

NJ Auto Industry Update

NJ Auto Industry Update: Legislative Update and Compliance Tips

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LEGISLATIVE UPDATE

BILL ADVANCES REQUIRING DEALERS TO DELETE PERSONAL INFORMATION FROM VEHICLE COMPUTER SYSTEMS

Assembly Bill A4723, which requires motor vehicle dealers to delete personal information from vehicle computer systems when taking possession of vehicles from “consumers” prior to resale or lease, was favorably reported out of the Assembly Consumer Affairs Committee and referred to the Assembly Science Innovation and Technology Committee. The obligation to delete information would apply to trade-ins and other vehicles purchased from retail consumers. The bill does not impose a similar requirement for vehicles acquired by dealers on a wholesale basis prior to sale or lease to a retail consumer. If enacted, Dealers who violate the provisions of the bill would be subject to civil penalties of \$500.00 for the first offense and \$1,000.00 for each subsequent offense. A similar bill was introduced into the New Jersey Senate S2740, referred to the Senate Transportation Committee, but it is not yet scheduled for a hearing.

BILL ADVANCES PROHIBITING MANUFACTURERS OR DEALERS FROM REQUIRING SUBSCRIPTIONS FOR CERTAIN VEHICLE FEATURES

Legislation prohibiting dealerships and manufacturers from requiring consumers to purchase additional subscriptions to use already installed safety and convenience features such as driver assistance, heated seats, remote starts, hands free assistance or servicing was favorably reported on by both the Assembly Consumer Affairs Committee and the Assembly Commerce and Economic Development Committee. The bill, A-4519, would create significant exposure for dealers and manufacturers as a first offense could subject a dealer to a \$10,000.00 fine and subsequent offenses being \$20,000.00. The bill does not apply to service providers or dealers that facilitate the sale or offer features such as satellite radio or in-car Wi-Fi. A similar bill was introduced in the New Jersey Senate, S3271, and referred to the Commerce Committee.

COMPLIANCE TIP: PAYMENT OF ANNUAL ADMINISTRATIVE FEE FOR EACH USED VEHICLE SOLD

By January 15th of every year, all licensed New Jersey dealers are required to submit a “Certification of Administrative Fees” and 50 cents for each used vehicle sold on a retail basis in the prior year to the New Jersey Division of Consumer Affairs. The form can be found here: www.njconsumeraffairs.gov/ocp/Applications/Certification-of-Administrative-Fees.pdf. The failure to remit the annual Administrative Fees can lead to the imposition of monetary penalties and potentially greater scrutiny by regulators over other dealership practices.

COMPLIANCE TIP: GPS TRACKING DEVICES ON INVENTORY AND OTHER DEALER OWNED VEHICLES

Earlier this year a law became effective that prohibits employer use of tracking or electronic communication devices in vehicles operated by employees without providing notice to their employees. The law creates civil and criminal liability for use of tracking devices in vehicles used by employees whether provided by an employer, employee or a third party. Although not directed at dealers, the law covers many frequently occurring situations in which dealers are involved including when tracking devices are used on: dealer demo vehicles; as a means of inventory or stock management; vehicles driven by employees as compensation; on inventory driven to offsite storage or service; on vehicles driven by employees as courtesy shuttles; and on vehicles used as loaners while customers vehicles' are repaired. Dealers should review their practices to ensure that they have a process in place for employees to receive notice about the use of GPS tracking devices and an opportunity for employees to ask questions.