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PUBLIC HEARING

before

SENATE LAW, PUBLIC SAFETY AND DEFENSE COMMITTEE

"Continuation of February 25, 1991 hearing to receive testimony from individuals and organizations on the recently announced plans to change the standards and procedures for the motor vehicle inspection system administered by the Division of Motor Vehicles"

(See previous transcript dated 2/25/91)

March 11, 1991
Room 407
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Senator Thomas F. Cowan, Chairman
Senator John A. Girgenti
Senator C. Louis Bassano
Senator Joseph Bubba

New Jersey State Library

ALSO PRESENT:

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

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Hearing Recorded and Transcribed by
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Trenton, New Jersey 08625



New Jersey State Legislature

**SENATE LAW, PUBLIC SAFETY
AND DEFENSE COMMITTEE**

STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625-0068
TELEPHONE: (609) 984-0231

THOMAS F. COWAN
CHAIRMAN

RONALD L. RICE
VICE-CHAIRMAN

JOHN A. GIRGENTI
C. LOUIS BASSANO
JOSEPH BUBBA

NOTICE OF PUBLIC HEARING

AND

COMMITTEE MEETING

TO: MEMBERS OF THE SENATE LAW, PUBLIC SAFETY AND
DEFENSE COMMITTEE

FROM: SENATOR THOMAS F. COWAN, CHAIRMAN

SUBJECT: PUBLIC HEARING AND COMMITTEE MEETING
March 11, 1991

*The public may address comments and questions to Aggie Szilagyi,
Committee Aide, or make bill status and scheduling inquiries to Penny
Hoffman, secretary, at (609) 984-0231.*

The Senate Law, Public Safety and Defense Committee will hold a public hearing on Monday, March 11, 1991 at 10:00 a.m. in Room 407, State House Annex, Trenton. This hearing will be a continuation of the one held on February 25, 1991. The subject of this hearing is:

MOTOR VEHICLE INSPECTIONS

The committee will continue to receive testimony from individuals and organizations wishing to comment on Governor Florio's recent announcement of changes to the emissions testing and safety components of the motor vehicle inspection system administered by the Division of Motor Vehicles.

Persons presenting written testimony should provide 10 copies to the committee aide on the day of the hearing. Depending on the number of persons who are scheduled to testify, the Chairman may impose time restrictions on oral testimony in order to accommodate everyone.

(OVER)

Issued 3/1/91

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SENATOR THOMAS F. COWAN (Chairman): Good morning. I'm sure that as everyone is aware, we have a regular agenda today, but we will be beginning with the continuation of our public hearing concerning the motor vehicle situation that exists. We'll note, too, that several of the Committee members are not here as yet. One will not be here today, Senator Rice. Senator Bubba has indicated that he will be late. I think that as long as it is a public hearing and everything is being transcribed, we will continue on, as of now.

The first person to testify this morning is Nicholas Di Furia. Nick? We also have-- You're from Local No. 518?

N I C H O L A S D i F U R I A: Local No. 518.

SENATOR COWAN: And Don Philippi is here from Local No. 195.

D O N A L D R. P H I L I P P I: And Dave Baker, Director, Public Division, Service Employees International Union, from Washington.

SENATOR COWAN: Don, you're also going to testify jointly?

MR. PHILIPPI: Right. Thank you, Senator.

SENATOR COWAN: Very good.

MR. Di FURIA: Good morning, Senator, members of the Committee. My name is Nicholas Di Furia. I'm President of Local No. 518, SEIU. I represent employees of Motor Vehicle Inspection. I'll begin by quoting the Governor, who stated that he had accepted the Commission's recommendation to do away with vehicle inspection in favor of privatizing it. He also stated, "For once, we will be listening to the drivers of New Jersey, who have been saying for years that something is wrong with our inspection system."

How can the Governor make such a statement when every poll taken shows support for vehicle inspection? In 1981, better than 80% were in favor of vehicle inspection, and a poll taken by The Star-Ledger just last month, shows more than half

of the residents would like the State Motor Vehicle Inspection System to remain unchanged. Also, better than 80% favor yearly inspection. Studies also show states with safety inspections experience fewer fatalities than states without safety checks.

Governor Florio, in accepting the Commission's recommendation to eliminate vehicle inspection, will be eliminating the best system in the country, and will add more costs to the drivers of New Jersey.

On February 25, a representative from Hamilton testified that they could offer more hours, or even a double shift, to better serve the public. Question: Where will the money come from for these additional services? He also stated that a number of State employees could be absorbed as a condition for contracting. Question again: Will they also be willing to absorb our pensions, seniority, vacation, wages, and accumulated sick time? I think not.

Many members of our union are self-supporting women, and because New Jersey is an equal opportunity employer, many minorities will be hurt by privatizing vehicle inspection.

In the past 10 years, more women and minorities have been employed by the Department of Motor Vehicles. Many of these employees, like myself, left the private sector for job security in State government.

The estimated \$22 million for vehicle inspection did not create the State deficit. To subsidize a private vendor \$36 million to \$90 million, will only add to the State deficit. Instead of subsidizing a private vendor, use that money to purchase the new analyzers, modernize inspection stations that are needed, hire personnel that is urgently needed. Then there will be no long lines at inspection stations; lines that were created by the elimination of Saturday and night hours, a job freeze, additional duties, and a budget cut.

Registration fees were raised to bail out the JUA. Why not raise the registration fee another \$2.50 to save our inspection system, which over 80% of the public wants? It will be a lot cheaper for New Jersey drivers, and will save the jobs of our members and the security of their families.

Thank you.

SENATOR COWAN: Thank you. Any questions for Nick? (no response) All right. How many people are employed by the Division?

MR. Di FURIA: We have currently about 602 -- around 600 or 602 -- and we have various duties other than vehicle inspection.

SENATOR COWAN: What is the estimated cost? I'm sure you must have some idea?

MR. Di FURIA: Twenty-two million dollars.

SENATOR COWAN: Does your figure come up about the same as the administration figure that has been projected? That's their figure, \$22 million.

MR. Di FURIA: That's their figure. I don't have a figure.

SENATOR COWAN: You must have some idea of what the labor cost estimate is, right?

MR. PHILIPPI: We have some idea, Senator. I passed out to the Committee, last time, an article from the Home News. The original statement was, the Governor was going to eliminate motor vehicle inspection and save \$22 million. The First Assistant Attorney General, and the new Director -- Acting Director, Lee -- went out to editorial boards and said, "Oh, no. That's a mistake. We were completely wrong. It's now going to cost between \$36 million and \$90 million." So their figures are way off.

SENATOR COWAN: No. What I was asking for--

MR. PHILIPPI: Their figures are way off. They are estimating now the cost between \$36 million and \$90 million.

SENATOR COWAN: I know what you are saying, Don, but what I was asking of Mr. Di Furia, as the labor representative -- for some idea of what the labor cost is.

MR. Di FURIA: Well, our membership is about--

SENATOR COWAN: I'd like to see-- And this is for my own information. I'm sure the rest of us (indiscernible; witness and Chairman speaking at same time) because we can get this from the administration.

MR. Di FURIA: Right. The average salary is about \$27,000.

D A V I D E. B A K E R: Senator, we are in the process of doing an analysis of the New Jersey budget that Nick sent to us, and we can give you the precise figures.

SENATOR COWAN: Did you also wish to make a statement then, Don?

MR. PHILIPPI: First, I'll let Dave Baker, from the International Union--

MR. BAKER: Thank you, Mr. Chairman, and members of the Committee. Thank you for the opportunity to present the views of the Service Employees International Union at this public hearing on motor vehicle inspections.

The Service Employees International Union represents 960,000 working men and women in the United States and Canada, including 525,000 public employees. Among those public employees are the 602 members of the SEIU Local No. 518 which, along with IFPTE Local No. 195, represents the employees of the Division of Motor Vehicles who perform the motor vehicle inspections in the State of New Jersey.

My name is David Baker. I am the Director of the Public Division of SEIU. In that capacity, I work with our public sector locals throughout the country on public policy issues and legislation.

It might be relevant to note, Mr. Chairman, because of the subject of this public hearing, that I am a former police

officer. I worked as an accident investigator on the streets and highways of the city of Memphis, Tennessee for 14 years. Memphis was one of the first cities in the United States to establish a motor vehicle inspection program as part of the traffic safety program, in the early '30s.

SEIU supports comprehensive motor vehicle inspections, which include both safety inspections and emissions testing required by the 1990 Clean Air Act. We think there is ample evidence to support the proposition that safety inspections have a significant impact on the reduction of motor vehicle accidents. You have already heard from people more qualified than am I on that issue.

I am here to discuss the proposal to privatize the Motor Vehicle Inspection System in New Jersey. In a few words, that is a bad idea, both as a matter of public policy and financially.

We are very much aware of the tight financial situation in this State. Almost all of the states in the Northeast have been hit hard by the economic slowdown and bad tax policy, but hard times at the budget table do not justify going down the expensive road of privatization.

The State of New Jersey has an inspection infrastructure already in place. Yes, it's in need of modernization. Yes, it requires new equipment and training. But the present work force is fully capable of meeting the challenges presented to it if given the opportunity.

Mr. Chairman, I assume you don't have to be reminded that there will be costs associated with bringing in a private contractor. It seems people are trying to give the impression that private vendors are chomping at the bit to come to New Jersey and give away their equipment and expertise. Well, we know that is not the case. A fundamental tenet of private enterprise is the profit motive. Therefore, any arrangement with a private vendor will have to include the cost of

establishing the system, buying the equipment, hiring and training the personnel, and factoring in a profit. In addition to those costs, the State will have to pay for monitoring the performance of the contractor.

I hope it is not the position of the proponents of privatization that the State of New Jersey is incapable of providing the best motor vehicle inspection system in the country. With proper management and utilization of the present work force, which after all has a proven commitment to the State of New Jersey, an inspection system the envy of the nation can be created; not by some corporation whose commitment to the State lasts as long as the term of a contract, but by people who work, pay taxes, and raise families right here in the State of New Jersey.

We have seen case after case across the country, where private vendors come in making the case that they can do something cheaper, better, and more efficiently. Then, when the bill starts coming due, we find that when the total costs are factored in, the contracted out work turns out to be more expensive than if the service had stayed with the public sector.

You can't just look at the direct cost of the contract. You have to look at the costs of administering the contract, the personnel costs related to either retraining, transfer, or layoffs of the current work force. It has been suggested that some of the current inspection work force might be employed by the successful bidder for the inspection program. At what salary? At what benefit level? Do the years of service with the State of New Jersey get credited for vacation, sick leave, and retirement?

You might be saying to yourself: "Well, the union guy finally got around to his self-serving interest." If you are thinking that, you are absolutely correct. I don't apologize for representing our members. But the point I want to leave you with is that you can have the inspection program you want

and that the law requires, while at the same time making sure that the people of the State are well served by a public work force dedicated not to making a profit, but to providing the best program.

It's not hard. All it takes is a commitment to do it.

Thank you, Mr. Chairman.

SENATOR COWAN: Any questions of this witness?
Senator Bassano?

SENATOR BASSANO: I agree with the statements. I have to agree with what he said.

SENATOR COWAN: Don?

MR. PHILIPPI: Thank you, Mr. Chairman and members of the Committee. My name is Don Philippi, Business Manager of Local No. 195 of the Professional and Technical Engineers, representing some 8000 workers, including workers who work for the Division of Motor Vehicles, namely the people who handle the licensing, the driver testing, and the inside examinations.

We have a joint contract with Local No. 518 to represent the people in that bargaining unit, and we are very concerned that the figures that have been thrown around to mislead the public-- When a Governor goes out and says he is going to save \$22 million in a statement in the State of the State Message, and the figures turn around costing the State between \$36 million and \$90 million, and you have to have the two top people -- one from the Attorney General's Office and the other a Director -- go out to these editorial boards and now say that, "We were wrong--"

That's what the article says: "Auto inspection plan surrounded by misconception." What's the public supposed to believe with all these figures going around? The point is, you have qualified people here to run it. With training and new machinery, these people can run it.

We're doing, in-house, the CDL -- Commercial Driver Testing Program. We're doing it in-house. It takes a lot of

training to run that program; to do that. That's an extensive program, to license probably pretty close to 3 million drivers. Our people are doing it. We're doing a good job with that. The test is given on computers.

I don't want to hear some contractor up here saying that -- putting down our workers in New Jersey -- saying that through training they can't run this new equipment. We feel we can do a good job running new equipment with the proper training.

Now, the management at Motor Vehicle knew for three years, all right, that the testing that they were doing was not up to the EPA standards. Don't throw the blame on the workers again. The workers aren't creating the long lines or creating the problems. They knew over there -- they had the figures -- that the test wasn't proper. They just let it roll on and roll on and do what they are doing. We feel that those changes in the Department and the Division of Motor Vehicles aren't necessary.

I just want to bring out a few other factors: One is, nobody has talked a lot about the buses, especially the school buses and the vans that drive the retarded; the inspections done by our people, all right? Who's going to be doing that? Nobody has said who is going to be doing this type of inspection. I don't think you are going to allow school buses and vans to go on the road without some type of inspection. I mean, we've seen a lot of bus acts before. At least Senator Bassano has bills in for all types of safety for things with regard to buses. Nobody is telling a lot about the windshields that our people inspect, or check the insurance and registration. These are all things that are checked. If they are not checked, do you think people are going to buy them, or keep them up to date? We don't think so. We think there has to be some check.

These are just a number of things that are done through the inspection system to protect the safety of everybody's family in New Jersey. I think, as Dave Baker from the International Union -- the SEIU -- says, we're not self-serving. We think we can do a good job at inspections. Our workers didn't cause the long lines. They cut the staffing, they cut the budget, closed the centers-- Right in your district, Senator Cowan, one of the centers-- They shut down Deptford. They gave you a resolution by the Freeholders saying it was one of the best operations going, at Deptford. Now, those residents down there have to come all the way to Trenton. This is not right. This is not right.

So, we're here to support the inspection system, and we hope that your Committee would do the same.

Thank you very much, Senator.

SENATOR COWAN: Thank you, Don. How many people do you represent?

MR. PHILIPPI: We represent approximately 120 people. They do some of the driver testing. They give the written test and they do a lot of the paperwork for when people initially come in to sign up. They schedule the people for testing. That's probably the main group.

SENATOR COWAN: I'm talking about the--

MR. PHILIPPI: Then we have some craftsmen who go out and take care of the scales at the locations and make repairs and put in the booths that had to be built for the computers to do the testing for the CDL. We have carpenters and other craftsmen who do specialized work at the centers, too.

SENATOR COWAN: So we're talking then a total, sum and substance, between the two locals, that you have somewhere in the neighborhood of 730 to 740 people that you actually work with--

MR. PHILIPPI: Right. Yes.

SENATOR COWAN: --in the field out there. And there is no other local union involved? That's the total sum and substance--

MR. PHILIPPI: No, it isn't. CWA has clerical people and management people all involved in this.

SENATOR COWAN: Do you have a question, Senator?

SENATOR GIRGENTI: Yes. Any one of the three of you could probably answer this, but-- The argument was made here before us in the past that privatization would save money. Now, you seem to be saying the opposite. Maybe you can go into that in a little more depth in terms of how you feel it is going to cost money instead of save money.

MR. BAKER: Senator, there has been a move in the last 10 years or so in this country, not just in New Jersey but throughout, to privatize. The argument being that it will save money and that the private sector can do it better because they have all the incentives to do things more efficiently. I think the fundamental premise is poppycock, frankly; that private sector workers are more efficient than public workers.

Typically, when contracts are bid, the direct cost is the only thing factored in. So, if you take a total program -- let's say a public program -- it costs \$100 million and they say they can do it for \$80 million. The difference is in the fact that the administration of the contract is not factored into that bid, because the contractor is talking about their cost.

The costs of dislocation are rarely factored in. We're doing a project in Los Angeles County now, where there is massive privatization. The impact upon the Human Services Departments of the County directly resulting from the elimination of several thousand public jobs is not factored in. In case after case, when those kinds of factors are brought to bear, we've shown that contracting out costs money rather than saving money.

We'd be glad to provide the Committee with any of those cases.

SENATOR GIRGENTI: Well, if you can. I'd like to see some of that, if you have that documentation.

One of the things we saw is that there is going to be attrition, according to what was presented to us in terms of the people who are presently some of your employees. Do you have any idea, in terms of how many people we are talking about, of your work force, who would probably retire or whatever in the next year?

MR. Di FURIA: In Local No. 518 the most you would get is anywhere from 15 to 20 people. Our Local is mostly young.

SENATOR GIRGENTI: All right. So then we heard in the last presentation, at the last hearing, I think you were here--

MR. Di FURIA: One-hundred-forty.

SENATOR GIRGENTI: --that the benefits that have been given out in the private sector would be comparable, or even better. Has that been the case, as far as--

MR. PHILIPPI: No. That's not what he said. He said the benefit package in that certain state -- all right? -- was better than they were getting.

SENATOR GIRGENTI: No. I'm only saying, you know--

MR. PHILIPPI: Wait a minute. I don't think his benefit package compares to our benefit package. If it does, I want to see it, all right?

SENATOR GIRGENTI: I'm telling you what was told us.

MR. PHILIPPI: Don't get hoodwinked by his statement that his benefit package was better in the city of Houston, or something. I want to see if it's better than the benefit package that we have in New Jersey.

MR. BAKER: If I may say, Senator, that whole proposition -- and we've heard it across the country -- is illogical. To say that I am going to pay workers the same as the State of New Jersey is going to pay them, I'm going to

provide them the same benefits, and I'm going to buy equipment, plus I'm going to throw a profit motive in there, somehow I can do it cheaper than you can do it, makes no sense to me.

SENATOR GIRGENTI: Who would conduct a roadside inspection? Do you presently do that?

MR. Di FURIA: We presently do that, but if they will privatize it-- And again, they talk about having mobile units out there. If they are going to have mobile units out there, they also need analyzers out there, and if they analyze out there, how are you going to have it centrally, you know, adapted with the lines to be centrally--

SENATOR GIRGENTI: So you're saying, actually, because of the fact that they are going to have an increase in the amount of mobile units, they are going to have an extra cost, in terms of the whole thing, because of the analyzers that are needed?

MR. Di FURIA: Right, if they--

SENATOR GIRGENTI: Additional equipment.

MR. Di FURIA: Well, if they add, right. I couldn't see how they could do it without the telephone lines for the analyzers, to be centrally hooked up with the whole system like they are saying they want it.

SENATOR GIRGENTI: Well, I apologize for walking in late, but I was just held up in traffic. Maybe you touched on this. The equipment that they are talking about, are you familiar with this: that it is going to cost so much more now as a result of the new regulations that are coming down? Is that the case as you have seen it? Do you know that, or is that something that you would understand?

MR. PHILIPPI: They knew three years ago from reports from the EPA that the test they were doing was not satisfactory. They didn't do anything about it then. The point is, everybody says these regulations are coming down, nobody knows when they are coming down or what they are going to say.

As far as the equipment is concerned, I think Nick or Mr. Baker might be more familiar with it.

MR. Di FURIA: In the past, every time we had new analyzers, EPA supplied the money to DEP, and they bought the analyzers. Now, you know, now they don't want to buy the analyzers, which I understand could run from \$15,000 apiece.

SENATOR COWAN: Well, in that sense Nick, we've heard all kinds of prices, but we haven't got anything solid yet as to the actual cost.

MR. Di FURIA: Right. There are all different prices out there.

MR. PHILIPPI: The point is, they claim that Federal funds pay for it, so are they paying for it?

SENATOR COWAN: So, we don't know where we're going with that, as it stands right now.

Senator Bassano, do you have any questions? (no response)

All right, gentlemen. Thank you very much.

MR. PHILIPPI: Thank you.

MR. Di FURIA: Thank you, sir.

MR. BAKER: Thank you, Senator.

SENATOR COWAN: Next we have, representing the National Federation of Independent Businesses, Sal Risalvato.

S A L R I S A L V A T O: Good morning. First I would like to introduce myself. My name is Sal Risalvato. I am the Chairman of the Guardian Advisory Council for the National Federation of Independent Businesses in New Jersey.

We have approximately 9000 members, all of which are small businesses. Many of those members are gasoline service stations, automotive repair shops, automotive dealerships, automotive parts stores and wholesalers, automotive body shops and glazers; many small businesses that are affected by the sale of their products and services to the motoring public. Many of those products and services are directly related to the safety of the vehicles on the road today.

I also wear another hat as I sit before you today. I am a gasoline service station owner. I have been engaged in the business of automotive repairs for some 14 years. Many of those 14 years have been as part of the New Jersey inspection system in many of its different modes that it has had; first starting out as a reinspection center and then going to the private inspection system that we have now, in conjunction with the State system.

I'm here, obviously, to speak against any change that the State might have in mind, for a number of reasons. One of them is -- and this is very important: New Jersey happens to have a very, very good system in place right now. There should be no reason to dismantle something that works very good. Sure, there are lines at some inspection stations, but the private centers have been able to take some of the load away from the State stations.

Here in New Jersey, we actually have the best of two worlds. The motorist is able to go to a State-run operation and not have to pay any additional fees. Or, he can have the convenience of going to the corner service station or private garage or somebody he feels comfortable with, as we would feel comfortable with our own doctor, to inspect the vehicle for both emissions and safety.

So, there are really two aspects that I want to discuss here today. One of them is the plight of the small businessman and how this all affects him, and the other is from a safety point of view that I see on a day-to-day basis that affects the motorists of New Jersey.

Six years ago the State of New Jersey made a promise to the small business people who were doing reinspections at that time. They didn't ask us, but they mandated to us that we spend thousands of dollars on new equipment in order to do New Jersey State inspections. The State of New Jersey needed us. They needed us to do those because if they didn't have the

private centers to take away some of the burden of the State locations, the lines would have been longer. There are more and more motorists on the road, more cars. We're a densely populated State. We have a lot of traffic. So there was a burden on the State system. The State of New Jersey needed the private garage owners and repair shops.

They asked us to make an investment in equipment. Some of it was over \$10,000. In those six years, those pieces of equipment have cost thousands of dollars in maintenance contracts and repairs to maintain; all to provide a convenience for our customers, the motorists, and to help eliminate the burden on the State of New Jersey. We did that in good faith.

We need to continue a program that will provide convenience for the motorists and provide the commitment to the small businessman who made the commitment with those investments. Those investments also made the equipment we had at that time, totally obsolete. There was no reason to have a piece of equipment, six years ago, that was prior to the new system. It just rendered it obsolete, we had to buy the new equipment.

Here we are faced with a situation again, where a government agency is going to break its promise to us. That has a serious effect on the small businessman of New Jersey.

In terms of safety, there are some items of very strong importance. And again, I see this on a day-to-day basis, being involved in the inspection system for as long as I have.

Two weeks ago today, I sat in this room and listened to a lot of testimony on this subject and drove all the way home and pondered the situation. As I got back up to my location, I realized it was definitely necessary to keep the State safety inspections. The very next morning, a customer -- a good customer who comes in on a regular basis -- pulled his van in and asked for an oil change. While we had it there --

he was in the front office -- he asked us, would we do a State inspection? It was going to be due at the end of the month. No problem.

Conveniently, we inspected his vehicle. We pulled the wheels, and we found that the vehicle had no brakes: Not a little brakes; this vehicle had no brakes. It had no brake material left on the rears and no brake material left on the fronts. It was a matter of time before this vehicle would have been on the road, the driver would have hit the pedal, there would have been absolutely nothing to stop that vehicle at all. This was the day after I was in this hearing room.

That customer was very happy that I pointed that out to him, and if he had been in on a more regular basis, it would have been checked prior to that and he would have been notified before he got into a serious situation like he was in.

If that vehicle did not have to be inspected under the State of New Jersey Safety Inspection Program, that driver would be out on the road, right now, with those same brakes, two weeks later. Unless he had gotten into an accident between then and now, that vehicle would be on the road.

I'd like you to think of how many times you are on the Garden State Parkway at night, and you've got somebody driving behind you and his headlight is pointed either up in the air or directly in your rear view mirror, or in your side view mirror. The distraction that that creates and the safety that is involved with something like that--

Many times we have customers who come in for normal everyday service, other than safety related items, and while the car is in for service, prior to needing a safety inspection for the State of New Jersey, we'll find things like missing rear view mirrors, missing side view mirrors, cracked side view mirrors, cracked headlights, and inoperative headlights. These are things that we will find when the vehicle is not due for an inspection, and the response in many of the instances is that,

"We can wait a few months, I'm not due for inspection," or, "I'm due for inspection in six months. I'll get it done by then." If the inspection program wasn't in place it would never get done. We would have more vehicles on the road with more safety hazards.

It's like going to the dentist. We all know we have to go, but we don't want to go. People are in favor of keeping the Safety Inspection Program in place. This is a personal poll that I have done among my customers, very thorough. Everybody realizes their civic duty and their responsibility to operate a safe vehicle. They have confidence in the system, that the system will provide as many safe vehicles on the road as possible, and if safety inspection was not there, that confidence would go down.

People know their human nature is that they won't get something done on their own vehicle until they have to, which is the State Inspection Program. They also know that if they are like that, and they are good citizens, there must be other people on the road who are the same; that they won't get things done on their vehicle until they have to, through the New Jersey State inspection system.

That, I believe, is why we've got people who for years have always complained, "Oh, the car is due for inspection next month. I'm going to have to sit in line, or I'm going to have to pay the money." They mumble and they grumble, but they also want it. The reason they want it is because when you go on the road, you want to know that the cars around you are safe; that even your car can stop, and the next person's car can stop.

The other thing in regard to that is that if people won't get safety items repaired, the State of New Jersey will lose many, many dollars -- and I have no way of calculating what that would be -- in sales tax revenue. I can only go on an average basis that my repair shop generally would generate somewhere around \$200 to \$600 in items to be repaired that

would not have been repaired if it was not for New Jersey State inspection, and the sales tax that that would generate -- some \$30 or \$40 a week from my location -- that is paid to the State of New Jersey in sales tax revenues, that people would not have done.

The cracked windshields, the light bulbs that are out, the lenses that have to be replaced -- some of which are cosmetic-- People would not have done if there was no safety value or forced measure in making them have it done through the Safety Inspection Program. And I'm concerned for the sales tax dollars that the State of New Jersey will lose.

The economy is already bad. I saw my sales tax payments to the State of New Jersey go down after we raised it to 7%. I was actually paying more sales tax -- collecting more sales tax from my customers -- when it was 6% than I am now at 7%, because people are not buying; therefore, the sales tax revenues are down.

If we take away the safety, and the aspect of people having to buy tires instead of, "Well, do you have four used tires?" or, "I'm going to be getting rid of the car in another couple of months anyway," that sales tax revenue will not be generated, because people will not be forced to put the new tires on the car.

How many times have you been on the highway and it's wet, and you go through a puddle. The car that has better tread wear on its tires goes through the puddle in a safer fashion than the car that has baloney skins on the tires.

Sales tax revenue is very important.

I'd like to rebut the people who were here representing Hamilton two weeks ago. They seem to think that this new system is going to be very efficient. I don't believe them. I think that by going through the new procedures for emissions testing, that it is not going to take any less time to inspect a vehicle than it presently does right now, and do a

full safety inspection. Therefore, the lines will be longer, especially if you eliminate the private inspection centers that presently do between 25% and 30% of the inspections.

You also will have a system that can only inspect the car. We can do one better. When the car comes into us and it fails, we can make a phone call and have the car fixed and passed in the same day. The new private system will not be able to do that. People will have to go, they will fail. Then they will have to go and have repairs made, and then they will have to return to the system -- the same system under the new private contractor -- to have the car reinspected. Any private garages that would be in the business of making those repairs will still have to make large investments in new equipment in order to reinspect the vehicle.

Those centers are going to be few and far between, because they are not going to make large investments in new equipment if the volume of inspections is not there. So, you will now have more people in the system going to the present State lanes operated by a private contractor, and you will have longer lines.

And the fees that are going to be paid are a big question mark. Nobody knows what those fees are. In the 15 minutes that those two gentlemen were up here, the fee went from \$6 to \$13. And they still weren't sure what it was going to be, depending on the rent that the State of New Jersey charged them -- which I find offensive, since I have to pay rent -- and depending on what the State of New Jersey was going to require of them to provide in terms of wages and benefits for the employees.

So, they can't even pinpoint a fee for their services, and we have to keep in mind that they are there to make a profit so whatever those costs are, they have to tack on their profit, which would be rightfully so. Now if the State of New Jersey can't do it more efficiently and do it without a profit, how could somebody else do it for less?

I think what we should do is look at ways of streamlining and making more efficient the system we have now, in both the private inspection centers and the State-operated lanes, and we should look to save dollars if we can, but in no way should we eliminate the safety inspection of the motorists in this State, because you will find there will be more cars on the road that should not be on the road.

That, basically, concludes my remarks. I'll take any questions, if you have them.

SENATOR COWAN: Thank you, Sal.

Senator Girgenti?

SENATOR GIRGENTI: Nothing for right now.

SENATOR COWAN: Nothing? Senator Bubba?

SENATOR BUBBA: How much do you charge for inspection?

MR. RISALVATO: Twenty dollars.

SENATOR COWAN: Reinspection. How much do you charge for that?

MR. RISALVATO: Generally I do not charge, and I think that that is the case in many instances. If a customer comes in and has his car in for inspection, we generally will charge the \$20 fee, although in many instances we don't, as a courtesy, because many of these customers are regular customers. If we fail a car for a particular violation, we will make that repair -- charge the customer for the repair -- and not charge for the reinspection which is my right to do, should I choose, okay? The State has provided us with a time category in terms of a reinspection fee for each item, and in many instances I could charge \$10 or \$15 to reinspect a vehicle, but I don't because this is a personal customer. This is a somebody who I have performed a repair for. I have been paid for the repair, and it is just a matter of performing paperwork for the State of New Jersey -- which I might add is very cumbersome.

SENATOR COWAN: What you're saying is, it should be right when you repair it?

MR. RISALVATO: Correct.

SENATOR COWAN: So, it doesn't need inspection, right?

MR. RISALVATO: Well, I could either not put the sticker on for the customer, or the customer could then go back to the State.

SENATOR COWAN: I understand what you are saying, but, suppose somebody goes to a regular public inspection and then comes to you?

MR. RISALVATO: And then comes to me? I would charge him for the repair, and in many instances not charge them--

SENATOR COWAN: Write it off the same way.

J E R R Y F E R R A R A: (speaking from the audience) You can't charge an inspection fee. You can only charge for the repair that's done. That's the law.

If they get failed at public inspection, and they come in to us, all we can charge them is for the repair. We cannot charge them an inspection fee.

SENATOR COWAN: Okay.

MR. RISALVATO: We can't charge \$1.50 for the sticker.

SENATOR COWAN: With the private inspection, how many would you say there are in the State? Do you have any idea?

MR. RISALVATO: Inspection centers?

SENATOR COWAN: Private inspection centers, yes.

MR. RISALVATO: It's my understanding that there are approximately about 2000, but that information is provided me by the State employees who come around on a monthly basis. They are the ones who have provided me with the figure of between 25% and 30% for the volume that the private inspection centers do in terms of the total inspections.

SENATOR COWAN: What is the volume?

MR. RISALVATO: I am not--

MR. FERRARA: One point two million.

SENATOR COWAN: One point two.

MR. FERRARA: One point two million cars. Those are the official numbers from DMV. One point two million cars go through the private inspection centers--reinspection centers..

SENATOR COWAN: We have two, you know-- You're with the one group, and Jerry Ferrara--

MR. RISALVATO: Well, Jerry Ferrara does accurately present the point of view--

SENATOR COWAN: But what I am trying to get at here is that, I am sure there are different people who he represents who do inspections, so--

MR. FERRARA: These are the DMV figures.

SENATOR COWAN: No, I'm not asking that. Now, the next question is -- you came up with the 1.2: How many private inspection centers are there?

MR. FERRARA: There's four million-- Oh, how many private inspection centers?

SENATOR COWAN: Yes.

MR. FERRARA: Approximately 4000.

SENATOR COWAN: Four thousand.

SENATOR GIRGENTI: Tom?

SENATOR COWAN: Yes.

SENATOR GIRGENTI: Just one question: You were saying you've heard the testimony before. What happens if such equipment is mandated to be put in, that is going to be exorbitant, in terms of some of the numbers we heard were pretty high. Could the private businessman -- the small businessman -- afford that type of equipment?

MR. RISALVATO: I think there are many who wouldn't be able to afford it. I think there are many who will make business decisions and make investments in their businesses as they would in any other program, but I don't think they will make those investments if you did something to take away the volume of inspections that were being done.

In other words, if a customer had to go to the State and only the State for the inspection, and then had to have it repaired and returned to the State, I don't think you would

find anybody making investments in equipment in order to have the car reinspected by the State. There would not be enough volume.

SENATOR GIRGENTI: Well, just offhand, the people you know -- the numbers you've heard -- would they not lose in interest? I would tend to think that--

MR. RISALVATO: Yes. I think there would be many people who would lose interest.

SENATOR GIRGENTI: Yes, because of that kind of money.

MR. RISALVATO: Again, it depends on the equipment, and at the moment I don't believe anybody knows specifically what the EPA is going to require of the State of New Jersey, the DEP, the private inspection centers, or the State inspection centers. I don't think anybody knows that. So that is a very difficult question to answer. I've had estimates ranging from \$15,000 to \$45,000 or \$50,000.

Now, I personally would have to sit down and ponder how I could make that investment work for me as a businessman. Obviously, it's going to be much more difficult if it's \$45,000 than if it's \$15,000.

SENATOR GIRGENTI: Right. What do you presently pay?

MR. RISALVATO: Excuse me?

SENATOR GIRGENTI: What do you presently pay for that type of equipment?

MR. RISALVATO: Presently, between \$10,000 and \$15,000, which again, at the beginning of my testimony-- We were required to purchase this equipment six years ago, okay? Again, from a personal situation, I had just at that time spent \$2500 on a piece of equipment that tested emissions, and did it very accurately. Then the State of New Jersey told me I had to spend \$10,000 on another piece of equipment or I couldn't keep my license.

Now, six years later, the promise is broken again, and I have spent thousands of dollars to keep that \$10,000 piece of

equipment in operating condition, because it either works or it doesn't. There is no gray area. It is either accurate or it is not accurate. It will lock itself out if it's not calibrated on a weekly basis. It's a computer.

Therefore, I know the equipment works properly, and it costs a lot of money to continue to make it work properly. And we are faced with having to have another piece of equipment that today is worth \$10,000; tomorrow it being worth nothing.

SENATOR GIRGENTI: The figure 25% to 30%, is that an accurate reflection right now--

MR. RISALVATO: In terms of volume?

SENATOR GIRGENTI: --25% to 30% going to the private inspection centers?

MR. RISALVATO: I believe it is. That number has been represented to me by several different people who are motor vehicle inspectors and are involved with the situation.

SENATOR GIRGENTI: And that's for the first inspection, not a reinspection.

MR. RISALVATO: I believe that is the first inspection, yes.

SENATOR COWAN: Okay. Thank you very much, Sal.

Next we have several witnesses from the glass industry. I would just ask if they would like to combine their testimony if at all possible, and if not, to try not to be too repetitive in the presentation of your testimony.

The first individual will be Ed Fennell from Bartelstone Glass Company in Belleville, New Jersey. Ed?

Is there anyone else here from the glass industry who wishes to testify at this time? (no response)

Okay, Ed.

E D W A R D T. F E N N E L L, JR.: Thank you, Mr. Chairman, and members of the Committee. My name is Edward Fennell, and I come before your Committee as an active member of the auto glass industry. I am employed by Bartelstone Glass,

one of the largest independent auto glass wholesalers in the country. We employ over 125 employees in both the States of New York and New Jersey. We distribute auto glass to many small businessmen in the region. Our New Jersey facility is located in Belleville, where we have a 80,000 square foot warehouse.

I am a past Director and a past officer of the National Glass Association, and I am currently serving as a member of the National Glass Association's Auto Glass Committee. I know I can speak for them in their concern of the safety of the motoring public if the vehicle inspection program is eliminated in the State of New Jersey. The NGA, representing over 3000 member companies, has always been aware of the safety relationships between inspection and auto glass.

I realize also, that you may feel I am here as a business issue, in that if auto glass was removed from the inspection program, there would be less auto glass sold. This is partially true. I do represent many glass shops in the State of New Jersey who employ many people and generate much revenue for the State in the form of business, personal, and sales taxes.

Our auto glass industry, as well as those of the muffler, brake, lighting, tire, and others, consist of many small shops employing one to three people, and would be severely hurt if there was no enforcement of the safety inspection of a vehicle. The State of New Jersey needs these independent businessmen and the State of New Jersey needs the revenue they create.

May I state that these revenues are not created out of a cosmetic or keeping up with the Jones' attitude, but are created to support the safety of each and every person in the State of New Jersey, and those passing through it.

In relation to safety, auto glass is an important safety article in a car. If people are allowed to drive

without inspections, you would see many vehicles with plastic in the doors, or even worse, cardboard. I'm sure you have all seen a car with the side windows taped up with some form of temporary glass. Have you ever thought of how much the vision is reduced with this type of glazing?

Would you want your child or a child you know to step off of a curb and have a driver not notice him or her because they were driving an unsafe vehicle?

Windshields with cracks also provide reduced visibility, not only in the area of the crack, but in the unparallel plane created by the break, thus creating a distorted view of the road.

Glass in today's cars is also a prime part of the structure of the automobile. There is not a car produced in the last few years that would pass the Department of Transportation Standard No. 212 -- or as we know it, the rollover test -- without auto glass in the test vehicle. Auto glass is part of the structural integrity of the vehicle and keeps the top from crushing, therefore creating a much safer car.

Previous speakers have covered most of the safety statistics so I find it unnecessary to repeat these important figures, but may I interject one story that I find typical when it comes to the safety aspect of automobile glazing. When we were here on February 25, one of the persons sitting near me asked, "Why are you guys here?" It made me think of what a good job our industry does to support the safety of cars. When this person and many others do not see the glass, then we are doing our job towards safety by allowing the driver to concentrate his attention on the road and not on a broken piece of glass.

Our industry knows that glass is meant to be looked through, not at. If your Committee allows the safety portion

of the inspection to be removed, then many additional drivers would be distracted, thus allowing for the possibility of additional accidents.

May I conclude by asking your Committee to recommend that auto safety inspections, including auto glass, be kept in the State of New Jersey. Auto safety inspections as you have today, have proven to save lives and as a secondary accomplishment, create and keep jobs in the State.

Thank you for your time, and should you require any additional help regarding this issue or any other issue involving auto glass, I will be glad to provide information not only through myself, but from industry manufacturers and leaders.

SENATOR COWAN: Thank you very much, Ed.

Next we'll have Faye Bonnett, from the Delaware Valley Glass Association, and Robert Carson, Libby-Owens-Ford Company, glass manufacturers for General Motors. They will be testifying together.

R O B E R T C A R S O N: And Al Pfafman, too.

SENATOR COWAN: Al, okay. Al Pfafman, from Just Auto Glass, Pennsauken, a member of the National Glass Association.

F A Y E B O N N E T T: Good morning, and thank you very much for allowing us this time to testify before your Committee.

My name is Faye Bonnett, and I come before your Committee today as an active member, also, of the auto glass industry. I'm also an owner in The Auto Glass Place in Delran, New Jersey, and presently am serving on the Board for the Greater Delaware Valley Glass Association, a chapter of the National Glass Association. My capacity is business administrator.

The testimony today comes in full support of maintaining safety inspections in the State. The auto glass industry, as Mr. Fennell has stated, does generate personal, business, and sales tax revenue in the State. But I can only

reiterate that this revenue is not generated by the cosmetic nature of the public, rather than by safety.

Cracked windshields cause reduced and/or distorted vision for motorists. It's especially true with night driving and driving in inclement weather. I'm sure you've seen vehicles with plastic, cardboard, and yes, even wood, covering areas where glass is missing in vehicles. One can clearly see the vision lost by these applications.

Windshields are also an integral part of the vehicle's overall structure. It keeps the tops of the vehicles involved in rollovers from being crushed, thus aiding to save the lives of any occupants inside.

Many motorists are unaware of these dangers, or choose not to acknowledge them. It's been my experience that if it were not for the failures at inspections on auto glass, many motorists would simply not replace the auto glass. It's only human nature.

Just to give a brief example: Approximately two weeks ago in my hometown, Voorhees, New Jersey, I went shopping at the local grocery store. When I had got to the parking lot there were four police vehicles, an ambulance, and a lot of commotion going around. As a bystander I checked with a few people to find out what was going on. A little boy had darted out between two parked vehicles into the path of an oncoming car, and that car had plastic on its door glass. It was missing on the passenger side. This driver did not see the little boy. Gratefully enough, he wasn't seriously injured. He could have been killed though.

In support of my views, I would like to cite two reports: I'm sure that you have heard them before, though. Rutgers University was contracted by New Jersey to conduct a time/series study, 1929 to 1977. This report clearly shows the value of safety inspection. It finds that the program reduced highway fatalities by 304 per year, and reduced traffic

accidents by approximately 37,000 per year. The second report is from the General Accounting Office, July 1990. This report finds that accidents are reduced up to 17% where there are safety inspection programs.

Deaths and injuries related to motor vehicles impose specific financial costs on individuals and society, including: the reduction of potential output of society due to deaths; reduction of potential output of society while injured individuals are incapacitated; the cost of medical, legal, and insurance services which otherwise would not have been expended rendered to the victims and families of victims of accidents; property is destroyed by accidents; lost income of families and friends of accident victims while they are attending and ministering to the victims or themselves instead of using their energies in alternative production processes; costs to society from pollution, air and noise, which may result in diseases as well as wasteful inefficient consumption of fuel; cost of enforcement activities related to the investigations of accidents; cost of activities of fatal accident review boards; costs of the internal motor vehicle administrative activities; pain and suffering.

Some of those above costs are simply not measurable; for example, pain and suffering.

As a business owner and a private motorist, I am concerned with increasing auto insurance rates. We must work to keep those rates in line, and the Safety Inspection Program is an important factor here.

To conclude, safety inspections do save lives. They keep jobs; they save dollars. On a very personal note, and as the mother of a young and upcoming driver, as of May 1, I can only turn to you to help keep our highways as safe as possible. One way to do that is to maintain the Safety Inspection Program.

Thank you.

SENATOR COWAN: Thank you, Faye.

A L P F A F M A N: Gentlemen, my name is Al Pfafman, and I'm the owner of Just Auto Glass. As the inspection program is today, I employ 13 people. If it were changed tomorrow, I would not be employing that many people. This, of course, has all been touched upon by everyone who has spoken before me. I'm a little embarrassed, at this point, to try to go through my statement.

I would just like to say that, to sum it up, there seems to be a great irony developing as a result of the Governor's proposed plan. On the one hand the State could save maybe \$22 million with the elimination of mandatory motor vehicle safety inspections. On the other hand, the unemployment and welfare rolls will increase, not arithmetically, but geometrically. Not only those who are currently on the State payroll, but those who supply and support all the business and industry represented here today will be joining them in the unemployment and welfare lines.

The State may save \$22 million, but the taxpayers and those who purchase automobile insurance will see increased rates. Those who continue to not purchase insurance or who have no gainful employment will continue to burden our hospital care system, which will be reimbursed by the State; ultimately, by the taxpayer.

Finally, no matter how anyone figures, more unsafe vehicles on the most crowded highways in this country cannot be of advantage to anyone. How much of the \$22 million saved by the State will go to the grieving families of those who are injured, maimed, or killed by this most senseless proposal?

Thank you.

SENATOR COWAN: Thank you, Al.

Bob, do you have any comments?

MR. CARSON: Yes. I just wanted to say something about the future, at least in my end of the business, which is the glass industry.

More and more of these cars are being made out of lighter materials; for example, the APV that General Motors puts out, most of that is plastic. The windshield keeps that roof from collapsing. If that thing was ever to roll over and the windshield was cracked, it would fold in half like a piece of paper, and the occupants would be crushed. Some of the newer cars that are coming out, the windshield slopes over the top of the head of the driver. The 1995 Cadillac, I believe it is, is called Solitaire. Most of that car is glass. That is one of the important things that needs to be inspected in my opinion.

On a personal level, I would hate to sit at a traffic light, and not know if the guy behind me was not going to be able to stop, especially with two children.

That's all I have.

SENATOR COWAN: Thank you very much, lady, gentlemen. Thank you.

Next we have, the final witness we have today is Gene Casole, from Franklin Glass Company. Is Gene here? (no response) Not here?

UNIDENTIFIED SPEAKER FROM AUDIENCE: I don't think Gene made it today.

SENATOR COWAN: Okay. That will conclude our public hearing as of now, on motor vehicle problems.

(HEARING CONCLUDED)