

39:3-40

LEGISLATIVE HISTORY CHECKLIST
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(Automobile insurance--Merit
Rating Plan)

NJSA: 39:3-40

LAWS OF: 1994 CHAPTER: 64

BILL NO: A1845

SPONSOR(S): Garrett

DATE INTRODUCED: May 23, 1994

COMMITTEE: ASSEMBLY: Insurance
SENATE: ---

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: ASSEMBLY: June 20, 1994
SENATE: June 20, 1994

DATE OF APPROVAL: June 30, 1994

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes
SENATE: No

FISCAL NOTE: Yes

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

1 AN ACT concerning the collection of Merit Rating Plan
2 surcharges and amending P.L.1983, c.65 and R.S.39:3-40.

3

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

6 1. Section 6 of P.L.1983, c.65 (C.17:29A-35) is amended to
7 read as follows:

8 6. a. A merit rating accident surcharge system for private
9 passenger automobiles may be used in the voluntary market, by
10 the New Jersey Automobile Full Insurance Underwriting
11 Association created pursuant to section 16 of P.L.1983, c.65
12 (C.17:30E-4), by the Market Transition Facility created pursuant
13 to section 88 of P.L.1990, c.8 (C.17:33B-11), and by any insurance
14 plan established to provide private passenger automobile
15 insurance pursuant to section 1 of P.L.1970, c.215 (C.17:29D-1).
16 No surcharges shall be imposed on or after the operative date of
17 this act, unless there is an at-fault accident within a three-year
18 period immediately preceding the effective date of coverage
19 which results in payment by the insurer of at least a \$300.00
20 claim. All moneys collected under this subsection shall be
21 retained by the insurer assessing the surcharge. Accident
22 surcharges shall be imposed for a three-year period and shall, for
23 each filer, be uniform on a Statewide basis without regard to
24 classification or territory.

25 b. There is created a New Jersey Merit Rating Plan which
26 shall apply to all drivers and shall include, but not be limited to,
27 the following provisions:

28 (1) (a) Plan surcharges shall be levied, beginning on or after
29 January 1, 1984, by the Division of Motor Vehicles on any driver
30 who has accumulated, within the immediately preceding three
31 year period, beginning on or after February 10, 1983, six or more
32 motor vehicle points, as provided in Title 39 of the Revised
33 Statutes, exclusive of any points for convictions for which
34 surcharges are levied under paragraph (2) of this subsection;
35 except that the allowance for a reduction of points in Title 39 of
36 the Revised Statutes shall not apply for the purpose of
37 determining surcharges under this paragraph. Surcharges shall be
38 levied for each year in which the driver possesses six or more
39 points. Surcharges assessed pursuant to this paragraph shall be
40 [not less than] \$100.00 for six points, and [not less than] \$25.00
41 for each additional point. [The commissioner may increase 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.

1 amount of surcharges as he deems necessary to effectuate the
2 purposes of P.L.1983, c.65 (C.17:29A-33 et al.), and may,
3 pursuant to regulation, permit the deferral of all or part of any
4 surcharges authorized by this subsection until the end of the
5 policy term of an automobile insurance policy with an effective
6 date prior to January 1, 1984, upon presentation of appropriate
7 evidence that an insured has already paid an equivalent surcharge
8 arising from the same motor vehicle violation or conviction.]

9 (b) (Deleted by amendment, P.L.1984, c.1.)

10 (2) Plan surcharges shall be levied for convictions (a) under
11 R.S.39:4-50 for violations occurring on or after February 10,
12 1983, and (b) under section 2 of P.L.1981, c.512 (C.39:4-50.4a), or
13 for offenses committed in other jurisdictions of a substantially
14 similar nature to those under R.S.39:4-50 or section 2 of
15 P.L.1981, c.512 (C.39:4-50.4a), for violations occurring on or
16 after January 26, 1984. [Surcharges] Except as hereinafter
17 provided, surcharges under this paragraph shall be levied annually
18 for a three year period, and shall be [not less than] \$1,000.00 per
19 year for each of the first two convictions, for a total surcharge
20 of \$3,000 for each conviction, and [not less than] \$1,500.00 per
21 year for the third conviction occurring within a three year period,
22 for a total surcharge of \$4,500 for the third conviction. If a
23 driver is convicted under both R.S.39:4-50 and section 2 of
24 P.L.1981, c.512 (C.39:4-50.4a) for offenses arising out of the
25 same incident, the driver shall be assessed only one surcharge for
26 the two offenses. [The commissioner may increase the amount of
27 surcharges as he deems necessary to effectuate the purposes of
28 P.L.1983, c.65 (C.17:29A-33 et al.), and may, pursuant to
29 regulation, permit the deferral of all or any part of these
30 surcharges as provided in paragraph (1)(a) of this subsection].

31 If, upon written notification from the Division of Motor
32 Vehicles, mailed to the last address of record with the division, a
33 driver fails to pay a surcharge levied under this subsection, the
34 license of the driver shall be suspended forthwith until the
35 surcharge is paid to the Division of Motor Vehicles; except that
36 [upon satisfactory showing of indigency,] the Division of Motor
37 Vehicles may authorize payment of the surcharge on an
38 installment basis over a period not to exceed [10] 12 months. If a
39 driver fails to pay the surcharge or any installments on the
40 surcharge, the total surcharge shall become due immediately.

41 [For the purposes of this subparagraph, "indigency" shall be
42 defined in rules and regulations promulgated by the Director of
43 the Division of Motor Vehicles.]

44 The director may authorize any person to pay the surcharge
45 levied under this section by use of a credit card, and the director
46 is authorized to require the person to pay all costs incurred by
47 the division in connection with the acceptance of the credit card.

48 In addition to any other remedy provided by law, the director is
49 authorized to utilize the provisions of the SOIL (Setoff of
50 Individual Liability) program established pursuant to P.L.1981,
51 c.239 (C.54A:9-8.1 et seq.) to collect any surcharge levied under
52 this section that is unpaid on or after the effective date of this
53 act. As an additional remedy, the director may issue a
54 certificate to the Clerk of the Superior Court stating that the

1 person identified in the certificate is indebted under this
2 surcharge law in such amount as shall be stated in the
3 certificate. The certificate shall reference the statute under
4 which the indebtedness arises. Thereupon the clerk to whom such
5 certificate shall have been issued shall immediately enter upon
6 the record of docketed judgments the name of such person as
7 debtor; the State as creditor; the address of such person, if shown
8 in the certificate; the amount of the debt so certified; a
9 reference to the statute under which the surcharge is assessed,
10 and the date of making such entries. The docketing of the entries
11 shall have the same force and effect as a civil judgment docketed
12 in the Superior Court, and the director shall have all the
13 remedies and may take all of the proceedings for the collection
14 thereof which may be had or taken upon the recovery of a
15 judgment in an action, but without prejudice to any right of
16 appeal. Upon entry by the clerk of the certificate in the record
17 of docketed judgments in accordance with this provision, interest
18 in the amount specified by the court rules for post-judgment
19 interest shall accrue from the date of the docketing of the
20 certificate, however payment of the interest may be waived by
21 the director. In the event that the surcharge remains unpaid
22 following the issuance of the certificate of debt and the director
23 takes any further collection action including referral of the
24 matter to the Attorney General or his designee, the fee imposed,
25 in lieu of the actual cost of collection, may be 20 percent of the
26 surcharge or \$200, whichever is greater. The director shall
27 provide written notification to a driver of the proposed filing of
28 the certificate of debt 10 days prior to the proposed filing; such
29 notice shall be mailed to the driver's last address of record with
30 the division.

31 All moneys collectible under this subsection shall be billed and
32 collected by the Division of Motor Vehicles. Of the moneys
33 collected: 10%, or the actual cost of administering the collection
34 of the surcharge, whichever is less, shall be retained by the
35 Division of Motor Vehicles; five percent, or the actual cost of
36 administering the cancellation notification system established
37 pursuant to section 50 of P.L.1990, c.8 (C.17:33B-41), whichever
38 is less, shall be retained by the Division of Motor Vehicles; and
39 prior to October 1, 1991, the remainder shall be remitted to the
40 New Jersey Automobile Full Insurance Underwriting Association
41 and on or after October 1, 1991, the remainder shall be remitted
42 to the New Jersey Automobile Insurance Guaranty Fund created
43 pursuant to section 23 of P.L.1990, c.8 (C.17:33B-5). From the
44 date of certification by the Commissioner of Insurance that the
45 monies collectible under this subsection are no longer needed to
46 fund the association debt, monies collectible under this
47 subsection shall be remitted to the New Jersey Property-Liability
48 Guaranty Association created pursuant to section 8 of P.L.1974,
49 c.17 (C.17:30A-8) to be used for payment of any loans made by
50 that association to the New Jersey Automobile Insurance
51 Guaranty Fund pursuant to paragraph (10) of subsection a. of
52 section 8 of P.L.1974, c.17 (C.17:30A-8).

53 (3) In addition to any other authority provided in P.L.1983,
54 c.65 (C.17:29A-33 et al.), the commissioner, after consultation

1 with the Director of the Division of Motor Vehicles, is
2 specifically authorized (a) [to increase the dollar amount of the
3 surcharges for motor vehicle violations or convictions,] Deleted
4 by amendment, P.L. , c. , (now pending before the Legislature
5 as this bill (b) to impose, in accordance with paragraph (1)(a) of
6 this subsection, surcharges for motor vehicle violations or
7 convictions for which motor vehicle points are not assessed under
8 Title 39 of the Revised Statutes, or (c) to reduce the number of
9 points for which surcharges may be assessed below the level
10 provided in paragraph (1)(a) of this subsection, except that the
11 dollar amount of all surcharges levied under the New Jersey
12 Merit Rating Plan shall be uniform on a Statewide basis for each
13 filer, without regard to classification or territory. Surcharges
14 adopted by the commissioner on or after January 1, 1984 for
15 motor vehicle violations or convictions for which motor vehicle
16 points are not assessable under Title 39 of the Revised Statutes
17 shall not be retroactively applied but shall take effect on the
18 date of the New Jersey Register in which notice of adoption
19 appears or the effective date set forth in that notice, whichever
20 is later.

21 c. No motor vehicle violation surcharges shall be levied on an
22 automobile insurance policy issued or renewed on or after
23 January 1, 1984, except in accordance with the New Jersey Merit
24 Rating Plan, and all surcharges levied thereunder shall be
25 assessed, collected and distributed in accordance with subsection
26 b. of this section.

27 d. (Deleted by amendment, P.L.1990, c.8.)

28 e. The Commissioner of Insurance and the Director of the
29 Division of Motor Vehicles as may be appropriate, shall adopt any
30 rules and regulations necessary or appropriate to effectuate the
31 purposes of this section.

32 (cf: P.L.1990, c.8, s.35)

33 2. R.S.39:3-40 is amended to read as follows:

34 39:3-40. No person to whom a driver's license has been
35 refused or whose driver's license or reciprocity privilege has
36 been suspended or revoked, or who has been prohibited from
37 obtaining a driver's license, shall personally operate a motor
38 vehicle during the period of refusal, suspension, revocation, or
39 prohibition.

40 No person whose motor vehicle registration has been revoked
41 shall operate or permit the operation of such motor vehicle
42 during the period of such revocation.

43 A person violating this section shall be subject to the following
44 penalties:

45 a. Upon conviction for a first offense, a fine of \$500.00;

46 b. Upon conviction for a second offense, a fine of \$750.00 and
47 imprisonment in the county jail for not more than five days;

48 c. Upon conviction for a third offense, a fine of \$1,000.00 and
49 imprisonment in the county jail for 10 days;

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

52 e. Upon conviction, the court shall impose a period of
53 imprisonment for not less than 45 days, if while operating a
54 vehicle in violation of this section a person is involved in an

1 accident resulting in personal injury to another person.
2 f. Notwithstanding subsections a. through e., any person
3 violating this section while under suspension issued pursuant to
4 R.S.39:4-50 or section 2 of P.L.1972, c.197 (C.39:6B-2), upon
5 conviction, shall be fined \$500.00, shall have his license to
6 operate a motor vehicle suspended for an additional period of not
7 less than one year nor more than two years, and may be
8 imprisoned in the county jail for not more than 90 days.
9 g. In addition to the other applicable penalties provided under
10 this section, a person violating this section whose license has
11 been suspended pursuant to section 6 of P.L.1983, c.65
12 (C.17:29A-35) or the regulations adopted thereunder, shall be
13 fined \$3,000. The court shall waive the fine upon proof that the
14 person has paid the total surcharge imposed pursuant to section 6
15 of P.L.1983, c.65 (C.17:29A-35) or the regulations adopted
16 thereunder. Notwithstanding the provisions of R.S. 39:5-41, the
17 fine imposed pursuant to this subsection shall be collected by the
18 Division of Motor Vehicles pursuant to section 6 of P.L.1983, c.65
19 (C.17:29A-35), and distributed as provided in that section, and
20 the court shall file a copy of the judgment of conviction with the
21 director and with the Clerk of the Superior Court who shall enter
22 the following information upon the record of docketed
23 judgments: the name of the person as judgment debtor; the
24 Division of Motor Vehicles as judgment creditor; the amount of
25 the fine; and the date of the order. These entries shall have the
26 same force and effect as any civil judgment docketed in the
27 Superior Court.
28 (cf: P.L.1992, c.203, s.1)

29 3. This act shall take effect immediately.
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32 STATEMENT

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34 Merit Rating Plan surcharges are levied on persons convicted
35 of drunk driving and other vehicular offenses pursuant to
36 P.L.1983, c.65 (C.17:29A-33 et al.). This law dedicates surcharge
37 revenues, net of collection expenses, for deposit in the New
38 Jersey Automobile Insurance Guaranty Fund for the repayment of
39 debt incurred by insurance pools for high-risk drivers.

40 This law gives the Division of Motor Vehicles (DMV) in the
41 Department of Law and Public Safety the authority to suspend
42 the driver's licenses of offenders who fail to pay their surcharge
43 assessments. However, experience has demonstrated that this
44 sanction is not adequate to compel the collection of these
45 surcharge debts.

46 Since inception of this program, the surcharge collection rate
47 has declined from 77 percent to 58 percent; over \$525 million in
48 unpaid surcharges is currently outstanding. DMV has identified
49 58,000 persons who have continued to drive while their licenses
50 were suspended for non-payment of this debt. These drivers
51 represent \$218 million in unpaid surcharges.

52 This bill is intended to provide the Director of DMV with
53 additional and more effective remedies to collect this debt.
54 These remedies include use of the SOIL (Setoff of Individual

1 Liability) Program, which deducts unpaid debts from income tax
2 refunds and homestead rebates, and docketed judgments to
3 collect both the current unpaid surcharge debt and future
4 delinquent surcharges. To afford greater flexibility and
5 convenience to those assessed, this bill also removes indigency as
6 a condition for paying off surcharges in installments, and
7 increases the number of allowable installment payments from 10
8 to 12 per year. The bill also authorizes DMV to accept credit
9 card payment of surcharges. Finally, the bill removes the
10 discretion of the Commissioner of Insurance to increase
11 surcharge amounts. Surcharges have not been raised since the
12 inception of the program and increases are not anticipated.

13 The additional remedies and increased payment flexibility
14 provided by this bill should provide the necessary tools to
15 significantly reduce the outstanding surcharge debt and
16 encourage more prompt payment in the future.

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21 Provides enhanced surcharge collection methods.

1 accident resulting in personal injury to another person.

2 f. Notwithstanding subsections a. through e., any person
3 violating this section while under suspension issued pursuant to
4 R.S.39:4-50 or section 2 of P.L.1972, c.197 (C.39:6B-2), upon
5 conviction, shall be fined \$500.00, shall have his license to
6 operate a motor vehicle suspended for an additional period of not
7 less than one year nor more than two years, and may be
8 imprisoned in the county jail for not more than 90 days.

9 g. In addition to the other applicable penalties provided under
10 this section, a person violating this section whose license has
11 been suspended pursuant to section 6 of P.L.1983, c.65
12 (C.17:29A-35) or the regulations adopted thereunder, shall be
13 fined \$3,000. The court shall waive the fine upon proof that the
14 person has paid the total surcharge imposed pursuant to section 6
15 of P.L.1983, c.65 (C.17:29A-35) or the regulations adopted
16 thereunder. Notwithstanding the provisions of R.S. 39:5-41, the
17 fine imposed pursuant to this subsection shall be collected by the
18 Division of Motor Vehicles pursuant to section 6 of P.L.1983, c.65
19 (C.17:29A-35), and distributed as provided in that section, and
20 the court shall file a copy of the judgment of conviction with the
21 director and with the Clerk of the Superior Court who shall enter
22 the following information upon the record of docketed
23 judgments: the name of the person as judgment debtor; the
24 Division of Motor Vehicles as judgment creditor; the amount of
25 the fine; and the date of the order. These entries shall have the
26 same force and effect as any civil judgment docketed in the
27 Superior Court.

28 (cf: P.L.1992, c.203, s.1)

29 3. This act shall take effect immediately.

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STATEMENT

Merit Rating Plan surcharges are levied on persons convicted of drunk driving and other vehicular offenses pursuant to P.L.1983, c.65 (C.17:29A-33 et al.). This law dedicates surcharge revenues, net of collection expenses, for deposit in the New Jersey Automobile Insurance Guaranty Fund for the repayment of debt incurred by insurance pools for high-risk drivers.

This law gives the Division of Motor Vehicles (DMV) in the Department of Law and Public Safety the authority to suspend the driver's licenses of offenders who fail to pay their surcharge assessments. However, experience has demonstrated that this sanction is not adequate to compel the collection of these surcharge debts.

Since inception of this program, the surcharge collection rate has declined from 77 percent to 58 percent; over \$525 million in unpaid surcharges is currently outstanding. DMV has identified 58,000 persons who have continued to drive while their licenses were suspended for non-payment of this debt. These drivers represent \$218 million in unpaid surcharges.

This bill is intended to provide the Director of DMV with additional and more effective remedies to collect this debt. These remedies include use of the SOIL (Setoff of Individual

1 Liability) Program, which deducts unpaid debts from income tax
2 refunds and homestead rebates, and docketed judgments to
3 collect both the current unpaid surcharge debt and future
4 delinquent surcharges. To afford greater flexibility and
5 convenience to those assessed, this bill also removes indigency as
6 a condition for paying off surcharges in installments, and
7 increases the number of allowable installment payments from 10
8 to 12 per year. The bill also authorizes DMV to accept credit
9 card payment of surcharges. Finally, the bill removes the
10 discretion of the Commissioner of Insurance to increase
11 surcharge amounts. Surcharges have not been raised since the
12 inception of the program and increases are not anticipated.

13 The additional remedies and increased payment flexibility
14 provided by this bill should provide the necessary tools to
15 significantly reduce the outstanding surcharge debt and
16 encourage more prompt payment in the future.

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21 Provides enhanced surcharge collection methods.

ASSEMBLY INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1845

STATE OF NEW JERSEY

DATED: JUNE 13, 1994

The Assembly Insurance Committee reports favorably Assembly, No. 1845.

Merit Rating Plan surcharges are levied on persons convicted of drunk driving and other vehicular offenses pursuant to P.L.1983, c.65 (C.17:29A-33 et al.). This law dedicates surcharge revenues, net of collection expenses, for deposit in the New Jersey Automobile Insurance Guaranty Fund for the repayment of debt incurred by insurance pools for high-risk drivers.

This law gives the Division of Motor Vehicles (DMV) in the Department of Law and Public Safety the authority to suspend the driver's licenses of offenders who fail to pay their surcharge assessments. However, experience has demonstrated that this sanction is not adequate to compel the collection of these surcharge debts.

Since inception of this program, the surcharge collection rate has declined from 77 percent to 58 percent; over \$525 million in unpaid surcharges is currently outstanding. DMV has identified 58,000 persons who have continued to drive while their licenses were suspended for non-payment of this debt. These drivers represent \$218 million in unpaid surcharges.

This bill is intended to provide the Director of DMV with additional and more effective remedies to collect this debt. These remedies include use of the SOIL (Setoff of Individual Liability) Program, which deducts unpaid debts from income tax refunds and homestead rebates, and docketed judgments to collect both the current unpaid surcharge debt and future delinquent surcharges. To afford greater flexibility and convenience to those assessed, this bill also removes indigency as a condition for paying off surcharges in installments, and increases the number of allowable installment payments from 10 to 12 per year. The bill also authorizes DMV to accept credit card payment of surcharges. Finally, the bill removes the discretion of the Commissioner of Insurance to increase surcharge amounts. Surcharges have not been raised since the inception of the program and increases are not anticipated.

The additional remedies and increased payment flexibility provided by this bill should provide the necessary tools to significantly reduce the outstanding surcharge debt and encourage more prompt payment in the future.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1845

STATE OF NEW JERSEY

DATED: JUNE 13, 1994

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1845.

Assembly Bill No. 1845 is concerned with the Merit Rating Plan surcharges levied on persons convicted of drunk driving and other vehicular offenses pursuant to P.L.1983, c.65 (C.17:29A-33 et al.). This law dedicates surcharge revenues, net of collection expenses, for deposit in the New Jersey Automobile Insurance Guaranty Fund for the repayment of debt incurred by insurance pools for high-risk drivers.

This law gives the Division of Motor Vehicles (DMV) the authority to suspend the driver's licenses of offenders who fail to pay their surcharge assessments. Since inception of this program, the surcharge collection rate has declined from 77 percent to 58 percent; over \$525 million in unpaid surcharges is currently outstanding. DMV has identified 58,000 persons who have continued to drive while their licenses were suspended for non-payment of this debt. These drivers represent \$218 million in unpaid surcharges.

This bill is intended to provide the Director of DMV with additional and more effective remedies to collect this debt. These remedies include use of the SOIL (Setoff of Individual Liability) Program, which deducts unpaid debts from income tax refunds and homestead rebates, and docketed judgments to collect both the current unpaid surcharge debt and future delinquent surcharges. To afford greater flexibility and convenience to those assessed, this bill also removes indigency as a condition for paying off surcharges in installments, and increases the number of allowable installment payments from 10 to 12 per year. The bill also authorizes DMV to accept credit card payment of surcharges. Finally, the bill removes the discretion of the Commissioner of Insurance to increase surcharge amounts. Surcharges have not been raised since the inception of the program and increases are not anticipated.

FISCAL IMPACT:

A fiscal estimate has not been completed as of this date. However, use of the SOIL program should save the State money. The enhanced collection plan provision in the bill is anticipated in the Governor's FY95 budget proposal at \$90 million. This represents a portion of the delinquent payments owed by the identified 58,000 persons continuing to drive with suspended licenses.

LEGISLATIVE FISCAL ESTIMATE TO
ASSEMBLY, No. 1845

STATE OF NEW JERSEY

DATED: July 8, 1994

Assembly Bill No. 1845 of 1994 establishes various methods to enable the Division of Motor Vehicles (DMV) in the Department of Law and Public Safety to increase collections of Merit Rating Plan surcharges. These surcharges are levied on persons convicted of certain vehicular offenses and dedicated for the reduction of debts incurred by insurance pools for high risk drivers.

The bill permits DMV to obtain court judgments against delinquent payers and to seek payment through the use of such methods as bill collectors and wage garnishment. The bill imposes a collection cost in such instances of \$200 or 20 percent of the debt, whichever is greater. The bill also authorizes DMV to use the Set Off of Individual Liability (SOIL) program for the collection of surcharge debts. SOIL is a computer matching program that enables the State to deduct payments owed the State from the debtor's income tax refund or homestead rebate. The bill also imposes a \$3,000 penalty for persons driving while their driver's licenses have been suspended for a failure to pay a surcharge.

The bill also increases payment flexibility by: 1) authorizing DMV to accept credit card payment of surcharges; 2) removing indigency as a condition for paying off surcharges in installments; and 3) increasing the installment payment period for surcharges from 10 months to a year.

Using the methods provided under this bill, DMV plans to mount an intensive effort to: 1) collect \$218 million of the total \$525 million of overdue surcharges, owed since 1984, that it deems most collectible, and 2) increase the current surcharge collection rate of about 58 percent.

Information provided informally by the Department of Law and Public Safety estimates the cost of administering this bill at \$4,016,386 in the first year after enactment. Included in this estimate are first-year salary costs of \$834,812 for 36 personnel: 10 in the Administrative Office of the Courts (AOC); 20 in DMV; and six in the Division of Law. The estimate also includes \$62,935 for AOC fringe benefits; \$431,400 for DMV regional center overtime; \$578,500 for postage; \$115,062 for operating expenses; \$110,000 for skip tracing services; \$997,600 for sheriff's services; \$17,263 for equipment; and one-time costs of \$293,814 for computer equipment and software and \$575,000 for computer programming. The department estimates program costs at \$1,850,086 in the second year. This amount would continue first-year personnel costs, while eliminating certain one-time costs.

The Office of Legislative Services (OLS) concurs with the department's cost estimate but notes that the cost estimate includes fringe benefit costs only for the AOC staff. After adjusting for fringe benefits costs and assuming an inflation rate of 5 percent in the second year, OLS estimates the cost of implementing this bill at \$4,215,698 and \$2,111,087, in the first two years, respectively, following enactment.

Based on revenues projected in the Governor's recommended FY 1995 budget, the department estimates that the provisions of this bill, when implemented, will produce \$150 million in additional surcharge collections in the first year. This estimate assumes that approximately half of the \$218 million in targeted surcharge debt will be collected and that current surcharge collections will increase by about \$40 million.

Reliable information is lacking that would permit OLS to assess the accuracy of this revenue estimate. Much will depend on the speed which the enhanced collection effort is mounted and the efficacy of the methods established by this bill. OLS notes, however, that given the age of the surcharge debt and resistance of surcharge debtors to prior collection efforts, \$150 million in additional revenues in the first year may be difficult to achieve.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.