45 subsequent offense, for operating a motor vehicle while in violation
46 of paragraph (2) of this subsection while:

1 (a) on any school property used for school purposes which is
2 owned by or leased to any elementary or secondary school or school
3 board, or within 1,000 feet of such school property;

4 (b) driving through a school crossing as defined in R.S.39:1-1 if
5 the municipality, by ordinance or resolution, has designated the
6 school crossing as such; or

7 (c) driving through a school crossing as defined in R.S.39:1-1
8 knowing that juveniles are present if the municipality has not
9 designated the school crossing as such by ordinance or resolution.

10 A map or true copy of a map depicting the location and
11 boundaries of the area on or within 1,000 feet of any property used
12 for school purposes which is owned by or leased to any elementary
13 or secondary school or school board produced pursuant to section 1
14 of P.L.1987, c.101 (C.2C:35-7) may be used in a prosecution under
15 subparagraph (a) of this paragraph.

16 It shall not be relevant to the imposition of sentence pursuant to
17 subparagraph (a) or (b) of this paragraph that the defendant was
18 unaware that the prohibited conduct took place while on or within
19 1,000 feet of any school property or while driving through a school
20 crossing. Nor shall it be relevant to the imposition of sentence that
21 no juveniles were present on the school property or crossing zone at
22 the time of the offense or that the school was not in session;

23 g. [In addition to the other applicable penalties provided under
24 this section, a person violating this section whose license has been
25 suspended pursuant to section 6 of P.L.1983, c.65 (C.17:29A-35) or
26 the regulations adopted thereunder, shall be fined \$3,000. The
27 court shall waive the fine upon proof that the person has paid the
28 total surcharge imposed pursuant to section 6 of P.L.1983, c.65
29 (C.17:29A-35) or the regulations adopted thereunder.
30 Notwithstanding the provisions of R.S.39:5-41, the fine imposed
31 pursuant to this subsection shall be collected by the Motor Vehicle
32 Commission pursuant to section 6 of P.L.1983, c.65 (C.17:29A-35),
33 and distributed as provided in that section, and the court shall file a
34 copy of the judgment of conviction with the chief administrator and
35 with the Clerk of the Superior Court who shall enter the following
36 information upon the record of docketed judgments: the name of the
37 person as judgment debtor; the commission as judgment creditor;
38 the amount of the fine; and the date of the order. These entries shall
39 have the same force and effect as any civil judgment docketed in
40 the Superior Court] (Deleted by amendment, P.L. , c.) (pending
41 before the Legislature as this bill) ;

42 h. A person who owns or leases a motor vehicle and permits
43 another to operate the motor vehicle commits a violation and is
44 subject to suspension of his license to operate a motor vehicle and
45 to revocation of registration pursuant to sections 2 through 6 of
46 P.L.1995, c.286 (C.39:3-40.1 through C.39:3-40.5) if the person:

1 (1) Knows that the operator's license to operate a motor vehicle
2 has been suspended for a violation of R.S.39:4-50 or section 2 of
3 P.L.1981, c.512 (C.39:4-50.4a); or

4 (2) Knows that the operator's license to operate a motor vehicle
5 is suspended and that the operator has been convicted, within the
6 past five years, of operating a vehicle while the person's license was
7 suspended or revoked;

8 i. If the violator's driver's license to operate a motor vehicle
9 has been suspended pursuant to section 9 of P.L.1985, c.14 (C.39:4-
10 139.10) or for failure to comply with a time payment order, the
11 violator shall be subject to a maximum fine of \$100 upon proof that
12 the violator has paid all fines and other assessments related to the
13 parking violation that were the subject of the Order of Suspension,
14 or if the violator makes sufficient payments to become current with
15 respect to payment obligations under the time payment order;

16 j. If a person is convicted for a second or subsequent violation
17 of this section and the second or subsequent offense involves a
18 motor vehicle moving violation, the term of imprisonment for the
19 second or subsequent offense shall be 10 days longer than the term
20 of imprisonment imposed for the previous offense.

21 For the purposes of this subsection, a "motor vehicle moving
22 violation" means any violation of the motor vehicle laws of this
23 State for which motor vehicle points are assessed by the chief
24 administrator pursuant to section 1 of P.L.1982, c.43 (C.39:5-
25 30.5).¹

26 (cf: P.L.2007, c.187, s.1)

27
28 ¹2. (New section) a. Notwithstanding the provisions of any
29 other law to the contrary, no later than six months from the date of
30 enactment of this act, and periodically thereafter, the Chief
31 Administrator of the New Jersey Motor Vehicle Commission shall
32 establish promotional payment incentives and shall offer such
33 incentives to any driver who has failed to pay any motor vehicle
34 surcharges levied pursuant to paragraph (1) or paragraph (3) of
35 subsection b. of section 6 of P.L.1983, c.65 (C.17:29A-35) or who
36 has been authorized by the chief administrator to pay a surcharge
37 levied pursuant to paragraph (1) or paragraph (3) of subsection b. of
38 section 6 of P.L.1983, c.65 (C.17:29A-35) on an installment basis.
39 The promotional payment incentives afforded under this subsection
40 shall not apply to surcharges levied pursuant to paragraph (2) of
41 subsection b. of section 6 of P.L.1983, c.65 (C.17:29A-35) nor shall
42 any driver who has any outstanding surcharges levied pursuant to
43 that paragraph be eligible to participate in any promotional payment
44 incentives established by the chief administrator.

45 Promotional payment incentives may include, but need not be
46 limited to, waivers of down payments necessary to satisfy any
47 surcharge suspension, waivers of interest for the payment of the full

1 principal amount of any surcharges owed to the chief administrator,
2 or any other incentive that the chief administrator establishes.

3 b. All monies collected pursuant to the provisions of this
4 section shall be remitted to the “Motor Vehicle Surcharges Revenue
5 Fund,” established pursuant to section 6 of P.L.2004, c.70
6 (C.34:1B-21.28).¹

7
8 3. This act shall take effect immediately ¹【; provided, however,
9 that section 1 shall expire at end of the 60th day of the amnesty
10 period established under this act and section 2 shall expire June 30,
11 2010, and further provided that the State Treasurer and】 but¹ the
12 Chief Administrator of the New Jersey Motor Vehicle Commission
13 may take such anticipatory administrative action as shall be
14 necessary for the implementation of this act.

SENATE, No. 2903

STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED MAY 21, 2009

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Senator STEPHEN M. SWEENEY

District 3 (Salem, Cumberland and Gloucester)

Senator M. TERESA RUIZ

District 29 (Essex and Union)

Co-Sponsored by:

Senator Cunningham

SYNOPSIS

Establishes 60-day amnesty period for certain motor vehicle surcharges.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/23/2009)

1 AN ACT concerning certain motor vehicle surcharges.

2

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

5

6 1. a. In addition to the provisions of the Motor Vehicle
7 Violations Surcharge System established pursuant to section 6 of
8 P.L.1983, c.65 (C.17:29A-35), and notwithstanding the provisions
9 of any other law to the contrary, there is established a motor vehicle
10 surcharge amnesty period. This period, which shall begin on the
11 60th day following the enactment of this act, shall be for a period of
12 60 days. During this amnesty period, a driver who has failed to pay
13 any motor vehicle surcharges levied pursuant to paragraphs (1) or
14 (3) of subsection b. of section 6 of P.L.1983, c.65 (C.17:29A-35)
15 may pay the full principal amount of any such surcharges to the
16 Chief Administrator of the New Jersey Motor Vehicle Commission
17 without any interest that otherwise may be due and without any
18 costs of collection that otherwise may be due.

19 Notwithstanding the provisions of any other law to the contrary,
20 no person shall be entitled to a waiver of any interest or cost of
21 collection afforded under this subsection unless full payment of the
22 motor vehicle surcharges due is made in accordance with rules and
23 procedures established by the chief administrator. Full payment of
24 the surcharges due shall constitute satisfaction of the applicable
25 surcharge obligation. A driver who has been authorized by the chief
26 administrator to pay a surcharge levied pursuant to paragraphs (1)
27 or (3) of subsection b. of section 6 of P.L.1983, c.65 (C.17:29A-35)
28 on an installment basis may participate in the amnesty established
29 pursuant to this subsection. The amnesty afforded under this
30 subsection shall not apply to surcharges levied pursuant to
31 paragraph (2) of subsection b. of section 6 of P.L.1983, c.65
32 (C.17:29A-35) nor shall any driver who has any outstanding
33 surcharges levied pursuant to that paragraph be eligible to
34 participate in this amnesty.

35 b. There shall be imposed a penalty equal to five percent of the
36 principal outstanding upon any motor vehicle surcharges which are
37 eligible to be satisfied during the amnesty period established
38 pursuant to subsection a. of this section, but which are not so
39 satisfied during that amnesty period. This penalty shall be in
40 addition to all other penalties, interest or costs of collection
41 otherwise authorized by law upon those unsatisfied surcharges;
42 provided, however, this five percent penalty shall not be assessed
43 against any person who:

44 (1) prior to the effective date of this act, was authorized by the
45 chief administrator to pay a surcharge on an installment basis; or

46 (2) during the 60-day amnesty period established under
47 subsection a. of this section, was a member of the United States
48 Armed Forces engaged in active military duty and provides

1 documentation of such service to the chief administrator.

2

3 2. The moneys collected pursuant to section 1 of this act shall be
4 deposited, as prescribed by law, in the "Unsafe Driving Surcharges
5 Fund," established pursuant to section 5 of P.L.2004, c.70
6 (C.34:1B-21.27) and the "Motor Vehicle Surcharges Revenue
7 Fund," established pursuant to section 6 of P.L.2004, c.70
8 (C.34:1B-21.28) shall be used, along with all the other amounts
9 deposited in those funds, to pay the amounts required under the
10 provisions of any bond resolutions authorizing the issuance of
11 bonds or refunding bonds pursuant to the "Motor Vehicle
12 Surcharges Securitization Act of 2004", P.L.2004, c.70 (C.34:1B-
13 21.23 et seq.) or any payment agreement contracted between the
14 New Jersey Economic Development Authority created pursuant to
15 P.L.1974, c.80 (34:1B-1 et seq.) and the State Treasurer in
16 accordance with the provisions of section 7 of P.L.2004, c.70
17 (C.34:1B-21.29).

18

19 3. This act shall take effect immediately; provided, however,
20 that section 1 shall expire at end of the 60th day of the amnesty
21 period established under this act and section 2 shall expire June 30,
22 2010, and further provided that the State Treasurer and the Chief
23 Administrator of the New Jersey Motor Vehicle Commission may
24 take such anticipatory administrative action as shall be necessary
25 for the implementation of this act.

26

27

28

STATEMENT

29

30 This bill establishes a 60-day motor vehicle surcharge amnesty
31 program during which certain outstanding surcharges imposed
32 under the New Jersey Motor Vehicle Violations Surcharge System
33 be satisfied without interest or collection costs.

34 This amnesty applies only to those surcharges levied for
35 accumulated motor vehicle points and those levied for motor
36 vehicle violations or convictions for which points are not assessed.
37 Drivers who, with the approval of the Chief Administrator of the
38 New Jersey Motor Vehicle Commission, are paying these types of
39 surcharges on an installment basis are eligible to participate in the
40 program.

41 The amnesty does not apply to surcharges levied against drivers
42 convicted of drunk driving or failing to consent to a chemical test to
43 determine their blood alcohol content. Further, any driver whose
44 outstanding surcharges include any levies imposed for a drunk
45 driving conviction or a refusal to submit to a blood alcohol content
46 test are not eligible to participate in this amnesty program.

47 During the amnesty period, a person who has an outstanding
48 amnesty eligible surcharge may pay that surcharge without any

1 interest or collection costs being imposed, provided those
2 outstanding surcharges are paid in full. Interest and collection costs
3 will not be waived if the outstanding surcharges are not paid in full
4 within the 60-day amnesty period.

5 The bill imposes a five percent penalty on those outstanding
6 eligible surcharges that are not satisfied during the amnesty period.
7 This penalty is in addition to all other penalties, interest or costs
8 authorized by law. The five percent penalty will not be assessed
9 against anyone who:

10 (1) is participating in a commission authorized installment
11 payment program; or

12 (2) is on active military duty during the 60-day amnesty period.

13 These motor vehicle surcharge moneys securitize the State's
14 covenant to repay certain bonds and refunding bonds the State and
15 the New Jersey Economic Development Authority have issued. The
16 delinquent surcharge amounts collected during this amnesty period
17 will be allocated to meet the costs needed to retire those securitized
18 bonds and refunding bonds.

19 If the amount collected during this amnesty program exceeds the
20 amount required to be paid under the "Motor Vehicle Surcharges
21 Securitization Act," P.L.2004, c.70 (C.34:1B-21.23 et seq.), the
22 excess funds are to be transferred to the General Fund and made
23 available for general State purposes.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2903

STATE OF NEW JERSEY

DATED: JUNE 22, 2009

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2903.

This bill establishes a 60-day motor vehicle surcharge amnesty program during which certain outstanding surcharges imposed under the New Jersey Motor Vehicle Violations Surcharge System be satisfied without interest or collection costs.

This amnesty applies only to those surcharges levied for accumulated motor vehicle points and those levied for motor vehicle violations or convictions for which points are not assessed. Drivers who, with the approval of the Chief Administrator of the New Jersey Motor Vehicle Commission, are paying these types of surcharges on an installment basis are eligible to participate in the program.

The amnesty does not apply to surcharges levied against drivers convicted of drunk driving or failing to consent to a chemical test to determine their blood alcohol content. Further, any driver whose outstanding surcharges include any levies imposed for a drunk driving conviction or a refusal to submit to a blood alcohol content test are not eligible to participate in this amnesty program.

During the amnesty period, a person who has an outstanding amnesty eligible surcharge may pay that surcharge without any interest or collection costs being imposed, provided those outstanding surcharges are paid in full. Interest and collection costs will not be waived if the outstanding surcharges are not paid in full within the 60-day amnesty period.

The bill imposes a five percent penalty on those outstanding eligible surcharges that are not satisfied during the amnesty period. This penalty is in addition to all other penalties, interest or costs authorized by law. The five percent penalty will not be assessed against anyone who:

(1) is participating in a commission authorized installment payment program; or

(2) is on active military duty during the 60-day amnesty period.

These motor vehicle surcharge moneys securitize the State's covenant to repay certain bonds and refunding bonds the State and the New Jersey Economic Development Authority have issued. The delinquent surcharge amounts collected during this amnesty period will be allocated to meet the costs needed to retire those securitized

bonds and refunding bonds.

If the amount collected during this amnesty program exceeds the amount required to be paid under the “Motor Vehicle Surcharges Securitization Act,” P.L.2004, c.70 (C.34:1B-21.23 et seq.), the excess funds are to be transferred to the General Fund and made available for general State purposes.

FISCAL IMPACT:

According to information provided by the Motor Vehicle Commission, there is approximately \$274 million in eligible surcharge debt, of which \$168.2 million is considered collectible, the balance being involved in bankruptcy proceedings or for which the debtor is untraceable. The MVC anticipates a total of \$17 million would be collected due to the proposed amnesty program, based on the experience of the amnesty program offered in the fall of 2003, and that \$2.6 million would be expended to administer the program.

The Office of Legislative Services (OLS) believes it is reasonable to conclude, that the proposed amnesty program would result in net revenues to the State; that is, revenues that would not likely be collected, less costs of amnesty program administration. This is based on the above from the MVC, plus the results of the previous amnesty, and the likelihood that given the cited amount of delinquent surcharges modest participation would produce something in excess of costs. But the OLS does not have sufficient information on which to base a precise estimate of amount that would be collected due to the amnesty program.

The information provided by the MVC does not indicate the number of individuals who owe the estimated amount of unpaid surcharges considered collectible, or the typical amount owed. Further, the OLS lacks information on the economic position of individuals with past due surcharge payments. Overall, economic conditions are worse than in the Fall of 2003; whether they are significantly worse for many individuals owing surcharges is unknown, but it can be reasonably assumed that they are worse for such persons, and that this would curtail participation under a program that commenced during 2009. In the report of the “Motor Vehicles Affordability and Fairness” issued in 2006, the MVC reported that in May 2004, 85% of drivers whose licenses were suspended for surcharge nonpayment came from households with income of \$60,000 or less. The OLS assumes that percentage to hold today, thus it might well be expected that those persons would be unable to participate in an amnesty program. The value of unpaid surcharges that are attributable to those in that economic range, is unknown, but if it is a significant share of the total deemed collectible by the MVC, then an amnesty program conducted in 2009 could be notably less successful than that of 2003.

ASSEMBLY TRANSPORTATION, PUBLIC WORKS AND
INDEPENDENT AUTHORITIES COMMITTEE

STATEMENT TO

SENATE, No. 2903

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 3, 2009

The Assembly Transportation, Public Works and Independent Authorities Committee reports favorably and with amendments Senate Bill No. 2903.

As reported, the amended bill requires, within six months after enactment and periodically thereafter, the Chief Administrator of the New Jersey Motor Vehicle Commission (“chief administrator”) to establish promotional payment incentives and offer such incentives to any driver who has failed to pay any motor vehicle surcharges levied for accumulated motor vehicle points and those levied for motor vehicle violations or convictions for which points are not assessed. Drivers who, with the approval of the chief administrator, are paying these types of surcharges on an installment basis are also eligible to participate in promotional payment incentives established by the chief administrator.

The amended bill provides that the promotional payment incentives shall not apply to surcharges levied against drivers convicted of drunk driving or failing to consent to a chemical test to determine their blood alcohol content. Any driver whose outstanding surcharges include any levies imposed for a drunk driving conviction or refusal to submit to a blood alcohol content test are not eligible to participate in any promotional payment incentives established by the chief administrator.

Under the amended bill, promotional payment incentives may include waivers of down payments necessary to satisfy any surcharge suspension, waivers of interest for the payment of the full principal amount of any surcharges owed to the chief administrator, or any other incentive that the chief administrator establishes. All monies collected pursuant to this bill shall be remitted to the “Motor Vehicle Surcharges Revenue Fund.”

Finally, the amended bill removes from current law the additional fine assessed against a driver for operating a motor vehicle with a suspended or revoked driver’s license for failure to pay a surcharge.

As reported, Senate Bill No. 2903 as amended is identical to Assembly Bill No. 4155, which was also amended and released by the committee today.

COMMITTEE AMENDMENTS

The committee removed the creation of the amnesty program from the bill's provisions and, in lieu thereof, provided that the chief administrator establish and periodically offer promotional payment incentives to drivers who have failed to pay any motor vehicle surcharges levied for accumulated motor vehicle points and those levied for motor vehicle violations or convictions for which points are not assessed. The committee amendments also provide that drivers in approved installment payment plans are eligible to participate in the promotional payment incentives.

The committee removed from current law the additional fine assessed against a driver for operating a motor vehicle with a suspended or revoked driver's license for failure to pay a surcharge.

The committee amendments make technical amendments to the bill's title, synopsis, and effective date to accurately reflect the new promotional payment incentives established by the chief administrator.

FISCAL NOTE
SENATE, No. 2903
STATE OF NEW JERSEY
213th LEGISLATURE

DATED: JUNE 30, 2009

SUMMARY

Synopsis: Establishes 60 day amnesty period for certain motor vehicle surcharges.

Type of Impact: Increased Revenue, General Fund.

Agencies Affected: Motor Vehicle Commission

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	\$4,088,842	\$0	\$0
State Revenue	\$12,000,000- 17,000,000	\$0	\$0

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Not greater than \$4.1 million	\$0	\$0
State Revenue	Indeterminate		

- The Office of Legislative Services (OLS) generally concurs with the Executive's expenditure estimate, but does not concur with the Executive's revenue estimate.
- The OLS concludes that the proposed amnesty program would likely result in net revenues to the State; that is, revenues that would not otherwise be collected but for amnesty, less costs of amnesty program administration. However, the OLS does not have sufficient information on which to base a precise estimate of the amount of delinquent surcharges that would be collected due to the amnesty program.
- Establishes 60 day amnesty period for certain motor vehicle surcharges, and imposes an additional five percent penalty on those outstanding eligible surcharges that are not satisfied during the 60 day amnesty period.

BILL DESCRIPTION

Senate Bill No. 2903 of 2009 establishes a 60-day motor vehicle surcharge amnesty program during which certain outstanding surcharges imposed under the New Jersey Motor Vehicle Violations Surcharge System could be satisfied without interest or collection costs.

This amnesty applies only to those surcharges levied for accumulated motor vehicle points and those levied for motor vehicle violations or convictions for which points are not assessed. Drivers who, with the approval of the Chief Administrator of the New Jersey Motor Vehicle Commission, are paying these types of surcharges on an installment basis are eligible to participate in the program.

The amnesty does not apply to surcharges levied against drivers convicted of drunk driving or failing to consent to a chemical test to determine their blood alcohol content. Further, any driver whose outstanding surcharges include any levies imposed for a drunk driving conviction or a refusal to submit to a blood alcohol content test are not eligible to participate in this amnesty program.

During the amnesty period, a person who has an outstanding amnesty eligible surcharge may pay that surcharge without any interest or collection costs being imposed, provided those outstanding surcharges are paid in full. Interest and collection costs will not be waived if the outstanding surcharges are not paid in full within the 60-day amnesty period.

The bill imposes a five percent penalty on those outstanding eligible surcharges that are not satisfied during the amnesty period. This penalty is in addition to all other penalties, interest or costs authorized by law. The five percent penalty will not be assessed against anyone who: (1) is participating in a commission authorized installment payment program; or (2) is on active military duty during the 60-day amnesty period.

These motor vehicle surcharge moneys securitize the State's covenant to repay certain bonds and refunding bonds the State and the New Jersey Economic Development Authority have issued. The delinquent surcharge amounts collected during this amnesty period will be allocated to meet the costs needed to retire those securitized bonds and refunding bonds.

If the amount collected during this amnesty program exceeds the amount required to be paid under the "Motor Vehicle Surcharges Securitization Act," P.L.2004, c.70 (C.34:1B-21.23 et seq.), the excess funds are to be transferred to the General Fund and made available for general State purposes.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Motor Vehicle Commission (MVC) estimates that an amnesty program would generate, after expenses, nearly \$7.911 million.

The MVC fiscal estimate assumes that the same procedures of the September and October 2003 amnesty program will be followed. It further assumes that an amnesty program conducted in 2009 would produce results similar to the 2003 amnesty program: \$17 million in revenues generated (\$38 million total collections minus the current average of \$21 million in revenues that would be collected without an amnesty program). The MVC also projects that the amount of interest and collection costs that would be waived under the amnesty program at \$5 million. The MVC also estimates that \$4.088 million in expenditures would be incurred (\$2.751 million for administration, and \$1.337 million for third party collection fees).

MVC Projected Revenues

The MVC notified the OLS informally that eligible surcharge debt totaled about \$538 million, of which about \$264 million comprised interest and collection fees. Of the balance of \$274 million in surcharge “principal”, the MVC considers about \$106 million uncollectible even under an amnesty program, due to such factors as bankruptcy and the inability to locate the debtor. The MVC concludes that revenue collections attained during the surcharge amnesty period during September and October 2003 would also be attained under a new program, and would thus total \$17 million - \$38 million in total collections minus the \$21 million in monthly revenues that would be collected over the same period without an amnesty program:

Total Amnesty Period Collections	\$ 38,000,000
<u>Normal Surcharge Two Month Collections</u>	<u>\$ 21,000,000</u>
Total Estimated Amnesty Revenues	\$17,000,000

Further, MVC noted that in the five month period following the prior amnesty program, collection levels dropped by approximately \$8 million below normal collection levels. The MVC attributes this to the fact that many of the drivers taking advantage of the amnesty program were already in payment plans. Therefore, MVC assumes that most participants in the amnesty program may have already been in payment plans and a significant part of the net revenue surplus was simply expedited collections rather than new revenues. The MVC further estimates that amnesty will forgive approximately \$5 million in penalties and interest.

Total MVC Expenditures

The MVC projects expenditures, based upon procedures and staffing needs similar to the 2003 amnesty program, of \$4.088 million: \$2.751 million for its own administrative costs and \$1.337 million for third party collection fees.

The MVC reviewed and identified the affected functions, workload increases and additional activities generated in the last amnesty and determined that 20 full time positions would be needed for four months. The MVC estimated that to carry out this bill they would need financing for additional staffing (\$550,718) and non-salary operating costs (\$2,200,600).

Two collection services currently collect funds that would be eligible for the amnesty program, Affiliated Computer Services (ACS) receives 4.69 percent of the total debt collected and GC Services receives 9.9 percent. GC Services is the secondary collector and provides additional field work (contacting neighbors, employers, etc). Currently, ACS handles 38 percent of amnesty eligible debt, and GC Services is responsible for 61.5 percent; based on projected revenue and the percentage of the debt each company is responsible for the MVC anticipates the state will be required to pay a total of \$1,337,524 to the collection services.

In addition to the \$1,337,524 million in fees that the State will pay to the third party collections vendors, ACS is responsible for generating and mailing letters to the eligible population to explain the amnesty, the balance needed to pay the account off in full and other information. During the last amnesty, ACS billed the MVC for the additional mailings as it was above and beyond the contact in effect at the time.

OFFICE OF LEGISLATIVE SERVICES

The OLS concurs generally with the MVC’s expenditure estimate, and further notes that expenditures could be less than estimated if amnesty program procedures followed in 2003 can

be modified without negatively affecting collections, or if MVC staffing projections are affected by the current hiring freeze policy.

The OLS does not concur with the MVC's revenue estimate. The OLS believes it is reasonable to conclude that the proposed amnesty program would result in net revenues to the State; that is, revenues that would not likely be collected will exceed costs of amnesty program administration. This is based on the above information supplied by the MVC, including the results of the previous amnesty, and the likelihood that, given the cited amount of delinquent surcharges, modest participation would produce collections in excess of costs. However, the OLS does not have sufficient information on which to base a precise estimate of amount that would be collected due to the amnesty program.

The information provided by the MVC does not relate the amount collected in the 2003 amnesty program to the then-outstanding amount of surcharges, whether collectible or not. Available data do not indicate the number of individuals who owe the estimated amount of unpaid surcharges considered collectible by the MVC under the proposed amnesty, or the typical amount owed. Further, the OLS lacks information on the economic position of individuals with past due surcharge payments. Overall economic conditions are worse than in the Fall of 2003; how those conditions affect individuals currently owing surcharges is unknown, but it can be reasonably assumed that they are severe enough to curtail participation in a 2009 amnesty below participation rates in 2003. In its report on "Motor Vehicles Affordability and Fairness" issued in 2006, the MVC noted that in May 2004, 85 percent of drivers whose licenses were suspended for surcharge nonpayment came from households with income of \$60,000 or less. The OLS assumes that this percentage holds today; thus it might well be expected that those persons would be unable to participate in an amnesty program. The value of unpaid surcharges that are attributable to those in that economic range is unknown, but if it is a significant share of the total deemed collectible by the MVC, then an amnesty program conducted in 2009 could be notably less successful than that of 2003.

Section: Law and Public Safety

*Analyst: Kristin A. Brunner
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).

ASSEMBLY, No. 4155

STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED NOVEMBER 23, 2009

Sponsored by:

Assemblywoman BONNIE WATSON COLEMAN

District 15 (Mercer)

Assemblyman REED GUSCIORA

District 15 (Mercer)

Assemblyman JOHN S. WISNIEWSKI

District 19 (Middlesex)

SYNOPSIS

Establishes 60-day amnesty period for certain motor vehicle surcharges.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/4/2009)

1 AN ACT concerning certain motor vehicle surcharges.

2

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

5

6 1. a. In addition to the provisions of the Motor Vehicle
7 Violations Surcharge System established pursuant to section 6 of
8 P.L.1983, c.65 (C.17:29A-35), and notwithstanding the provisions
9 of any other law to the contrary, there is established a motor vehicle
10 surcharge amnesty period. This period, which shall begin on the
11 60th day following the enactment of this act, shall be for a period of
12 60 days. During this amnesty period, a driver who has failed to pay
13 any motor vehicle surcharges levied pursuant to paragraphs (1) or
14 (3) of subsection b. of section 6 of P.L.1983, c.65 (C.17:29A-35)
15 may pay the full principal amount of any such surcharges to the
16 Chief Administrator of the New Jersey Motor Vehicle Commission
17 without any interest that otherwise may be due and without any
18 costs of collection that otherwise may be due.

19 Notwithstanding the provisions of any other law to the contrary,
20 no person shall be entitled to a waiver of any interest or cost of
21 collection afforded under this subsection unless full payment of the
22 motor vehicle surcharges due is made in accordance with rules and
23 procedures established by the chief administrator. Full payment of
24 the surcharges due shall constitute satisfaction of the applicable
25 surcharge obligation. A driver who has been authorized by the chief
26 administrator to pay a surcharge levied pursuant to paragraphs (1)
27 or (3) of subsection b. of section 6 of P.L.1983, c.65 (C.17:29A-35)
28 on an installment basis may participate in the amnesty established
29 pursuant to this subsection. The amnesty afforded under this
30 subsection shall not apply to surcharges levied pursuant to
31 paragraph (2) of subsection b. of section 6 of P.L.1983, c.65
32 (C.17:29A-35) nor shall any driver who has any outstanding
33 surcharges levied pursuant to that paragraph be eligible to
34 participate in this amnesty.

35 b. There shall be imposed a penalty equal to five percent of the
36 principal outstanding upon any motor vehicle surcharges which are
37 eligible to be satisfied during the amnesty period established
38 pursuant to subsection a. of this section, but which are not so
39 satisfied during that amnesty period. This penalty shall be in
40 addition to all other penalties, interest or costs of collection
41 otherwise authorized by law upon those unsatisfied surcharges;
42 provided, however, this five percent penalty shall not be assessed
43 against any person who:

44 (1) prior to the effective date of this act, was authorized by the
45 chief administrator to pay a surcharge on an installment basis; or

46 (2) during the 60-day amnesty period established under
47 subsection a. of this section, was a member of the United States
48 Armed Forces engaged in active military duty and provides

1 documentation of such service to the chief administrator.

2

3 2. The moneys collected pursuant to section 1 of this act shall
4 be deposited, as prescribed by law, in the "Unsafe Driving
5 Surcharges Fund," established pursuant to section 5 of P.L.2004,
6 c.70 (C.34:1B-21.27) and the "Motor Vehicle Surcharges Revenue
7 Fund," established pursuant to section 6 of P.L.2004, c.70
8 (C.34:1B-21.28) shall be used, along with all the other amounts
9 deposited in those funds, to pay the amounts required under the
10 provisions of any bond resolutions authorizing the issuance of
11 bonds or refunding bonds pursuant to the "Motor Vehicle
12 Surcharges Securitization Act of 2004", P.L.2004, c.70 (C.34:1B-
13 21.23 et seq.) or any payment agreement contracted between the
14 New Jersey Economic Development Authority created pursuant to
15 P.L.1974, c.80 (34:1B-1 et seq.) and the State Treasurer in
16 accordance with the provisions of section 7 of P.L.2004, c.70
17 (C.34:1B-21.29).

18

19 3. This act shall take effect immediately; provided, however,
20 that section 1 shall expire at end of the 60th day of the amnesty
21 period established under this act and section 2 shall expire June 30,
22 2010, and further provided that the State Treasurer and the Chief
23 Administrator of the New Jersey Motor Vehicle Commission may
24 take such anticipatory administrative action as shall be necessary
25 for the implementation of this act.

26

27

28

STATEMENT

29

30 This bill establishes a 60-day motor vehicle surcharge amnesty
31 program during which certain outstanding surcharges imposed
32 under the New Jersey Motor Vehicle Violations Surcharge System
33 be satisfied without interest or collection costs.

34 This amnesty applies only to those surcharges levied for
35 accumulated motor vehicle points and those levied for motor
36 vehicle violations or convictions for which points are not assessed.
37 Drivers who, with the approval of the Chief Administrator of the
38 New Jersey Motor Vehicle Commission, are paying these types of
39 surcharges on an installment basis are eligible to participate in the
40 program.

41 The amnesty does not apply to surcharges levied against drivers
42 convicted of drunk driving or failing to consent to a chemical test to
43 determine their blood alcohol content. Further, any driver whose
44 outstanding surcharges include any levies imposed for a drunk
45 driving conviction or a refusal to submit to a blood alcohol content
46 test are not eligible to participate in this amnesty program.

47 During the amnesty period, a person who has an outstanding
48 amnesty eligible surcharge may pay that surcharge without any

1 interest or collection costs being imposed, provided those
2 outstanding surcharges are paid in full. Interest and collection costs
3 will not be waived if the outstanding surcharges are not paid in full
4 within the 60-day amnesty period.

5 The bill imposes a five percent penalty on those outstanding
6 eligible surcharges that are not satisfied during the amnesty period.
7 This penalty is in addition to all other penalties, interest or costs
8 authorized by law. The five percent penalty will not be assessed
9 against anyone who:

10 (1) is participating in a commission authorized installment
11 payment program; or

12 (2) is on active military duty during the 60-day amnesty period.

13 These motor vehicle surcharge moneys securitize the State's
14 covenant to repay certain bonds and refunding bonds the State and
15 the New Jersey Economic Development Authority have issued. The
16 delinquent surcharge amounts collected during this amnesty period
17 will be allocated to meet the costs needed to retire those securitized
18 bonds and refunding bonds.

19 If the amount collected during this amnesty program exceeds the
20 amount required to be paid under the "Motor Vehicle Surcharges
21 Securitization Act," P.L.2004, c.70 (C.34:1B-21.23 et seq.), the
22 excess funds are to be transferred to the General Fund and made
23 available for general State purposes.

ASSEMBLY TRANSPORTATION, PUBLIC WORKS AND
INDEPENDENT AUTHORITIES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4155

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 3, 2009

The Assembly Transportation, Public Works and Independent Authorities Committee reports favorably and with amendments Assembly Bill No. 4155.

As reported, the amended bill requires, within six months after enactment and periodically thereafter, the Chief Administrator of the New Jersey Motor Vehicle Commission (“chief administrator”) to establish promotional payment incentives and offer such incentives to any driver who has failed to pay any motor vehicle surcharges levied for accumulated motor vehicle points and those levied for motor vehicle violations or convictions for which points are not assessed. Drivers who, with the approval of the chief administrator, are paying these types of surcharges on an installment basis are also eligible to participate in promotional payment incentives established by the chief administrator.

The amended bill provides that the promotional payment incentives shall not apply to surcharges levied against drivers convicted of drunk driving or failing to consent to a chemical test to determine their blood alcohol content. Any driver whose outstanding surcharges include any levies imposed for a drunk driving conviction or refusal to submit to a blood alcohol content test are not eligible to participate in any promotional payment incentives established by the chief administrator.

Under the amended bill, promotional payment incentives may include waivers of down payments necessary to satisfy any surcharge suspension, waivers of interest for the payment of the full principal amount of any surcharges owed to the chief administrator, or any other incentive that the chief administrator establishes. All monies collected pursuant to this bill shall be remitted to the “Motor Vehicle Surcharges Revenue Fund.”

Finally, the amended bill removes from current law the additional fine assessed against a driver for operating a motor vehicle with a suspended or revoked driver’s license for failure to pay a surcharge.

As reported, Assembly Bill No. 4155 as amended is identical to Senate Bill No. 2903, which was also amended and released by the committee today.

COMMITTEE AMENDMENTS

The committee removed the creation of the amnesty program from the bill's provisions and, in lieu thereof, provided that the chief administrator establish and periodically offer promotional payment incentives to drivers who have failed to pay any motor vehicle surcharges levied for accumulated motor vehicle points and those levied for motor vehicle violations or convictions for which points are not assessed. The committee amendments also provide that drivers in approved installment payment plans are eligible to participate in the promotional payment incentives.

The committee removed from current law the additional fine assessed against a driver for operating a motor vehicle with a suspended or revoked driver's license for failure to pay a surcharge.

The committee amendments make technical amendments to the bill's title, synopsis, and effective date to accurately reflect the new promotional payment incentives established by the chief administrator.