

PUBLIC HEARING

before

ASSEMBLY LAW, PUBLIC SAFETY AND DEFENSE COMMITTEE

on

ASSEMBLY BILL 166

(Changes the method by which vehicle agents would be chosen)

Held:
May 30, 1985
Room 346
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Joseph L. Bocchini, Jr., Chairman
Assemblyman Nicholas J. LaRocca, Vice Chairman
Assemblyman Frank M. Pelly
Assemblyman Robert J. Martin
Assemblyman William P. Schuber

ALSO PRESENT:

Aggie Szilagyi
Office of Legislative Services
Aide, Assembly Law, Public
Safety and Defense Committee

TABLE OF CONTENTS

	<u>Page</u>
Lucille Gaskill Motor Vehicle Agent Flemington, New Jersey	12
Charles T. Kroh Motor Vehicle Agent Williamstown, New Jersey	13
Patricia A. Main Motor Vehicle Agent Edison, New Jersey	18
John Hansbury Motor Vehicle Agent Baker's Basin	27
Kathy Edwards Motor Vehicle Agent Morristown, New Jersey	48
APPENDIX	
Statistical information and newspaper article submitted by John Hansbury	1x

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ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 166

STATE OF NEW JERSEY

ADOPTED FEBRUARY 4, 1985

By Assemblywoman **KALIK**

AN ACT concerning motor vehicle agencies, amending R. S. 39:3-3
and supplementing P. L. 1954, c. 48 (C. 52:34-6 et seq.).

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

1 1. R. S. 39:3-3 is amended to read as follows:

2 39:3-3. **[The director shall designate]** *a. There shall be at least*
3 *one person in each county for each 300,000 inhabitants or fraction*
4 *thereof [to] who shall be [his] the full-time agent of the director*
5 *for the registering of motor vehicles, issuing registration certifi-*
6 *cates and licensing of drivers, subject to the requirements of this*
7 *subtitle and to any rules and regulations the director imposes.*
8 **[The agent shall so act until his authority is revoked by the di-**
9 **rector]** *Five-year contracts for each motor vehicle agency shall be*
10 *awarded by the Division of Purchase and Property in the Depart-*
11 *ment of the Treasury pursuant to the provisions of subtitle 5 of*
12 *Title 52 of the Revised Statutes. All moneys received by such*
13 *agents for registrations and licenses granted under the provisions*
14 *of this chapter shall forthwith be deposited as received with the*
15 *State Treasurer. The fee allowed the agent for registration certifi-*
16 *cates issued by him and for every license granted by him shall be*
17 *fixed by the director on the basis of the registration or license fees*
18 *collected by the agent. The director may limit the fee so paid to a*
19 *maximum. Such fee shall be paid to the agent by the State Trea-*
20 *surer upon the voucher of the director in the same manner as other*
21 *State expenses are paid.*

22 *b. A person who has been awarded a contract for a motor vehicle*
23 *agency shall develop and implement a five-year plan for improving*

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 printed in italics thus is new matter.

1 2. (New section) a. Prior to advertising for contract bids for
2 motor vehicle agency contracts awarded pursuant to R. S. 39:3-3,
3 a 30-day public comment period shall be provided by the Division
4 of Purchase and Property in order to receive comment upon which
5 to develop the specifications and invitations for bids under section
6 7 of P. L. 1954, c. 48 (C. 52:34-12). The public comment period
7 shall be advertised in the same manner as advertisements for bids
8 are made.

9 b. Notwithstanding any other provision of law to the contrary,
10 the Division of Purchase and Property shall give prime considera-
11 tion in its decision to award a contract for a motor vehicle agency
12 to a bidder who is a resident of the county where the agency is
13 located or to a business entity which has its headquarters in the
14 county where the agency is located.

1 3. This act shall take effect immediately but shall remain in-
2 operative until the 90th day after enactment.

ASSEMBLY LAW, PUBLIC SAFETY AND DEFENSE
COMMITTEE

STATEMENT TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 166

STATE OF NEW JERSEY

DATED: FEBRUARY 4, 1985

The Assembly Committee Substitute for Assembly Bill No. 166 requires the Division of Purchase and Property in the Department of Treasury to award five-year contracts for motor vehicle agents. The bill requires a 30-day public comment period in order to elicit comments upon which to develop the specifications and invitations for contract bids. A person who is awarded a contract is to develop and implement a five-year plan for improving the quality and efficiency of a motor vehicle agency.

Prime consideration in the decision to award a contract is to be given to a resident of the county where the agency is located.

The Division of Motor Vehicles is required under the bill to promulgate rules setting minimum standards of operation to be met at each agency. A monthly report addressing each standard of operation is to be sent to the division by the agent.

The division is to conduct a review of each agency every four months to evaluate its operation. If an agency receives two consecutive inadequate performance evaluations, a hearing will be conducted to rescind the contract.

ASSEMBLYMAN JOSEPH L. BOCCHINI, JR. (Chairman): Good morning, ladies and gentlemen. Thank you for coming to our hearing this morning, especially those of you who are agents. I apologize for holding the hearing today, after having been informed that this time of the month is probably the busiest time of the month for the Motor Vehicle agencies. When planning our future hearings, we will be certain to schedule them more in the middle part of the month so they will not interfere with your business.

Keeping that in mind, unfortunately, I have to pass some information along to you this morning that, needless to say, I am quite perturbed about. The original purpose of this hearing was to consider Assemblywoman Kalik's bill, A-166, which would require competitive bidding for the selection of Motor Vehicle agents to replace the current discretionary appointments made by the Director.

We invited six agents from across the State, taking into consideration large-, medium-, and small-sized agencies; we requested that two from each of those size agencies be here this morning.

By way of background-- Let me state this at this time: At 9:30 this morning, I received the following letter from Acting Director Robert Kline of the Division of Motor Vehicles. For the members of the press, we will have copies for you after the hearing. The letter reads as follows:

"Dear Assemblyman Bocchini: Although I have not received any formal request to appear before your Committee on May 30, 1985, I do want to explain why I feel it should be inappropriate for myself, or anyone else from the Division, to appear at this time.

"My two previous appearances before your Committee were prior to the start of the current State Commission of Investigation study. That study is still underway, and I do not believe it would be proper at this time for the Division to make any statements that might reflect on the investigation, either directly or indirectly. However, I would be happy to appear following the completion of the SCI investigation.

"In the meantime, the Division is continuing to cooperate with your Committee, and with this hearing, by supplying you with written replies and documentation concerning all of your previous questions. We will be happy to continue that practice.

states very clearly, after the creation section, under Section 3, that: "At the direction of the Governor, or by concurrent resolution, the Legislature shall conduct investigations and otherwise assist in connection with the removal of public officers by the Governor, the making of recommendations by the Governor to any other person or body with respect to the removal of public officers, the making of recommendations by the Governor to the Legislature with respect to changes in, or additions to, existing provisions of law required for the more effective enforcement of law, the Legislature's consideration of changes in, or additions to, existing provisions of the law required for the more effective administration and enforcement of the law"— It goes on to indicate, under Section 4: "Investigation of departments or agencies," and nowhere -- nowhere that I can find -- under the statutes that created the SCI, is there a prohibition that the Legislature not be able to conduct hearings in relation to legislation. There is no prohibition which says that the Legislature cannot conduct hearings simultaneously while the SCI is investigating something of a similar nature.

The Assembly Concurrent Resolution that was passed dealt more specifically with the Taggart/Sears photo license issue. I acknowledge that SCI indicated subsequent to that that they were going to expand their investigation to include the issue of Motor Vehicle agencies and the question of the political aspects of those Motor Vehicle agencies. They indicated that: "It appears to the Commission that the current political controversy over photo license processing contracts may have its origins in the underlying deficiencies of operating an agency system strictly on a political basis, with little or no regard for sound business practice, and seemingly with even less concern for the system's public credibility. No public institution can survive if the citizens and taxpayers it is mandated to serve become convinced that it lacks integrity and candor in its public dealings.

"The Commission's investigative objectives will be to ensure that the essential integrity of public service is strengthened and preserved and that the many citizens with whom the Division of Motor Vehicles makes such close and constant contact receive a response to

complete our own investigation," I would certainly honor that request without any hesitation, because they are an arm of the Legislature. They were created by the Legislature. They exist as a result of a legislative enactment. But, I have not had that request. That request has never been sent in any manner, way, shape, or form.

So here we sit this morning with State government hiding in a closet, and I don't know why. I like Bob Kline. He is a nice person. I have been very candid with Robert through this entire scenario, since it started several months ago. Putting aside my personal disappointment with him, I cannot put aside the lack of candor, the lack of integrity, and the lack of forthrightness which is supposedly a hallmark of this Administration, as well as past and future administrations, when we allow ourselves to be put in a certain position because an investigative commission is conducting an investigation, and people will not come to a legislative Committee to discuss the pending legislation before it.

I know we have several agents with us this morning. In fairness to those of you who are here— We have Charles Kroh, an agent from Williamstown, Patricia Main, an agent from Edison, John Hansbury, from Baker's Basin, Lucille Gaskill from Flemington, and Kathy Edwards, an agent from Morristown. Since you are here, since you have taken the time to come down, I will certainly allow you to make any given statement that you choose to make this morning. However, I would indicate to the Committee, and to those of you who are here, that we are going to require another hearing. There won't be any questions asked this morning; your statements will be received if you want to give them.

Before we leave here this morning, I would request from the Committee that we look at our calendars to see if we can ascertain a mutually convenient date to reconvene this Committee for the purpose of further discussion. If I may, we might look at that at this time.

ASSEMBLYMAN SCHUBER: Mr. Chairman, if your statement is concluded, I would like to have the privilege of making a statement also.

ASSEMBLYMAN BOCCHINI: Certainly.

already; he has recommended it. The information you seek is considerable, and I don't think it was possible for him to get it in, in that short a time. So, he got it in a couple of days later than that. I don't think this Committee hearing should have been set up until you had the material, and it would appear that you didn't have it until this morning.

I think what we should do now-- I think this Committee should adjourn. I don't think there is any need to take testimony at this point until that information can be disseminated. Listen, I don't mind participating with legislators in a rational legislative inquiry. I have participated in a number of public hearings, and I have cooperated with this Committee considerably. But, I do not like being placed in the position of being a player in political theater. I think that is all this is.

ASSEMBLYMAN PELLY: Mr. Chairman?

ASSEMBLYMAN BOCCHINI: Assemblyman Pelly.

ASSEMBLYMAN PELLY: Mr. Chairman and members of the Committee, I would like to make a statement. I certainly take exception to my colleague, Assemblyman Schuber's, remarks, particularly with respect to us participating in political theater.

I received notification, as did everyone, to appear this morning to participate in a hearing which would affect Assembly Bill 166. All of us know that Assembly Bill 166 is not a new piece of legislation. It has been with us since the early 1980s. It has been reintroduced on two or three occasions. It has been objected to by my colleagues on the other side of the aisle with respect to releasing the bill from Committee. I can understand their reluctance to proceed with the release, and the ultimate signing into law, of legislation of this nature. But, I truly believe that the essence of this Committee hearing is to assemble the bill, A-166, into a form which can ultimately be voted upon by the full Assembly and sent to the Senate as expediently as possible.

This bill is needed by the State of New Jersey. We need to reform the system, and we need the participation of all of the agents in order to do this. I think what has occurred here today by the

explore this whole area of Motor Vehicle agents and dealerships within the State. There were some of us who felt that this Committee might be the appropriate forum to explore that area and, indeed, despite whatever the SCI may decide, I am not suggesting that we should relieve ourselves of looking into that area. I think we—

ASSEMBLYMAN BOCCHINI: (interrupting) If I may, Mr. Martin, just for one moment by way of clarification. I think if you go back and check the resolution, you will see that the resolution that was passed by the Assembly and the Senate deals more specifically with the photo license issue, rather than the Motor Vehicle agencies. And the SCI, by itself, indicated that it would expand its investigation. The Assembly, through an Assembly resolution, had requested that the SCI look into the photo license problem. That resolution did not deal with the Motor Vehicle agencies, nor was it requested by the Legislature that they analyze the question of Motor Vehicle agencies, which we were prepared to do, contemplated doing, and are presently attempting to do. Please continue.

ASSEMBLYMAN MARTIN: Well, Mr. Chairman, it was my understanding when we passed this that there were at least references made during the discussions, and certainly the SCI itself, given the authority to look into it, has indicated that it wishes to look at the bigger picture. I think certainly that this is the bigger picture. Regardless of the criticisms which might be leveled at the Division of Motor Vehicles for the way it attempted to set up the photographic license, this is certainly all part and parcel of the whole system of the way in which dealerships are selected and awarded.

Be that as it may, I think in the interest of efficient government — and I think that is something we are all concerned with — the fact is we have a State Commission of Investigation going on right now, looking at the very same matter that we are dealing with today. I understand and appreciate my colleague, Mr. Pelly's, concern with having some legislation, but I would not feel good in acting on any legislation, even through this Committee, while not having the results of the State Commission of Investigation's findings. It seems to me we would be acting hastily and almost in disrespect for what a

We are here to gather facts about the operations of the agents, how the agents and agencies operate, the details of their contracts, are there any abuses or complaints by the public, and whether it would be good or not good for the public to change the system of private agencies to a system of public agencies. I think that is the reason we are here today. This happens to be very important because most of the biggest complaints I hear in the heavy urbanized area of Hudson County are complaints which involve the agencies. I think we have an obligation to listen to them, regardless of the SCI conflict, or alleged conflict.

ASSEMBLYMAN BOCCHINI: For the record, I request Aggie to address a letter to Acting Director Kline, inquiring from him, in more detail, why he believes there is a conflict about him appearing before this Committee in relation to the SCI investigation. In addition, I would request that a letter be sent to the SCI, asking them if they have any objection to Acting Director Kline, or the Division of Motor Vehicles, participating at any future Committee hearing concerning this issue.

ASSEMBLYMAN PELLY: Mr. Chairman, may I suggest that the responses be made prior to June 15 so that in the absence of there being compatibility, a resolution can be prepared for the meeting on June 17 with respect to subpoenas?

ASSEMBLYMAN BOCCHINI: I will request in that letter that a response be received on or before June 14, which I believe is a Friday.

ASSEMBLYMAN PELLY: Mr. Chairman, would it be appropriate to put this in the form of a motion, rather than a directive from the Chair, so that it would have the weight of the Committee?

ASSEMBLYMAN BOCCHINI: I have no objection to that.

ASSEMBLYMAN PELLY: If you have no objection, I would so move to that effect.

ASSEMBLYMAN LaROCCA: I second.

ASSEMBLYMAN BOCCHINI: Discussion?

ASSEMBLYMAN SCHUBER: Mr. Chairman, I have no problem with regard to asking the SCI what their opinion may be, although I am not sure what type of an answer they can give us at this time. As to any

At this time, if there are any agents who would still like to give their statements, fine; we will take your statements. I am not going to elicit any questions at this point in time because I really want to review the material we have received. You will all be invited back. If you can't make it, I will understand; however, after this information is disseminated to the Committee members, I'm sure they will have questions of their own that they would like to see answered. Mr. Kroh?

CHARLES T. KROH: Mr. Chairman and members of the Committee: Since I traveled all the way up here from Williamstown today, I certainly don't want to leave without making the comments I came prepared to make. Whether they are going to fall on deaf ears or not, I don't know.

ASSEMBLYMAN BOCCHINI: Excuse me. Mr. Kroh, do you have a prepared statement as well?

MR. KROH: Yes, I do.

ASSEMBLYMAN BOCCHINI: If you have an extra copy, will you please give it to the transcriber? I'm sure she would appreciate it.

MR. KROH: Fine. In 1982, I applied for an appointment for the position of agent in the Division of Motor Vehicles at the Williamstown Agency. First I submitted a letter asking for consideration, and then, upon the request of the Director of Motor Vehicles, I submitted my resume for consideration. I was later contacted and asked to come to Trenton for an interview. I made the trip to Trenton to meet with Director Snedeker and Assistant Director Kline.

I was to have been appointed to my current position in October, 1982, but due to a suit filed by several previous agents, including the acting agent at Williamstown, a restraining order was issued by the courts and my appointment was delayed. Finally, the same judge that invoked the restraining order barring my appointment, and several others, withdrew the restraining order and I was permitted to take over the responsibility of the Williamstown Agency in November, 1982.

I would like to point out that the previous agent at the Williamstown Agency had not set foot inside the agency in six years

Not included in the above is the number of holidays that the agency is closed and the full-time employees are paid. These holidays do not generate offsetting income, and thus become an additional expense.

As you are quite aware of the payment schedule -- commissions -- paid to the local agent, let us take a look at the supposed get-rich-type business that I am in, according to published reports.

Assuming the above figure for gross payroll of \$2,385.00 per week is a constant figure -- and it basically is -- and the commission structure is applied, we can determine the number of transactions an agency must have each week to break even: $\$2,385.00 \div \$0.90/\text{transaction} = 2,650$ transactions; at \$0.70 per transaction, you need 3,407 transactions per week; at \$0.55 per transaction, you need 4,336 transactions per week; and, at \$0.40, you must have 5,962 transactions per week.

Last year, the Williamstown Agency averaged 3,386 transactions per week, so you can readily see that during the time I am receiving \$0.90 per transaction, I am making money. Once my commission rate drops, I am no longer in the same situation. Yes, I have heard many times how the previous agents made money, and I have been asked why I can't make money, since as reported in The Trentonian Saturday morning, April 30, 1983: "DMV agents cash in on fees...Hike ok'd by Kean Administration." The Trentonian reported that we agents would be making between \$60,000 and \$70,000 per year. They failed to report the real facts that we were required to increase our staffs and to basically be full-time agents, and that the money alluded to be going into the agents' pockets was really going to better staffs.

You know, how quickly one forgets about pay increases that employees expect each year. How soon we forget that employees in Motor Vehicle agencies do not work for the minimum wage. Or, take the headlines in The Trenton Times of Saturday, April 30, 1983: "'Giveaway' to Motor Vehicle Agents Alleged." The article goes on to say that Motor Vehicle Director, Clifford Snedeker, was accused of secretly creating a \$1 million giveaway in new fees paid to "patronage" Motor Vehicle agents.

ASSEMBLYMAN BOCCHINI: (interrupting) Mr. Kroh, I will receive your comments if you will keep them more in line with your agency and agency problems. We are not really discussing photo licensing today.

MR. KROH: It all ties in, Mr. Chairman.

ASSEMBLYMAN BOCCHINI: If you think so, then please proceed.

MR. KROH: If I didn't think so, I would not have prepared it the way I did.

We have people who want to take steps backward and do away with photo licensing, or just make it mandatory for those under age 21. You should be in a local agency when someone comes in who has had her pocketbook stolen, has lost her driver's license and checkbook, and who has had checks cashed from her account because the person who got her license could show identification for cashing that check. With a photo license this couldn't be done.

Talk to the trucker who has had trouble with identification out on the roads because he did not have a photo I.D. No, we don't want to talk about these things; we just want to throw rocks. We are not really interested in the major improvements that have been made in Motor Vehicles. We really just don't want the other guy to be able to decide who gets a job. That is really what this is all about. If it was any different, someone would have been out to the various agencies to see the problems we must cope with firsthand.

My staff really dreads coming in to work the day after an article appears in the local papers about the Division of Motor Vehicles. The papers say how bad we are, how incompetent we are, but they haven't been in to talk to us or to see what Motor Vehicle is all about. So, the people come in loaded for bear, and we get cussed at and abused. Two of my employees have been struck by members of the public because they couldn't do the work they wanted done. When a title is altered, we cannot accept it in a local agency. The public does not understand this. If a person has not transferred a title within 10 working days of the sale of a vehicle, there is a penalty. They don't want to pay the penalty, and we hear about it. When they change the mileage on a title, we cannot accept the title in the local

the newspapers are there reporting that the lines are out the door because they always come in on the last day of the month. They never come in in the middle of the month when we are running at full capacity and efficiency.

ASSEMBLYMAN BOCCHINI: If I may, Ms. Main, I have just been advised by our aide that it wasn't two days ago that you received the phone call. It was last Thursday, and subsequent to that a letter went out which indicated the public hearing would include a discussion of the selection of Motor Vehicle agents, the contract division between Motor Vehicle agents and the Division of Motor Vehicles, and the fees, commissions, and expenses of agents, as well as a discussion of plans and projects currently underway to improve the efficiency of the service provided by Motor Vehicle agencies.

Please continue.

MS. MAIN: I believe it was Friday — maybe it was Thursday — but I really believe it was Friday. I did not have time to— First of all, I was not requested to bring a written statement, which I would have if I had been requested to do so.

ASSEMBLYMAN PELLY: Excuse me, Ms. Main. Did you receive a written invitation to appear or not?

MS. MAIN: Just two days ago, yes. I have it in my pocketbook; it is dated, if you want to see it.

ASSEMBLYMAN PELLY: No, we have copies of it dated May 24.

MS. MAIN: Well, it did not go— I received mine two days ago telling me where I was to appear. In that letter I was told what was going to be asked of me, but now I am told we are not going to be asked any questions. None of us have ever appeared before a Legislative committee before, so we really did not know what to expect. You know, we came here kind of blind. We did not know you would be discussing the bill.

ASSEMBLYMAN BOCCHINI: We don't know what to expect sometimes ourselves.

ASSEMBLYMAN PELLY: Don't you think, Mr. Chairman, that maybe we can be helpful. For all of the agents, the purpose of this hearing is to address Assembly Bill 166, as indicated.

ASSEMBLYMAN BOCCHINI: Yes, ma'am.

MS. MAIN: I am just trying to find out so we will be prepared when we come down, and so we will know what to expect.

ASSEMBLYMAN BOCCHINI: I think if you take that letter which was dated May 24 and go back and analyze it, many of those items were suggested within the contents of that particular letter. If you anticipate a written questionnaire from us, I am not certain you will necessarily receive that from us as a Committee. You may receive questions directly from any one particular member of the Committee, unless the Committee collectively decides to put together some type of a general questionnaire.

MS. MAIN: I would just like to reiterate what Mr. Kroh said, especially about the bad press Motor Vehicle gets. If you took nine out of ten people who walk into our agency and asked them, "How do you feel about walking into a Motor Vehicle agency to do your business?" they would tell you that they are scared to death and that they dread it. I mean, next to the Unemployment Office, it is probably the worst place that anyone could think of going. One of the reasons is because the newspapers have been giving us such bad press, and they have not been in to see the positive things that have been done in the last three years under this Administration.

When I took over my agency, there were four people working for the State. When I walked into my agency, it was a disgrace. These people were getting all kinds of benefits as State employees. It was run haphazardly, with no care for the public whatsoever. We went from doing 115,000 items to doing approximately 240,000 items this year in the Edison Agency. I have 13 employees. I am a full-time agent and I work 50 to 60 hours, as do most of the agents in this State. There was never an agent who worked, as far as I know, under the last Administration, let alone full-time. Most of them didn't even work part-time. Most of them--

ASSEMBLYMAN BOCCHINI: (interrupting) That is your opinion, correct?

MS. MAIN: I know many of them who didn't. If you can give me statistics as to who worked--

MS. MAIN: Most agents spend 50 to 60 hours. We are open 50 hours a week. One of the pluses we have is that we have all just about become computerized. If the agencies are not computerized, it is because the Legislature has held up the leases. The Bureau of Real Estate has held up leases for them to get into buildings big enough to be computerized to better serve the public. I think if you want to better serve people, you should start passing bills that will get us the places we need to better serve people. That is more important than who is running the agencies. I think if you found out that most of us— We are business people, yes.

ASSEMBLYMAN BOCCHINI: If you want to get into questions, I have a ton of them here for you.

MS. MAIN: Well, I thought I was--

ASSEMBLYMAN BOCCHINI: (interrupting) If you want to make statements for which you are not going to give me supporting information, I am going to get to--

MS. MAIN: (interrupting) You have supporting information on me working 30 hours.

ASSEMBLYMAN BOCCHINI: Please-- If you want to give statements that cannot be documented, that are, in effect, heresay, they serve no purpose other than to be self-righteous and cause indignation for other people.

Now, I am willing to listen to everything you have to tell me about your agency and your problems and the way your agency is operated. If you care to document previous agents and the way other agencies have been operated, and present that to this Committee, it will be greatly appreciated.

MS. MAIN: I said I would do that, but I don't think I was talking about that now. I think you said that to me before, and I said, "Yes, I will get that information for you."

ASSEMBLYMAN BOCCHINI: Thank you. Is there anything else you want to say?

MS. MAIN: Well, I guess anything I would say would have to be documented, so I will make sure that I get documented information for you.

auditing system we are under. Also, how we must pay — which I don't think any of you are aware of — for any shortages that occur in our agencies and any mistakes that are made by our employees. If they do not charge a customer for an item, we are charged by the State of New Jersey, and we must pay that. If we are required by the computer to put \$23,000 in at the end of the night, we must put \$23,000 in; and, if we are short, we must make it up. We have field reps who come out two times a week to make sure that we do those things. We are closely watched. Our employees must cover every terminal, plus there is a receptionist who has been put in under this Administration. I think this is a big plus for the public, and if the press came out, they would find that the receptionist is very well received by the public. Now they can walk in the door and they are not scared to death; someone is there to help them.

I think these are all the positive things. If you are going to investigate, maybe we can give you some of the positive things that have been done since we have been there.

ASSEMBLYMAN BOCCHINI: We would like to hear them as well.

MS. MAIN: Thank you.

ASSEMBLYMAN BOCCHINI: Thank you.

ASSEMBLYMAN LaROCCA: Mr. Chairman, I don't think that any of us on the Committee are that naive that we don't know how these agents operate. It is in the contract. They get paid. There is a system. I don't think this should be belabored too much. Everyone is harping on it. I think the main purpose, or one of the important questions that I would like to have answered — possibly not today — is, how do you get the job as a Motor Vehicle agent? Is it better to get it one way, or is it better to get it another way? One of the ways is— I think everyone knows how you get the job. It is common knowledge. Now you have a specific bill, Assembly Bill 166. Shall we change the existing system — everyone knows what the existing system is — and go to a State operation of the agencies, as proposed in the bill? I think that is something we would like to hear, not today though, because of the Chairman's statement on behalf of all of the Committee members, that we do not have all of the documents.

I just wanted to clarify that for everyone here. Thank you.

life better for you even if the system remains the same, because the way people leave your agencies, regardless of who is in control under what administration, is still a reflection upon this State.

Your job is tough -- we understand that -- and in some instances it may be more financially rewarding than in other instances. I don't want to belabor it, but I just wanted to say that by way of clarification.

May we have Mr. John Hansbury from Baker's Basin, please?
Good morning, John.

JOHN HANSBURY: Good morning, Mr. Chairman. If I may, I would like to go through a brief statement which was very roughly prepared, as everyone can see. We were given short notice. It is the end of the month, and we are as busy as can be. The lines are out the door right now, and I dread what Baker's Basin looks like at lunchtime. It is New Jersey's largest Motor Vehicle agency.

In spite of the short notice and it being the end of the month, I would like to thank the Committee for the opportunity to appear before it. I am here as a result of your invitation, and I welcome the opportunity to allow the citizens of New Jersey to more fully understand the Motor Vehicle system as it now stands.

I would like to give you a little background on the situation. I think I ought to put on record right now that I am the Republican chairman in Mercer County, and I have been since 1980. I just want that on record because everyone knows what this is all about.

ASSEMBLYMAN BOCCHINI: Thank you for the information.

MR. HANSBURY: Okay? I don't think I surprised anyone in the room with that information.

ASSEMBLYMAN LaROCCA: Coming from Hudson County, I didn't know that.

MR. HANSBURY: You didn't know that?

ASSEMBLYMAN LaROCCA: That is very important. Please continue.

MR. HANSBURY: On December 6, 1982, 10 months after Governor Kean was inaugurated -- it wasn't the day after the inauguration, but it was 10 months after the Governor was inaugurated -- Motor Vehicle

MR. HANSBURY: Oh, you've been there, okay.

ASSEMBLYMAN BOCCHINI: You'll see me again in July, as a matter of fact.

MR. HANSBURY: All right. I welcome each and every one of you to visit Baker's Basin. You can visualize from the pictures how it looked.

ASSEMBLYMAN MARTIN: When were these pictures taken, Mr. Hansbury?

MR. HANSBURY: When?

ASSEMBLYMAN MARTIN: Yes.

MR. HANSBURY: They were taken in January, 1983, just prior to the remodeling that was done, the new counters that were installed, the new paint job, and so on.

I would also like to point out that the Baker's Basin Motor Vehicle Agency--

ASSEMBLYMAN BOCCHINI: (interrupting) The State takes care of the cost of that, is that correct?

MR. HANSBURY: Oh, yes. That was not at my expense. Baker's Basin has 1,900 square feet. That is all that agency has for the biggest and the busiest agency in the State. Presently, by comparison, new agencies opening up today have a requirement of 4,000 square feet. They are processing in Hamilton Township, as you know, a new agency that will be coming up soon. That agency will have 4,000 square feet. We have less than half of that space. This past year, 1984, the total volume the agency handled was 420,000 transactions. That is an increase of over 100,000 transactions in one year. At 300,000 transactions, anyone who knew Baker's Basin before knew that it was at its maximum of what it could handle. But we did squeeze another 100,000 transactions out of that agency.

Now, as a result of recommendations made by the task force that you referred to earlier, Mr. Chairman, Attorney General Degnan's task force, Motor Vehicle Director Snedeker announced a new compensation schedule to be effective March 1, 1983. That is the schedule that is presently in effect -- the 90-cent, 70-cent, 55-cent, and 40-cent schedule. If you compare the new compensation schedule to

\$168,428. In 1983, after the new schedule came in on March 1 — for that total year, Baker's Basin received \$164,664, or \$164,000 in round figures.

ASSEMBLYMAN BOCCHINI: Was that in commissions?

MR. HANSBURY: Yes, in commissions, compared to what the agent received in 1981 of \$168,000 in compensation. Yet, in our payroll, we were required— There are performance standards that we have to abide by, as Pat Main stated: the number of hours we have to work, the number of employees, and so on. We had to increase the number of employees. This was needed; there is no question about it. They were needed. So, our payroll went up to \$93,000 compared to \$66,000. I just want to point out a few things.

Under the new compensation plan which took effect March 1 — and I know that some reporters are in the room — the press did me in pretty good, or did my wife in at the time, about all the windfall profits that we made. That compensation schedule was effective March 1; however, the item count went back to January 1. So, the so-called 90-cent bonanza was never realized by Baker's Basin in 1983 because we had already done 50,000 transactions in January and February. We were now down to the 70,000 level, so on March 1, boom, \$70,000, or 70 cents per transaction was what took place.

ASSEMBLYMAN PELLY: Excuse me. How often are you paid for your transactions?

MR. HANSBURY: We receive a check from the State every two weeks. What they do is, they break down the first to the fifteenth, and then the fifteenth to the thirtieth, the end of the month. They send the checks every two weeks.

ASSEMBLYMAN BOCCHINI: And then you make your own payroll.

MR. HANSBURY: Then we have our own payroll to make. In fact, today is our payday and we haven't received our check from the State yet. But, you know, that is our problem. The employees don't want to hear about that.

I would like to revert to another area. I'm jumping around; I wish I had a prepared statement to give you. On May 26, 1983, Assembly Bill 3524 was introduced without reference or any public

whether or not you support this bill, whether you think there should be amendments made to this bill, or anything of that nature. That is what we are looking for. Your problems with the press should be dealt with with the press.

MR. HANSBURY: Okay. My problem is not with the press; my problem stems from a statement that was made by candidates running for governor that I should give the \$20,000 in commissions I received back to the State of New Jersey. I would like to follow through with that, and I think this is the opportune time to do it.

ASSEMBLYMAN PELLY: Oh, so your problem is not with the press, as you indicated previously. See, I don't understand problems with the press in that regard. Several other agents have said they have had problems with the press and they have castigated the press here today. We don't want to hear about that, truly, respectfully.

MR. HANSBURY: Okay, fine.

ASSEMBLYMAN PELLY: We really don't. We want to hear about how we can improve upon the system.

ASSEMBLYMAN BOCCHINI: We have been known to have a few problems with the press ourselves, John.

MR. HANSBURY: I'm sure. It is not a good thing to have a problem with the press because that is what people read. I will eliminate those comments.

Going back to Assembly Bill 3524, as I stated, it was suddenly introduced and passed. Why it was done without inviting agents in to find out why--

ASSEMBLYMAN BOCCHINI: (interrupting) John, you know, I am not going to be able to answer any questions concerning that. The record is very clear; it was vetoed by the Governor. I have the veto message here; I'm sure you have the veto message in front of you. So, if you want to read something from the veto message that you think applies to the agencies, go right ahead.

MR. HANSBURY: Okay, good, because I want to pass it out.

ASSEMBLYMAN PELLY: Mr. Hansbury, maybe I can get you back on track. What is your position with respect to Assembly Bill 166? We clearly understand your position in opposition to Assembly Bill 3524

I think this was referred to by Ms. Main in relation to the contract, and maintaining employee levels. It goes on to indicate: "And guarantee that the customer waiting time will never exceed more than 20 minutes." So, it cuts both ways. I don't know that any of the large agencies are able to maintain the 20-minute waiting period.

MR. HANSBURY: Depending upon the time of day and the time of month, I can tell you that it is a tough thing to do, to maintain the 20-minute turnaround time. In an agency such as ours where we run anywhere from 1,400 to 2,000 people through a day, to have them in and out in 20 minutes is tough.

I would like to end my statement here. Going back to 1983 again, as a result of the \$26,000 increase in payroll at Baker's Basin and the overall increases in operating expenses — there was inflation going on at that time — my wife had to borrow in excess of \$17,000 to meet the year-end expenses, to keep the agency operating, and to meet the payroll, expecting that with the start of the new year coming and receiving 90 cents for the first 50,000 items — now we were into 1984 — we would be able to justify or rationalize the borrowing of over \$17,000 in order to stay with the agency.

The point I am trying to make here is, during 1983, which was really her first full year in operation, the compensation was just not there for the expenses that were coming in with the increased payroll, and so on. We felt coming in at the new contract at 90 cents we would be able to justify borrowing the money, recoup it, and keep the thing going from there on.

Now, on January 1, 1984, along comes, as Mr. Kroh said, the present photo license program. Again, everyone here will recall that the legislation requiring the implementation of the photo license program was signed into law by former Governor Brendan Byrne in December, 1981, one month before he left office. I understand he previously vetoed the same legislation twice, obviously not wanting to get involved with it. But we are involved with it; we are in the middle of it right now.

As a result of the photo license program and the anticipated increase in volume—

ASSEMBLYMAN BOCCHINI: When I say you, I mean you in the form of the agency.

MR. HANSBURY: If I may simplify it, Mr. Chairman, it is what they call a double transaction. When a person comes in for a photo license, the computer makes it a double transaction. You get two items for every photo license that is done. Now, as you progress through the year in this regressive compensation plan, 50,000 items at 90 cents, you are getting \$1.80. Then it goes down to 70 cents, and you're getting \$1.40. I'm going to get into trouble if I have to multiply any more, but it keeps going down.

ASSEMBLYMAN BOCCHINI: I understand.

MR. HANSBURY: At the end of the year, in the major part of Baker's Basin volume, we get 80 cents per photo, a double item at 40 cents. Okay?

ASSEMBLYMAN BOCCHINI: You might want to go back to the Acting Director and to the Division of Motor Vehicles and indicate to them-- My recollection is clear, and I am certainly going to request of them-- I'm certain the representation was, and I stand to be corrected, that agents were receiving \$1.80, because I recall we analyzed the statute, and the statute spoke in terms of \$1.80.

MR. HANSBURY: I would be in favor of receiving \$1.80 all through the year, but--

ASSEMBLYMAN BOCCHINI: (interrupting) Director Snedeker and Acting Director Kline, and I believe others from the Division, testified as to \$1.80. Now, I'll go back and check those transcripts.

MR. HANSBURY: This, again, is part of the problem.

ASSEMBLYMAN BOCCHINI: Maybe you are being short-changed. Maybe they think you are receiving something you are not.

MR. HANSBURY: Maybe there are apologies in order from some people, but part of the perception the public has is that it is a bonanza. I will digress just briefly here. In an agency of our size when you are doing 420,000 items, the actual per-item charge, or compensation we receive throughout the year, is 51 cents -- 51 cents per transaction.

ASSEMBLYMAN BOCCHINI: Can you average that out?

MR. HANSBURY: They were told they had no choice; they had to get a photo. In fact, the computers were set up so that they wouldn't do anything but issue a photo license to them. So, people were coming in in droves, unhappy, ticked off, and taking it out on the Motor Vehicle agencies. Our volume in July was 42,000 transactions; in August, 43,000. That doesn't mean a whole lot to anyone here, but the month of March, everyone may recall, is traditionally the biggest month the Motor Vehicle agencies have because of commercial registrations. We did 40,000 transactions in March, so July and August were even bigger, busier than the month of March.

ASSEMBLYMAN PELLY: Who was the agent, you or your wife? I think I missed something.

MR. HANSBURY: All right. I am going to get into that. I will bring that up. My wife was the agent; I am now the agent, and I will bring that into the story here.

Once again, she wanted to resign and I convinced her to stay with it, that something would be done about the compensation problem and all of the other headaches and pressures with the agencies at that point. It was not until mid-September that I learned from the Director that there would not be any changes in the compensation schedule. Because my wife was operating at a deficit since reaching the 40-cent level in May, and because of the increase in overtime pay, my wife was once again forced to borrow money to get through the end of the year.

ASSEMBLYMAN BOCCHINI: John, you're taking a fair share of the time; that is for certain. I am not trying to limit you, but--

MR. HANSBURY: (interrupting) I only have a couple of more pages, okay? I want to get back to the business here. My wife was once again faced with borrowing money to get through the end of the year, still owing money from previous years. So, it was like -- whatever the term is -- it just didn't work out. She also had other obligations to meet before the year was out. She had to make good on more than \$3,000 that -- as the previous witness testified -- was what we call shortages at the agency. She owed over \$3,000 to the State to make good for shortages. This was due to bad checks and, I am still convinced in my mind, computer errors which came up. Suddenly

MR. HANSBURY: Exactly. That is where the charges started flying, and so on. It was a difficult time for my wife, trying to make it through this past year. It was difficult on all of the Motor Vehicle agents because of the photo license headaches and everything else that took place. Just to give you an idea, overtime for 1984 resulted in 1,528 hours because of the increased hours we had to operate. The cost of that overtime was--

ASSEMBLYMAN BOCCHINI: (interrupting) Excuse me, John. Is your wife still on the payroll?

MR. HANSBURY: Is she on the payroll?

ASSEMBLYMAN BOCCHINI: Still?

MR. HANSBURY: She is not on the payroll per se. She is married to me, so whatever I have is hers as far as that is concerned. She does not receive a paycheck.

ASSEMBLYMAN BOCCHINI: So, when you came on in November, she was off then?

MR. HANSBURY: Right. Well, as the agent, she was not on the payroll anyway. You are not on the payroll as an agent. The figures I gave you before did not include any agent compensation. If it is an incorporation, it is a little different story. The owner of the corporation--

ASSEMBLYMAN BOCCHINI: (interrupting) Can still be an employee of that corporation.

MR. HANSBURY: Yes, he can still be an employee, but we are the sole proprietors of the business.

ASSEMBLYMAN BOCCHINI: Okay.

MR. HANSBURY: The overtime, again, for 1984, amounted to--

ASSEMBLYMAN BOCCHINI: (interrupting) When you say we, then, in effect, it is a family business?

MR. HANSBURY: Well, as it turned out, at the end of 1984, or during 1984, it was a family business because I started going in there, I guess it was sometime after May or June, when the volume was so horrendous and all of the problems were cropping up. I was spending more and more time there, and I guess it was in August, I was there full-time just working as a part of it. Baker's Basin is a unique

running it because he was the low bidder. We will have big problems — big problems — if that happens. A lot of study has to go into this. A lot of study has to go into the selection — whether or not this bill is passed — of whether it will be by low bid or not.

To sum up, presently we have 12 full-time permanent employees at the agency, one part-time permanent employee, who works four days every week as our cashier — she helps out as the cashier and puts in a full day — and three full-time temporary employees, who are summer help, college students who are home right now, who come in to help us get through the vacation time and what have you. We have a total of 16 employees at the Baker's Basin agency, as compared to what I mentioned before.

ASSEMBLYMAN BOCCHINI: So, you have increased from when you started? Have you been carrying 16 since you began the agency?

MR. HANSBURY: No, it increased as the compensation plan came in. On March 1, 1983, we added two new employees. Then with the photo licensing we added two new employees. In-between we have added employees as the work load increased. To put out 420,000 transactions, to handle that many transactions in 1984, it took a great deal of work. We had to put on a lot of help and there was a lot of overtime. The Division has asked why not do it by shift work or by having part-time help come in. You don't train part-timers to come in and look at titles from 50 other states and have them try to read the title to determine whether or not it is altered. You have to know what you are doing. The women who work up at the agency, and I am sure at all of the agencies, are very experienced and knowledgeable about Motor Vehicle business.

ASSEMBLYMAN BOCCHINI: John, did you give up your insurance agency or company?

MR. HANSBURY: You might say that I have temporarily. I am self-employed as a life insurance agent. I guess I saw the office the other night about eight o'clock when I stopped by. The company I write business for can verify the amount of business I have written in the past six months, which is almost nonexistent. So, in essence, being self-employed, I have the flexibility of doing what I am doing at this

MR. HANSBURY: I'm glad you brought this up. There is one other point I would like to put on the record. Again, this can be justified--

ASSEMBLYMAN LaROCCA: (interrupting) Yes, I don't think we want any more forms.

MR. HANSBURY: (continuing) --from downtown, too. The Motor Vehicle agencies take in a lot of revenue for the State of New Jersey. Again, I don't mean to put down the other agencies in the area, but Baker's Basin is the largest. In 1980, the agency took in \$6.4 million in revenue for the State Treasury. Out of that, \$115,000 was paid to the agent to run that agency. That is 1.8% of the money taken in. In 1981, \$6.4 million was again taken in. The agent received \$168,000. That was 2.6% of the volume of revenue brought into the State. In 1982, \$6.9 million taken in; the agent received 2.2%. In 1983 -- my wife took over at the end of 1982 -- she increased the revenue to the State of New Jersey to \$7.5 million, more than \$1 million in revenue to the State. The increase in compensation--

ASSEMBLYMAN BOCCHINI: (interrupting) You better check with them, John. They told us here that you gave them \$8.8 million.

MR. HANSBURY: No, I'm talking about 1983. That was the next year, 1984.

ASSEMBLYMAN BOCCHINI: Oh, excuse me; 1984, right.

MR. HANSBURY: In 1983, \$7.5 million was taken into the State coffers. The State paid my wife \$164,000, less than was paid in 1981 for \$6.4 million. It cost the State 2.1% to operate the agency. In 1984, \$8.8 million was taken in. The State paid out \$236,000 to operate that agency. That is two-tenths of 1% that the State paid to operate Baker's Basin in 1984. We increased the revenue to the State over a three-year period from \$6.4 million to \$8.8 million at a cost of two-tenths of 1% to the State. We have someone there telling me that I should return \$20,000 to the State of New Jersey. Maybe putting it out on bid it should be set up that a percentage of the revenue brought into the State-- Maybe the compensation schedule should be set up on that and we'll see what happens.

MS. MAIN: (from audience; not near microphone) Yes, he is; however, I was not appointed by the Republicans. There was someone else there, and I was his manager. His wife passed away, and the Director asked me to take over.

ASSEMBLYMAN BOCCHINI: Okay.

MR. HANSBURY: I believe there is one other, Frank DeLello, up in Warren County. He is a county chairman and he has the agency up there.

ASSEMBLYMAN LaROCCA: Mr. Chairman, I would like to hear from whomever else is here. Also, I would like to suggest that if we have any future hearings like this, and I think we will, I would like to hear from some agents who are in minority districts and some agents who run very small agencies. I would also like to see, from the public, what their complaints are.

My constituents-- I have a girl, and all she does is listen to complaints. According to the few agents here, everything is hunky-dory. They're making money and all that. I would like to hear the other side. This is just a suggestion so that the other members of the Committee and I can have both viewpoints.

ASSEMBLYMAN BOCCHINI: John, is there anything else you want to add? There is one more agent here, and I want to conclude this by one o'clock.

MR. HANSBURY: No, thank you.

ASSEMBLYMAN BOCCHINI: Before I--

MS. MAIN: (interrupting) I just want to ask a question before you call someone else up. You told me there was not going to be a hearing today, that we were not going to be answering questions, and we would not be able to present anything. I see it has changed now. Assemblyman LaRocca said he would like a hearing set. We are willing to give you answers, but if I had known you were going to start asking questions of some and not others-- I would be glad to answer all of your questions, to let you know salaries--

ASSEMBLYMAN BOCCHINI: (interrupting) I don't really think we have gone into any question answering. We had a confession of sorts from Mr. Hansbury as to what happened with his agency.

All in all, I think that no matter what position you're in, people are not going to be wholly satisfied. However, I think Motor Vehicle has come a long way, and I think they compensate for the people in this Administration. They have tried to make people able to do just about everything, whereas before the public had to go through Trenton. So, I think Motor Vehicle has come a long way in the last couple of years, and I think it is going to go further. I think everyone is trying really hard. That is all I wanted to say.

ASSEMBLYMAN BOCCHINI: Thank you, Kathy.

ASSEMBLYMAN MARTIN: Mr. Chairman, I would just like to say I don't know Ms. Edwards at all, but I happened to be in her agency yesterday, although not as an Assemblyman. I wasn't dressed like an Assemblyman, and I didn't identify myself in any way as a State official.

ASSEMBLYMAN BOCCHINI: What were you dressed as, Robert?
(laughter)

ASSEMBLYMAN MARTIN: I was on my way to play a round of golf. I stopped into the Motor Vehicle agency dreading the time I would have to spend there. I got in and out in about five minutes. The woman I spoke to was very courteous. I just think that is a testament to your agency, Ms. Edwards.

MS. EDWARDS: Thank you. We try to practice courtesy. I know we have gotten three flower arrangements in the last month and a half. That is sort of unheard of, people saying, "Thank you for the courteous treatment." So, we do try, and I think it is because of the incentive given to us under this Administration. It has worked out pretty well. Thank you very much.

ASSEMBLYMAN MARTIN: The parking in Morristown--

MS. EDWARDS: (interrupting) Is not good. Thank you again.

ASSEMBLYMAN BOCCHINI: We are going to send that letter to the SCI and, also, to Acting Director Kline. I don't see the sense of setting up another hearing until we get responses from those letters. Do you agree, Frank?

ASSEMBLYMAN PELLY: Yes.

ASSEMBLYMAN BOCCHINI: That is the information we need, Mr. Kroh, you know, your thoughts concerning that. Thank you.
This hearing is adjourned.

(HEARING CONCLUDED)

APPENDIX

PROJECTED TOTAL ITEMS FOR 1984	420,000
PROJECTED INCOME FOR 1984	215,500
AVERAGE INCOME PER ITEM	.513

AGENCY WITH TOTAL OF	300,000	ITEMS
INCOME	167,000	
AVERAGE INCOME PER ITEM	.556	

AGENCY WITH TOTAL OF	200,000	ITEMS
INCOME	127,500	
AVERAGE INCOME PER ITEM	.637	

AGENCY WITH TOTAL OF	150,000	ITEMS
INCOME	107,500	
AVERAGE INCOME PER ITEM	.716	

JUN 12 1985

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