

SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 914

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I herewith return Senate Committee Substitute for Senate Bill No. 914 without my approval.

Senate Committee Substitute for Senate Bill No. 914 charges the Department of Labor and Workforce Development ("DOLWD") with creating a "Motor Vehicle Surcharge Community Service Program" ("the program") to enable certain individuals to complete community service projects in lieu of paying most motor vehicle violations surcharges. Individuals would be eligible to participate in the program if they are unemployed, have been assessed motor vehicle violations surcharges for certain offenses that they are unable to pay, and are either enrolled in a job training or education program or applying for a commercial driver license or endorsement. The Motor Vehicle Commission ("MVC") would be required to waive any surcharge owed by an eligible individual who completes a community service project under the program. Counties and municipalities would have the opportunity to work with DOLWD to identify eligible community service projects.

I commend my colleagues in the Legislature for endeavoring to identify an alternative for those who are unable to pay the motor vehicle violations surcharges levied against them. The Motor Vehicle Violations Surcharge System ("Surcharge System") was created in 1983 and provides for the mandatory assessment of surcharges between \$100 and \$1500 for certain specified offenses, such as accumulating six or more points for driving violations, driving without a license or with an expired or suspended license, operating an uninsured vehicle, and driving while intoxicated. MVC is authorized to institute a collection action for unpaid

surcharges, plus interest, leaving individuals who are unable to pay such surcharges in a vulnerable position.

Despite my legislative colleagues' well-intentioned efforts, I am unable to sign Senate Committee Substitute for Senate Bill No. 914 because of the impact it could have on the State's credit rating and borrowing capacity. Since 2004, virtually all surcharge revenue collected by MVC has been contractually obligated to the debt service on bonds issued by the Economic Development Authority, with a small portion (\$7.5 million annually) of those revenues statutorily dedicated to an alcohol treatment program, subordinate to the debt service. Accordingly, as my legislative colleagues have been made aware, laws such as this bill that would lead to a reduction in MVC surcharge revenues, places the State at risk of default, of having the ratings of these bonds downgraded, and of having a harder time borrowing in the future.

Although I must return this bill unsigned, I do not wish to downplay the burden that the Surcharge System imposes on many New Jersey drivers. Recognizing that the contractual obligation of the MVC surcharges makes it impossible to significantly revise the Surcharge System while debt service remains outstanding, my colleagues in the Legislature and I have nonetheless worked to mitigate the consequences that may result for those who are unable to pay. In 2019, I signed Senate Committee Substitute for Senate Bill No. 1080 (Fifth Reprint), which became P.L.2019, c.276, ensuring that MVC can no longer suspend the driver's license of someone for failing to pay MVC surcharges. And, in 2020, I signed into law Senate Committee Substitute for Senate Bill No. 1508, which became P.L.2019, c.301, directing MVC to cease collecting motor vehicle violations surcharges as soon as all debt on the bonds have been paid. The bonds backed by the MVC surcharge revenues mature in 2034, or when they are fully paid off, whichever

is earlier, ensuring an end to the negative consequences that have resulted from the system over the years by 2034 at the latest.

These laws are important steps toward reforming the Surcharge System that, for too long, has disproportionately impacted residents in poverty. I look forward to working with my colleagues in the Legislature to continue our efforts to create a fairer and more equitable New Jersey.

Accordingly, I herewith return Senate Committee Substitute for Senate Bill No. 914 without my approval.

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor