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## MVC fees may be going up in the future to cover budget hole

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While New Jersey Motor Vehicle Commission officials said they have no plans to raise fees on drivers in the coming year's state budget, they told legislators fee increases are being studied for future years.

The comments were made during a back and forth between members of the state Assembly's budget committee and state transportation officials during [a three-hour hearing Monday afternoon at the Statehouse in Trenton](#).

Gov. [Phil Murphy's state budget proposal](#) calls for allocating \$50 million to the MVC to close a budget gap blamed on staffing, insurance and benefits costs and unfunded federal mandates the MVC has to comply with, said MVC Chief Administrator Latrecia Littles-Floyd.

Last week, [MVC officials said there were no plans to increase fees](#) in the fiscal year 2025 budget, which starts on July 1 and goes to June 30, 2025. But when asked how they'd handle a continuing deficit, they conceded fee increases were on the table.

"We know realistically we have to go back and look at our fees

long and hard,” Littles-Floyd said. “Although we didn’t increase anything for fiscal year 25, we know we have to go back to the table and take a look at where we can make some increases.”

The last fee increase [was in 2020 when the cost of vehicle registrations](#) was increased \$1. That was used to pay State Police salaries and attributed to the [coronavirus](#) reducing state tax revenues that year.

The last major increase in MVC fees was in 2009 when dozens of fees were increased.

Changing MVC fees isn’t an easy process. Some MVC fees are set by statute, some by regulation and some are changed by legislation.

“We will be evaluating the cost of services, all fees will be evaluated,” said William Kelly, MVC CFO. “We’re in the process.”

While the MVC is approaching a goal of having 80% of its transactions conducted online, Assembly Budget Committee Chairwoman Eliana Pintor Marin, D-Essex, questioned why staffing levels had increased by 3%.

“We’re doing as many transactions in person as we’ve done since 2021,” Littles-Floyd said. “That’s why we have to keep those staffing levels where they are.”

Although in-person transactions dipped slightly by 11,000 between 2022 and last year to 3.542 million, that was still higher than 3.285 million transactions in 2021, MVC figures said.

“We still need those agency personnel and it’s not just agency personnel, we’re staffing our Trenton office complex, and various other areas,” Littles-Floyd said.

Several transactions still require in person visits to agencies, including titling and registering used vehicles, getting a federally compliant Real ID drivers license, which becomes the only license that will be accepted for domestic air travel on May 7, 2025, and getting a first driver's license, if not done through a school.

"The MVC is not considering closing any facilities. We do dealer work and driver testing, so we do just as many transactions in person," Littles-Floyd said. "We still have a lot of services that require customers come to an agency to do."

She predicted agencies will get busier as people realize the Real ID deadline is approaching.

"Moving forward looking at your operational budget, that includes your union contracts and other costs," Pintor Marin said. "Year to year, your costs aren't flat, your costs increase. Your agency has been one of those that gives a lot of money back to the general fund."

The fiscal year 2025 budget has the MVC collecting a total of \$911 million for other state departments in nine categories, including \$319 million that goes to the state treasury's general fund, according to Office of Legislative Services documents.

Some of those revenues are statutorily dedicated to other programs.

"Many of us said your agency should keep a larger portion (of revenues) so your agency can make some of the upgrades you were talking about today and that you'd like to do," Pintor Marin said.

Among those programs is an Electronic Lien and Titling program

that would spare 800,000 customers from having to visit an MVC agency to retitle their vehicle after a loan is paid off and increases security.

“Banks supply the information that the title is paid off and generates a new title to the customer without having to visit an agency,” Littles-Floyd said. “It removes a paperwork step and an attempt at fraud.”

Approximately 10.15% of the deficit is from increased expenses, but about 11.28% is due to drops in the revenue side of the ledger. The MVC saw a \$23 million drop in surcharge revenue in fiscal year 2024, down from the \$67.6 million collected in fiscal year 2023. That category of revenue has dropped since the coronavirus pandemic.

Benefits costs increased from \$54 million in 2019 to a projected cost of \$140 million in 2024, which is affecting the budget, Kelly said. Information technology costs are expected to increase by \$2.61 million in the coming fiscal year’s budget over 2024, which won’t be covered by an earlier grant, according to MVC documents.

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