

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 1376

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: MARCH 1, 2022

SUMMARY

- Synopsis:** Eliminates driver's license suspension for failure to pay parking tickets; requires registration suspension for more than five parking tickets.
- Type of Impact:** Annual State Expenditure Decrease.
Annual State, County, and Municipal Revenue Decreases.
- Agencies Affected:** New Jersey Motor Vehicle Commission; Administrative Office of the Courts; Local Governments.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Expenditure Decrease		Indeterminate	
State, County, and Municipal Revenue Decrease (summons)		Indeterminate	
State Revenue Decrease (license restoration fees)	\$3,825,500	\$3,825,500	\$2,286,600

- The Office of Legislative Services (OLS) finds that the bill will potentially decrease the following revenues by varying amounts: a) annual New Jersey Motor Vehicle Commission (MVC) and Administrative Office of the Courts (AOC) administrative fee collections; and b) annual State, county, and municipal motor vehicle traffic fine collections. The OLS also anticipates an indeterminate decrease in annual MVC and AOC administrative expenditures.
- The OLS estimates the bill would lead to a reduction in the overall number of driver's license suspensions and therefore, a reduction in corresponding State, county, and municipal revenues related to license suspensions.
- The MVC currently requires payment of a \$100 fee for the restoration of any license or registration that has been suspended or revoked pursuant to any law or regulation. As the bill

reduces the need for license restorations, the OLS estimates this could result in a cumulative revenue loss of \$9.9 million over a three-year period.

- The OLS recognizes that the possibility of driver's license suspension may incentivize motorists to pay certain fees or fines so that suspension does not occur. As a result, the OLS estimates that the elimination of driver's license suspensions as provided for in the bill may result in decreased State, county, and municipal revenues, although it is uncertain to what extent given the constraints on available information.

BILL DESCRIPTION

The bill eliminates suspension of a person's driver's license as a penalty for failure to make required court appearances for outstanding parking tickets or failure to pay those tickets. Instead, the bill requires suspension of a person's motor vehicle registration for failure to make more than five required court appearances related to outstanding parking tickets or for failure to pay more than five of those tickets.

The bill requires MVC to provide notice to the municipal court when a registration is to be suspended and clarifies that the registration of the motor vehicle for which a citation was issued is that which is to be suspended.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will potentially decrease revenues from the following by varying amounts: a) annual MVC and AOC administrative fee collections; and b) annual State, county, and municipal motor vehicle traffic fine collections. The OLS also anticipates an indeterminate decrease in annual MVC and AOC administrative expenditures due to the reduced number of suspensions.

Based on data reported to the OLS by MVC between 2010 and 2019, the MVC issued, on average, approximately 685,325 suspensions each year, with 99,370 or 14.5 percent of those suspensions being attributed to unpaid parking tickets and enforcement of the "Parking Offenses Adjudication Act," P.L.1985, c.14 (POAA) that first authorized license suspensions for parking offenses. A 14.5 percent decrease in the number of suspensions that need to be processed and managed each year will decrease the annual administrative workload for the respective units within the MVC and AOC that are tasked with administering and managing suspensions. The OLS does not have access to pertinent information, such as insight into workflow decisions and staffing resources, to determine the scale of the decrease or details of how the MVC's and AOC's existing resources will be affected.

The bill will result in fewer summonses for driving with a suspended license which will in turn result in fewer court and administrative fees being collected and distributed to the AOC and MVC. Additionally, by decreasing the incentive to pay for outstanding parking tickets by eliminating the

deterrent of a possible license suspension, the amount of unpaid or pending parking tickets may increase.

In 1990, shortly after POAA went into effect, there were almost 4.4 million parking tickets that remained unpaid for longer than two months. By 2004, after POAA had been in effect for nearly fifteen years, that number dropped significantly to approximately 400,000. While the deterrent of registration suspension still remains, it can be expected that a sizeable portion of parking tickets may revert back to either going unpaid or having payment deferred for so long that the administrative costs associated with seeking payment outweigh the realized financial benefits of eventually receiving payment. Accordingly, the bill will potentially decrease annual State, county, and municipal revenue collections from outstanding tickets and the fees and fines associated with them. The OLS cannot quantify the reduction, as the amount will depend on the number, circumstances, and types of violations that are subject to summonses as well as the ability of the State, counties, and municipal governments to collect on the outstanding liabilities.

The MVC currently requires payment of a \$100 fee for the restoration of any license or registration that has been suspended or revoked pursuant to any law or regulation. As the bill reduces the need for license restorations, the OLS estimates there will be a decrease in MVC revenue from restoration fees. Based on data provided to the OLS by the MVC between 2010 and 2019, for every 200 suspensions that were issued each year, 77 restorations were completed. Applying this ratio and taking into account the average of 99,370 suspensions that can be attributed to unpaid parking tickets each year, the decrease in the number of restorations would be approximately 38,255 each year, over the next two to three years, until the reduction in restorations settles around the average number of suspensions that were previously attributable to unpaid parking tickets each year. The OLS estimates that this would result in a cumulative revenue loss of \$9.9 million over the next three years. For reference, in 2019, the MVC estimated that revenue from restorations of revoked driver's licenses for FY 2020 would be approximately \$19.3 million. However, any decrease in revenue caused by the reduction in restoration fees collected may be mitigated by the accompanying reduction in expenditures realized through the decreased administrative workload associated with administering and maintaining fewer license suspensions.

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.).