

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2736

STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JANUARY 18, 2023

SUMMARY

- Synopsis:** Requires MVC to administer electronic transaction system for used motor vehicle sales within certain time period; authorizes use of same system for private motor vehicle sales.
- Type of Impact:** Potential short-term increase in State expenditures.
- Agencies Affected:** New Jersey Motor Vehicle Commission.

Office of Legislative Services Estimate

Fiscal Impact	<u>Years 1-2</u>
Potential State Expenditure Increase	Marginal

- The Office of Legislative Services (OLS) determines that the bill could result in a marginal, short-term increase in expenditures for the New Jersey Motor Vehicle Commission associated with the requirement to expedite the development of a system to allow for the electronic submission of used motor vehicle transaction documents.
- Under current law, the commission is required to establish, no later than January 18, 2024, a system for the electronic submission of new motor vehicle transaction documents. Current law also requires the commission to establish an electronic system for used motor vehicle transaction documents, but this system is not required to be completed by a specific time. Under the bill, the commission would now be required to establish the electronic system for used motor vehicle transaction documents by January 18, 2024.
- The OLS notes that any cost increases associated with the bill would depend on the extent to which some or all of the electronic system for used motor vehicles can be incorporated into the system for new motor vehicles. Without knowing the manner in which the commission will develop these systems or the extent to which these systems would differ, the OLS is unable to quantify the potential fiscal impact of this bill.

BILL DESCRIPTION

This bill requires the Motor Vehicle Commission to implement an electronic transaction system for used motor vehicles within 24 months of the effective date of P.L.2021, c.462, which took effect on January 18, 2022. The bill also authorizes the commission to use the same electronic transaction system for private motor vehicle sales and private motor vehicle sales transaction documents.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that the bill could result in a marginal, short-term increase in expenditures for the Motor Vehicle Commission associated with the requirement to expedite the development of a system to allow for the electronic submission of used motor vehicle transaction documents.

In January 2022, the State enacted P.L.2021, c.462, which permitted the online sale of motor vehicles. Under this law, the commission is required to establish and administer, no later than January 18, 2024, a system for the electronic submission of new motor vehicle transaction documents. The law also requires the commission to establish a schedule to allow for the electronic submission of used motor vehicle transaction documents; however, the commission is not required to complete this task by a specific time.

This bill amends current law to require the commission to establish a system for the electronic submission of used motor vehicle transaction documents by no later than January 18, 2024. Accordingly, the bill may result in a short-term increase in expenditures associated with the expedited development of this system. The OLS notes that any cost increases associated with the bill would depend on the extent to which some or all of this system can be incorporated into the system developed for new motor vehicle transaction documents. Consequently, if most or all of the electronic system for used motor vehicles can be developed as part of the system for new motor vehicles, the bill would not result in a significant increase in State expenditures.

However, in the Conditional Veto to Assembly Bill No. 5033 (2R) of the 2020-2021 legislative session, which bill was enacted into law as P.L.2021, c.462, the Governor indicated that the development of an electronic titling system for used motor vehicle transaction documents may entail “additional complexities” given the “higher potential for fraud involved in these transactions.” As a result, the OLS notes that the expedited development of the electronic system for used motor vehicle transaction documents may require the commission to dedicate additional staff and resources. However, without knowing the manner in which the commission will develop these systems or the extent to which these systems would differ, the OLS is unable to quantify the potential fiscal impact of this bill.

Section: Authorities, Utilities, Transportation and Communications

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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 (C.52:13B-6 et seq.).