ASSEMBLY, No. 2318

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 3, 2020

Sponsored by:
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District 7 (Burlington)

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SYNOPSIS

Requires MVC to enter into contract to implement electronic lien and title system; removes authority for MVC to implement system by itself.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 11/8/2021)

AN ACT concerning an electronic lien and title system for motor vehicles and amending P.L.2017, c.308.

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

1. Section 1 of P.L.2017, c.308 (C.39:10-11.2) is amended to read as follows:

1. a. **[**Within 60 days of the effective date of this act, the Chief Administrator of the New Jersey Motor Vehicle Commission shall complete a study to determine whether the commission has the resources and capability to establish and implement, within 12 months of the effective date of this act, an electronic lien and titling system to process and administer, in a cost-effective manner, the notification, recording, and release of security interests and title information by the lienholders of motor vehicles in lieu of a paper based system used for those purposes.**]** (Deleted by amendment, P.L. , c.) (pending before the Legislature as this bill)

b. **[**If the chief administrator determines that the commission has the resources and capability to establish and implement an electronic lien and titling system, the commission shall establish and implement an electronic lien and titling system within 12 months of the effective date of this act.**]** (Deleted by amendment, P.L. , c.) (pending before the Legislature as this bill)

c. **[**If the chief administrator determines that the commission does not have the resources and capability to establish and implement an electronic lien and titling system, the commission**]** The New Jersey Motor Vehicle Commission shall contract with a qualified bidder to establish and implement an electronic lien and titling system for the State. A contract entered into pursuant to this subsection shall be offered, advertised, and awarded in the manner prescribed in chapter 34 of Title 52 of the Revised Statutes and consistent with the provisions of **[**sections**]** section 2 of P.L.2017, c.308 (C.39:10-11.3) and section 3 of **[**this act**]** P.L.2017, c.308 (C.39:10-11.4).

d. (1) The commission shall award a contract to a qualified bidder within six months of the effective date of P.L. , c. (C.) (pending before the Legislature as this bill).

(2) If the contract has not been awarded to a qualified bidder within six months of the effective date of P.L. , c. (C.) (pending before the Legislature as this bill), the chief administrator shall thereafter submit on a monthly basis to the President of the Senate, the Speaker of the General Assembly and the chairpersons of the Senate Transportation Committee and the Assembly Transportation and Independent Authorities Committee, or of their

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.

successor committees, a report of the commission's ongoing actions to comply with the provisions of this section.
(cf: P.L.2017, c.308, s.1)

2. Section 2 of P.L.2017, c.308 (C.39:10-11.3) is amended to read as follows:

2. In addition to the requirements set forth in chapter 34 of Title 52 of the Revised Statutes, **[**whenever the chief administrator seeks to contract for the establishment and implementation of an electronic lien and titling system,**]** the specifications and invitations for bids for the electronic lien and titling system to be established and implemented pursuant to subsection c. of section 1 of P.L.2017, c.308 (C.39:10-11.2) shall include, but not be limited to, provisions providing that the contract:

a. shall be for a term of not less than seven years;

b. shall be a no-cost contract, ensuring that: (1) the commission shall be assessed no charges by the successful bidder for establishing and implementing the electronic lien and titling system; and (2) the successful bidder shall be obligated to reimburse the commission for all reasonable implementation costs directly associated with the establishment and implementation of the electronic lien and titling system; and

c. authorizes the successful bidder to charge participating lienholders and their agents reasonable fees for implementing and administering an electronic lien and titling system.
(cf: P.L.2017, c.308, s.2)

3. Section 3 of P.L.2017, c.308 (C.39:10-11.4) is amended to read as follows:

3. In addition to the provisions of chapter 34 of Title 52 of the Revised Statutes concerning the qualifications of bidders, an applicant seeking to enter into a contract with the **[**State**]** commission to establish and implement an electronic lien and titling system shall have a demonstrated history of directly providing both electronic lien services to state motor vehicle departments or agencies and electronic lien software and services to lienholders.
(cf: P.L.2017, c.308, s.3)

4. Section 4 of P.L.2017, c.308 (C.39:10-11.5) is amended to read as follows:

4. Within one year of the date upon which an electronic lien and titling system established pursuant to **[**this act**]** subsection c. of section 1 of P.L.2017, c.308 (C.39:10-11.2) becomes operational, all lienholders, except individuals and those lienholders who are not normally engaged in the business of financing motor vehicles and are administratively exempted by the chief administrator, shall participate in the electronic lien and titling system.
(cf: P.L.2017, c.308, s.4)

5. Section 5 of P.L.2017, c.308 (C.39:10-11.6) is amended to read as follows:

5. The chief administrator may adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations to effectuate the purposes of this **[**act**]** P.L.2017, c.308 (C.39:10-11.2 et seq.), including, but not necessarily limited to, regulations providing for the oversight of any successful bidder by the chief administrator and regulations designating the class or classes of lienholders that are exempt from the provisions of **[**the act requiring participation by all lienholders within one year**]** P.L.2017, c.308 (C.39:10-11.2 et seq.) pursuant to section 4 of P.L.2017, c.308 (C.39:10-11.5).

(cf: P.L.2017, c.308, s.5)

6. This act shall take effect immediately.

STATEMENT

This bill requires the New Jersey Motor Vehicle Commission (MVC) to contract with a qualified bidder to establish and implement an electronic lien and titling system for the State within six months of the bill's enactment. If the MVC does not meet that deadline, the Chief Administrator of the MVC is required to report monthly to the Legislature on its progress to comply with the provisions of the bill.

Under existing statutory law, the MVC is required to oversee the establishment and implementation of an electronic lien and titling system (system) for motor vehicles. New Jersey law currently grants the MVC the option, following a feasibility study, to establish and implement the system by itself or to contract with an entity to establish and implement the system. The MVC has not yet established or implemented the system. This bill removes the option for the MVC to establish and implement the system by itself and instead requires the MVC to contract with a qualified bidder to establish and implement the system.