

ANTI CAR THEFT ACT OF 1992

SEPTEMBER 22, 1992.—Ordered to be printed

Mr. DINGELL, from the Committee on Energy and Commerce,
submitted the following

REPORT

together with

SUPPLEMENTAL VIEWS

[To accompany H.R. 4542 which on March 24, 1992, was referred jointly to the Committee on the Judiciary and the Committee on Ways and Means, and in addition referred to the Committee on Energy and Commerce for consideration of such provisions of the bill and amendment recommended by the Committee on the Judiciary as fall within the jurisdiction of that committee pursuant to clause 1(h), rule X]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 4542) to prevent and deter auto theft, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Anti Car Theft Act of 1992".

SEC. 2. PURPOSES.

It is the purpose of this Act—

(1) to take effective measures to thwart motor vehicle theft for transportation, including "joyriding" and use of stolen vehicles in the commission of a crime, theft for profit, theft to defraud insurance companies, theft to provide stolen vehicles to persons in foreign countries, and "carjacking",

(2) to amend the Motor Vehicle Information and Cost Savings Act to provide for greater parts marking of passenger cars, multipurpose passenger cars, like vans and specialty vehicles, and light-duty trucks that exceed the median theft rate test, under section 602 of the Motor Vehicle Information and Cost Savings Act, in order to impede "chop shops" and to provide penalties for the establishment and operation of "chop shops",

(3) to support the Justice Department in its advocacy for improving State laws and procedures for vehicle titling, vehicle registration, and control of vehicle salvage, and

(4) to involve the Federal Government, including the Secretary of Transportation and the Attorney General of the United States, State and local enforcement officials, State motor vehicle departments, foreign and domestic motor vehicle manufacturers, salvagers, dealers, recyclers, insurance companies, the courts, and others in helping to curb motor vehicle thefts.

TITLE I—TOUGHER LAW ENFORCEMENT AGAINST AUTO THEFT

Subtitle A—Enhanced Penalties for Auto Theft

SEC. 101. FEDERAL PENALTIES FOR ARMED ROBBERIES OF AUTOS.

(a) **IN GENERAL.**—Chapter 103 of title 18, United States Code, is amended by adding at the end the following:

"§ 2119. Motor vehicles

"Whoever, possessing a firearm as defined in section 921 of this title, takes a motor vehicle that has been transported, shipped, or received in interstate or foreign commerce from the person or presence of another by force and violence or by intimidation, or attempts to do so, shall—

"(1) be fined under this title or imprisoned not more than 15 years, or both,

"(2) if serious bodily injury (as defined in section 1365 of this title) results, be fined under this title or imprisoned not more than 25 years, or both, and

"(3) if death results, be fined under this title or imprisoned for any number of years up to life, or both."

(b) **FEDERAL COOPERATION TO PREVENT "CARJACKING" AND MOTOR VEHICLE THEFT.**—In view of the increase of motor vehicle theft with its growing threat to human life and to the economic well-being of the Nation, the Attorney General, acting through the Federal Bureau of Investigation and the United States Attorneys, are urged to work with State and local officials to investigate car thefts, including violations of section 2119 of title 18, United States Code, for armed carjacking, and as appropriate and consistent with prosecutorial discretion, prosecute persons who allegedly violate such law and other relevant Federal statutes.

(c) **CLERICAL AMENDMENT.**—The table of sections at the beginning of chapter 103 of title 18, United States Code, is amended by adding at the end the following new item:

"2119. Motor vehicles."

SEC. 102. IMPORTATION AND EXPORTATION.

Section 553(a) of title 18, United States Code, is amended by striking "fined not more than \$15,000 or imprisoned not more than five years" and inserting "fined under this title or imprisoned not more than 10 years".

SEC. 103. TRAFFICKING IN STOLEN VEHICLES.

Each of sections 2312 and 2313(a) of title 18, United States Code, are amended by striking "fined not more than \$5,000 or imprisoned not more than five years" and inserting "fined under this title or imprisoned not more than 10 years".

SEC. 104. CIVIL AND CRIMINAL FORFEITURE.

(a) **CIVIL FORFEITURE.**—Section 981(a)(1) of title 18, United States Code, is amended by adding after subparagraph (E) the following:

"(F) Any property, real or personal, which represents or is traceable to the gross proceeds obtained, directly or indirectly, from a violation of—

"(i) section 511 (altering or removing motor vehicle identification numbers);

"(ii) section 553 (importing or exporting stolen motor vehicles);

"(iii) section 2119 (armed robbery of automobiles);

"(iv) section 2132 (transporting stolen motor vehicles in interstate commerce); or

"(v) section 2313 (possessing or selling a stolen motor vehicle that has moved in interstate commerce)."

(b) **CRIMINAL FORFEITURE.**—Section 982(a) of title 18, United States Code, is amended by adding after paragraph (4) the following:

"(5) The court, in imposing sentence on a person convicted of a violation or conspiracy to violate—

"(A) section 511 (altering or removing motor vehicle identification numbers);

"(B) section 553 (importing or exporting stolen motor vehicles);

"(C) section 2119 (armed robbery of automobiles);

"(D) section 2132 (transporting stolen motor vehicles in interstate commerce);

or

"(E) section 2313 (possessing or selling a stolen motor vehicle that has moved in interstate commerce);

shall order that the person forfeit to the United States any property, real or personal, which represents or is traceable to the gross proceeds obtained, directly or indirectly, as a result of such violation."

Subtitle B—Targeted Law Enforcement

SEC. 130. GRANT AUTHORIZATION.

(a) **PURPOSE.**—The purpose of this subtitle is to supplement the provisions of the Edward Byrne Memorial State and Local Law Enforcement Assistance Program to help the States to curb motor vehicle thefts and the related violence.

(b) **GRANTS.**—The Director of the Bureau of Justice Assistance shall make grants to Anti Car Theft Committees submitting applications in compliance with the requirements of this subtitle.

SEC. 131. APPLICATION.

(a) **SUBMISSION.**—To be eligible to receive a grant under this subtitle, a chief executive of an Anti Car Theft Committee shall submit an application to the Director of the Bureau of Justice Assistance.

(b) **CONTENT.**—The application submitted under subsection (a) shall include the following:

(1) A statement that the applicant Anti Car Theft Committee is either a State agency or an agency of a unit of local government.

(2) A statement that the applicant Anti Car Theft Committee is or will be financed in part (A) by a fee on motor vehicles registered by the State or possessed or insured within the State (and that such fee is not less than \$1 per vehicle), or (B) in the same manner and to the same extent as is a similar program financed and implemented in a State like Michigan.

(3) An assurance that Federal funds received under a grant under this subtitle shall be used to supplement and not supplant non-Federal funds that would otherwise be available for activities funded under such grant.

(4) A statement that the resources of the applicant Anti Car Theft Committee will be devoted entirely to combating motor vehicle theft, including any or all of the following:

(A) Financing law enforcement officers or investigators whose duties are entirely or primarily related to investigating cases of motor vehicle theft or of trafficking in stolen motor vehicles or motor vehicle parts.

(B) Financing prosecutors whose duties are entirely or primarily related to prosecuting cases of motor vehicle theft or of trafficking in stolen motor vehicles or motor vehicle parts.

(C) Motor vehicle theft prevention programs, including vehicle identification number etching programs, programs implemented by law enforcement agencies and designed to enable the electronic tracking of stolen automobiles, and programs designed to prevent the export of stolen vehicles.

(5) A description of the budget for the applicant Anti Car Theft Committee for the fiscal year for which a grant is sought.

SEC. 132. AWARD OF GRANTS.

(a) **IN GENERAL.**—The Director shall allocate to each State a proportion of the total funds available under this subtitle that is equal to the proportion of the number of motor vehicles registered in such State to the total number of motor vehicles registered in the United States. The Director shall ensure that all applicant States have an opportunity to receive grants from an available appropriation.

(b) **GRANT AMOUNTS.**—If one Anti Car Theft Committee within a State submits an application in compliance with section 131, the Director shall award to such Anti Car Theft Committee a grant equal to the total amount of funds allocated to such State under this section. In no case shall the Anti Car Theft Committee receive a grant that is more than 50 percent of the preaward budget for such Anti Car Theft Committee.

(c) **MULTIPLE COMMITTEES.**—If two or more Anti Car Theft Committees within a State submit applications in compliance with section 131, the Director shall award to such Anti Car Theft Committees grants that in sum are equal to the total amount of funds allocated to such State under this section. In no case shall an Anti Car Theft Committee receive a grant that is more than 50 percent of the preaward budget for such Anti Car Theft Committee. The Director shall allocate funds among two or more Anti Car Theft Committees with a State according to the proportion of the preaward budget of each Anti Car Theft Committee to the total preaward budget for all grant recipient Anti Car Theft Committees within such State.

(d) **RENEWAL OF GRANTS.**—Subject to the availability of funds, a grant under this subtitle may be renewed for up to 2 additional years after the first fiscal year during which the recipient receives an initial grant under this subtitle if the Director determines that the funds made available to the recipient during the previous year were used in the manner required under the approved application.

SEC. 133. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated \$10,000,000 to carry out this subtitle for each of the fiscal years 1993, 1994, and 1995.

Subtitle C—Report Regarding State Motor Vehicle Tinting Programs to Combat Motor Vehicle Thefts and Fraud

SEC. 140. ESTABLISHMENT OF TASK FORCE.

(a) ESTABLISHMENT.—

(1) **IN GENERAL.**—The Secretary of Transportation and the Attorney General of the United States, working together, shall, as soon as practicable after the date of the enactment of this Act but not later than 180 days after such date, establish a task force to study problems which relate to motor vehicle tinting, vehicle registration, and controls over motor vehicle salvage which may affect the motor vehicle theft problem. The study shall include an examination of the extent to which the absence of uniformity and integration in State laws regulating vehicle tinting and registration and salvage of used vehicles allows enterprising criminals to find the weakest link to “wash” the stolen character of the vehicles. It shall also consider the adoption of a title brand on all certificates of title indicating that the applicable vehicle was previously issued a title brand or a title signifying “rebuilt”, “reconstructed”, or “flood”.

(2) **REPORT.**—The task force shall prepare a report containing the results of such study and shall submit such report to the President and the Congress and to the chief executive officer of each State not later than 12 months after the task force is established, together with appropriate recommendations to solve these problems.

(b) **MEMBERSHIP.**—The task force shall consist of—

- (1) the Secretary of Transportation, or the Secretary's delegate;
 - (2) the Attorney General of the United States, or the Attorney General's delegate;
 - (3) the Secretary of Commerce, or the Secretary's delegate;
 - (4) the Secretary of the Treasury, or the Secretary's delegate;
 - (5) at least 3 representatives, to be designated by the Attorney General of the United States;
 - (6) at least 5 representatives of State motor vehicle departments, to be designated by the Secretary of Transportation; and
 - (7) at least 1 representative, to be designated by the Secretary of Transportation, from each of the following groups:
 - (A) Motor vehicle manufacturers.
 - (B) Motor vehicle dealers and distributors.
 - (C) Motor vehicle dismantlers, recyclers, and salvage dealers.
 - (D) Motor vehicle repair and body shop operators.
 - (E) Motor vehicle scrap processors.
 - (F) Insurers of motor vehicles.
 - (G) State law enforcement officials.
 - (H) Local law enforcement officials.
 - (I) The American Association of Motor Vehicle Administrators.
 - (J) The National Automobile Theft Bureau.
 - (K) The National Committee on Traffic Laws and Ordinances.
- (c) **REIMBURSEMENT.**—
- (1) **SALARY.**—The members of the task force shall serve without pay.
 - (2) **TRAVEL EXPENSES.**—While away from their residences or regular places of business in performance of services for the Federal Government, members of the task force shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Federal Government service are allowed expenses under section 5703 of title 5, United States Code.
 - (3) **CHAIR.**—The Secretary of Transportation, or the Secretary's delegate, shall serve as chairman of the task force. The task force may also invite representatives of the Governors and State legislators to participate.
- (d) **REPORT.**—
- (1) **BASIS.**—The report required by subsection (a)(2) shall be made after a meaningful consultative process and review of existing laws, practices, studies, and recommendations regarding the problems specified in subsection (a)(1).
 - (2) **CONTENT.**—The report shall specify the key aspects of motor vehicle anti-theft measures necessary to prevent the disposition or use of stolen motor vehicles, or the major components of motor vehicles, and to prevent insurance and other fraud based upon false reports of stolen motor vehicles. The report shall indicate any of the anti-theft measures for which national uniformity would be crucial in order for the measure to be adequately effective. The report shall recommend viable ways of obtaining any national uniformity which is necessary.
 - (3) **RECOMMENDATIONS.**—The report also shall include other recommendations for legislative or administrative action at the State level or at the Federal level, and recommendations for industry and public actions.

TITLE II—AUTOMOBILE TITLE FRAUD

SEC. 201. DEFINITIONS.

For purposes of this title:

- (1) The term "automobile" has the meaning given such term by section 501(1) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2001(1)).
- (2) The term "certificate of title" means a document issued by a State evidencing ownership of an automobile.
- (3) The term "insurance carrier" means an individual, corporation, or other entity which is engaged in the business of underwriting automobile insurance.
- (4) The term "junk automobile" means any automobile which is incapable of operation on roads or highways and which has no value except as a source of parts or scrap.
- (5) The term "junk yard" means any individual, corporation, or other entity which is engaged in the business of acquiring or owning junk automobiles for resale, either in their entirety or as spare parts, for rebuilding or restoration, or for crushing.

(6) The term "operator" means a person or entity authorized or designated as the operator of the information system pursuant to section 202(a)(2) or if no such person or entity is authorized, the Secretary.

(7) The term "salvage automobile" means any automobile which is damaged by collision, fire, flood, accident, trespass, or other occurrence to the extent that its fair salvage value plus the cost of repairing the automobile for legal operation on roads or highways would exceed the fair market value of the automobile immediately prior to the occurrence causing its damage.

(8) The term "salvage yard" means any individual, corporation, or other entity which is engaged in the business of acquiring or owning salvage automobiles for resale, either in their entirety or as spare parts, or for rebuilding or restoration, or for crushing.

(9) The term "Secretary" means the Secretary of Transportation.

(10) The term "State" means any State of the United States or the District of Columbia.

SEC. 202. NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM.

(a) INFORMATION SYSTEM.—

(1) ESTABLISHMENT.—Not later than January 1996, the Secretary, in cooperation with the States, shall establish an information system (in this title referred to as the "National Motor Vehicle Title Information System") which will enable States and others to gain instant and reliable access to information maintained by other States pertaining to the titling of automobiles, unless the Secretary determines that an existing information system meets the requirements of subsections (b) and (c) of this section and will enable the Secretary to implement this title as early as possible and designates, in consultation with the Attorney General of the United States, such system as the information system for purposes of this title. In establishing the system, the Secretary, working with the Attorney General of the United States and the States, shall ascertain the extent to which title and related information to be included in the system will be adequate, timely, reliable, uniform, and capable of aiding in efforts to prevent the introduction or reintroduction into interstate commerce of stolen vehicles or parts.

(2) OPERATION.—The Secretary may authorize the operation of the information system established or designated under paragraph (1) by contract through an agreement with a State or States, or by redesignating, after consultation with the States, a third party which represents the interests of the States.

(3) FEES.—Operation of the information system established or designated under paragraph (1) shall be paid for by a system of user fees and should be self-sufficient and not be dependent on Federal funds. The amount of fees collected and retained subject to annual appropriation Acts, by the operator pursuant to this paragraph, not including fees collected by the operator and passed on to a State or other entity providing information to the operator, shall not exceed the costs of operating the system.

(b) MINIMUM FUNCTIONAL CAPABILITIES.—The information system established or designated under subsection (a)(1) shall, at a minimum, enable a user of the system instantly and reliably to determine—

(1) the validity and status of a document purporting to be a certification of title,

(2) whether an automobile bearing a known vehicle identification number is titled in a particular State,

(3) whether an automobile known to be titled in a particular State is or has been a junk vehicle or a salvage vehicle,

(4) for an automobile known to be titled in a particular State, the odometer reading information, as required in section 408 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1988), of such vehicle on the date its certificate of title was issued and such later odometer information, if noted by the State, and

(5) whether an automobile bearing a known vehicle identification number has been reported as a junk vehicle or a salvage vehicle pursuant to section 204.

(c) AVAILABILITY OF INFORMATION.—

(1) TO STATE.—Upon request of a participating State, the operator makes available to such State information in the information system pertaining to any automobile.

(2) TO LAW ENFORCEMENT.—Upon request of a Federal, State, or local law enforcement official, the operator makes available to such official information in the information system pertaining to a particular automobile, salvage yard, or junk yard.

(3) **TO PROSPECTIVE PURCHASERS.**—Upon request of a prospective purchaser of an automobile, including an auction company or an entity that is in the business of purchasing used automobiles, the operator makes available to such prospective purchaser information in the information system pertaining to such automobile.

(4) **TO INSURANCE CARRIERS.**—Upon request of a prospective or current insurer of an automobile, the operator makes available to such prospective or current insurer information in the information system pertaining to such automobile.

(5) **PRIVACY.**—Notwithstanding any provision of paragraphs (1) through (4), the operator shall release no information other than what is necessary to reasonably satisfy the requirements of subsection (b). In no event shall the operator collect an individual's social security number or enable users of the information system to obtain an individual's address or social security number.

SEC. 203. STATE PARTICIPATION IN THE NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM.

(a) **ELECTION.**—A State participating in the National Motor Vehicle Title Information System shall—

(1) make titling information maintained by such State available to the operator of the information system for the purpose of meeting the requirements of section 202, and

(2) implement a practice of instant title verification checks in accordance with subsection (b).

(b) **TITLE VERIFICATION REQUIREMENTS.**—Each participating State must, as provided in subsection (a), agree to perform an instant title verification check before issuing a certificate of title to an individual or entity claiming to have purchased an automobile from an individual or entity in another State. Such instant title verification check shall consist of—

(1) communicating to the operator the vehicle identification number of the vehicle for which the certificate of title is sought, the name of the State which issued the most recent certificate of title pertaining to the vehicle, and the name of the individual or entitle to whom such certificate was issued; and

(2) affording the operator an opportunity to communicate to the participating State the results of a search of the information.

(c) **GRANTS TO STATES.**—

(1) **REVIEW OF STATE SYSTEMS.**—Not later than January 1, 1994, the Secretary, in cooperation with the States, shall—

(A) conduct a review of systems used by the States to compile and maintain information concerning the titling of automobiles, and

(B) determine, for each State, the cost of making titling information maintained by such State available to the operator of the information system for the purpose of meeting the requirements of subsection (b).

(2) **AWARD OF GRANTS.**—The Secretary may award grants of \$300,000 or more to participating States to be used in making titling information maintained by such States available to the operator of the information system if the Secretary determined that such grants are fair, reasonable, and necessary for the establishment of an effective and reliable information system under section 202(a)(1).

SEC. 204. REPORTING.

(a) **OPERATORS OF JUNK OR SALVAGE YARD.**—

(1) **INVENTORY REPORT.**—Beginning at a time determined by the Secretary, but no earlier than 3 months prior to the establishment of the National Motor Vehicle Title Information System, any person or entity in the business of operating an automobile junk yard or automobile salvage yard shall file a monthly report with the operator. Such report shall contain an inventory of all junk vehicles or salvage vehicles obtained by the junk yard or salvage yard during the preceding month. Such inventory shall contain the vehicle identification number of each vehicle obtained, the date on which it was obtained, the name of the person or entity from whom the reporter obtained the vehicle, and a statement of whether the vehicle was crushed or otherwise disposed of for sale or other purposes.

(2) **APPLICATION.**—Paragraph (1) shall not apply to—

(A) persons or entities that are required by State law to report the acquisition of junk vehicles or salvage vehicles to State or local authorities if such authorities make such information available to the operator, or

(B) any person who is issued a certificate under section 607 of the Motor Vehicle Information and Cost Savings Act stating that the vehicle or parts from such vehicle are not reported as stolen.

(b) **INSURANCE CARRIERS.**—Beginning at a time determined by the Secretary, but no earlier than 3 months prior to the establishment of the National Motor Vehicle Title Information System, any person or entity engaged in the business of an insurance carrier shall file, directly or through a designated agent, a monthly report with the operator. Such report shall contain an inventory of all vehicles of the current model year or any of the 4 preceding model years which such carrier has, during the preceding month, obtained possession of and determined to be salvage or junk vehicles. Such inventory shall contain the vehicle identification number of each vehicle obtained, the date on which it was obtained, the name of the person or entity from whom the reporter obtained the vehicle, and the owner of the vehicle at the time of the filing of the report.

(c) **ENFORCEMENT PROVISIONS.**—

(1) **PENALTY AMOUNT.**—Whoever violates this section may be assessed a civil penalty of not to exceed \$1,000 for each violation.

(2) **PENALTY PROCEDURE.**—Any such penalty shall be assessed by the Secretary and collected in a civil action brought by the Attorney General of the United States. Any such penalty may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of such penalty to the size of the business of the person charged and the gravity of the violation shall be considered. The amount of such penalty, finally determined, or the amount agreed upon in compromise, may be deducted from any sums owed by the United States to the person charged.

(d) **PROCEDURES AND PRACTICES.**—The Secretary shall establish by rule procedures and practices to facilitate reporting in the least burdensome and costly fashion.

TITLE III—AMENDMENTS ON THEFT PREVENTION REGARDING “CHOP SHOP” RELATED THEFTS

SEC. 301. DEFINITIONS.

(a) **CARS, SPECIALTY VEHICLES, AND LIGHT-DUTY TRUCKS.**—Section 601(1) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2021(1)) is amended to read as follows:

“(1) The term ‘passenger motor vehicle’ includes any multipurpose passenger vehicle and light-duty truck that is rated at 6,000 pounds gross vehicle weight or less.”

(b) **CHOP SHOP DEFINITION.**—Section 601 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2021) is amended by adding at the end the following:

“(11) The term ‘chop shop’ means any building, lot, facility, or other structure or premise where one or more persons engage in receiving, concealing, destroying, disassembling, dismantling, reassembling, or storing any passenger motor vehicle or passenger motor vehicle part which has been unlawfully obtained in order to alter, counterfeit, deface, destroy, disguise, falsify, forge, obliterate, or remove the identity, including the vehicle identification number or derivative thereof, of such vehicle or vehicle part and to distribute, sell, or dispose of such vehicle or vehicle part in interstate or foreign commerce.”

SEC. 302. THEFT PREVENTION STANDARD.

Section 602 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2022) is amended—

(1) by amending subsection (d)(1) to read as follows:

“(d)(1) In the case of major parts installed by the motor vehicle manufacturer, the standard under this section may not require any part to have more than a single identification.”, and

(2) by adding at the end the following:

“(f) Not earlier than 3 years after the date of enactment of this subsection, the Secretary may by rule require the marking of parts of one or more other passenger motor vehicle lines of all manufacturers that do not exceed the median theft rate standard under this section if the Secretary determines that requiring such marking would thwart chop shop operations using the information collected and analyzed under section 615 and taking into account the additional cost, effectiveness, competition, and available alternatives. The Secretary is authorized to periodically redetermine and establish by rule the median theft rate under subsection (a)(1), but not more often than every 2 years.”

SEC. 303. DESIGNATION OF HIGH THEFT VEHICLE LINES AND PARTS.

Section 603 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2033) is amended—

(1) by striking in subsection (a)(1)(A) “in which the final standard is promulgated” and inserting in lieu thereof “in which the Anti Car Theft Act of 1992 is enacted”;

(2) by striking out paragraph (3) of subsection (a) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively;

(3) by striking “or (3)” in redesignated paragraphs (3) and (4) of subsection (a); and

(4) by striking paragraph (4) of subsection (b) and redesignating paragraph (5) as paragraph (4).

SEC. 304. EXEMPTION FOR VEHICLES EQUIPPED WITH ANTITHEFT DEVICES.

Section 605(a) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2025(a)) is amended by striking out paragraph (2) and by redesignating paragraph (3) as paragraph (2).

SEC. 305. PROHIBITED ACTS.

(a) **RULES.**—Section 610(a)(2) of the Motor Vehicle Information and Cost Savings Act (as so redesignated by section 306 of this Act) is amended by inserting “or Attorney General” after “Secretary”.

(b) **CHOP SHOPS.**—Section 610 of the Motor Vehicle Information and Cost Savings Act (as so redesignated by section 306 of this Act) (15 U.S.C. 2027) is amended by adding at the end the following:

“(c)(1) It shall be unlawful for any person to knowingly own, operate, maintain, or control a chop shop or conduct operations in a chop shop of any kind or transport by any means any passenger motor vehicle or passenger motor vehicle part to or from a chop shop and, upon conviction, such person shall be punished by a fine under title 18 of the United States Code or by imprisonment for not more than 15 years, or both. If a conviction of a person under this paragraph is for a violation committed after the first conviction of such person under this paragraph, the maximum punishment shall be doubled with respect to any fine and imprisonment.

“(2) The Secretary shall, as appropriate, in the case of any person who violates paragraph (1), commence a civil action for permanent or temporary injunction to restrain such violation or the Secretary shall assess and recover a civil penalty of not more than \$100,000 per day for each such violation, or both.”.

SEC. 306. VERIFICATION.

(a) **IN GENERAL.**—Title VI of the Motor Vehicle Information and Cost Savings Act is amended by redesignating sections 607 through 614 as sections 610 through 617, respectively, by striking in section 602(e) “and 612” and inserting “and 615”, and by inserting after section 606 the following:

“VERIFICATION OF VEHICLE AS LEGAL SALVAGE OR JUNK VEHICLE

“Sec. 607. (a) Any person engaged in business as an insurance carrier to sell comprehensive insurance coverage for motor vehicles shall—

“(1) verify, in accordance with procedures established by rule under section 609 by the Attorney General and in consultation with the Secretary of Transportation, that any passenger motor vehicle, as well as the major parts of any such vehicle, which such carrier has obtained possession of and determined to be a salvage or junk passenger motor vehicle, is not reported as stolen, and

“(2) provide a certificate to whomever such carrier transfers or sells any such salvage or junk passenger motor vehicle identifying the vehicle identification number or derivative thereof of such vehicle and its major parts and verifying that such vehicle and its major parts have not been reported as stolen.

For purposes of paragraph (2), the term ‘vehicle identification number’ means a unique identification number assigned to a passenger motor vehicle by a manufacturer in compliance with applicable regulations or a derivative thereof.

“(b) The Attorney General, in consultation with the Secretary, shall promulgate such regulations as are needed to ensure that certificates provided under subsection (a)(2) and issued by insurance carriers are uniform, of a sufficient number to meet the needs of a purchaser of a vehicle to which such certificate may apply, and in a form that cannot be fraudulently duplicated.”.

(b) **EFFECTIVE DATE.**—The regulations required by section 607(b) of the Motor Vehicle Information and Cost Savings Act shall be promulgated within 6 months after the date of the enactment of this subsection. The amendment made by subsection (a) shall take effect within 3 months after such regulations are promulgated, but not

before the system in section 609 of the Motor Vehicle Information and Cost Savings Act is operational.

(c) PARTS.—Title VI of such Act, as amended by subsection (a), is amended by inserting after section 607 the following new section:

“PARTS

“SEC. 608. (a) No person engaged in the business of salvaging, dismantling, recycling, or repairing passenger motor vehicles shall knowingly sell or distribute in commerce or transfer or install a major part marked with an identification number without—

“(1) first determining, through a procedure established by rule by the Attorney General in consultation with the Secretary of Transportation under section 609 that such major part has not been reported as stolen; and

“(2) providing the purchaser or transferee with a certificate identifying the vehicle identification number or derivative thereof of such major part, and verifying that such major part has not been reported as stolen.

“(b) The Attorney General, in consultation with the Secretary of Transportation, shall promulgate such regulations as are needed to ensure that certificates provided by persons under subsection (a)(2) are uniform, of a sufficient number to meet the needs of the purchaser or transferee of such vehicle or such parts to which such certificate may apply, and in a form that cannot be fraudulently duplicated.

“(c) Subsection (a) shall not apply to a person who is the manufacturer of the major part, who has purchased the major part directly from the manufacturer, who has been informed by an insurance carrier pursuant to section 607 that the major part has not been reported as stolen, or who has received a certificate from an insurance carrier that the vehicle and the major parts of such vehicle have not been reported as stolen. A person engaged in the business of salvaging, dismantling, recycling, or repairing passenger motor vehicles shall be required to provide such certificate to any person to whom such vehicle, or any major part of such vehicle, is thereafter transferred or sold in commerce. The Attorney General shall promulgate regulations to implement this section.”

(d) **EFFECTIVE DATE.**—The amendment made by subsection (c) shall be effective on the date that the system required by section 609 is established.

(e) **NATIONAL STOLEN AUTO PART INFORMATION SYSTEM.**—Title VI of such Act, as amended by subsection (c), is amended by inserting after section 608 the following new section:

“NATIONAL STOLEN AUTO PART INFORMATION SYSTEM

“SEC. 609. (a) The Attorney General shall, within 9 months of the date of the enactment of the Anti Car Theft Act of 1992, maintain in the National Crime Information Center an information system containing the identification numbers of stolen passenger motor vehicles and stolen passenger motor vehicle parts. The Attorney General shall also consult with State and local law enforcement agencies in the establishment of such system. The Attorney General shall also consult with the National Crime Information Center Policy Advisory Board to ensure the security of the information in such system and that such system will not compromise the security of stolen vehicle and vehicle parts information in such information system.

“(b) The Attorney General shall specify procedures by rule by which individuals or entities seeking to transfer a vehicle or vehicle parts may obtain a determination whether a part is listed in the system as stolen. If the Attorney General determines that the National Crime Information Center is not able to perform the functions of the information system required under subsection (a), the Attorney General shall enter into an agreement for the operation of such a system separate from the National Crime Information Center.

“(c) The information system under subsection (a) shall, at a minimum, include the following information pertaining to each passenger motor vehicle reported to a law enforcement authority as stolen and not recovered:

“(1) The vehicle identification number of such passenger motor vehicle.

“(2) The make and model year of such passenger motor vehicle.

“(3) The date on which the passenger motor vehicle was reported as stolen.

“(4) The location of the law enforcement authority that received the reports of the passenger motor vehicle's theft.

“(5) If the passenger motor vehicle at the time of its theft contained parts bearing identification numbers or the derivative thereof different from the vehicle identification number of the stolen passenger motor vehicle, the identification numbers of such parts.

“(d) Upon request by an insurance carrier, a person lawfully selling or distributing in interstate commerce passenger motor vehicle parts, or an individual or enterprise engaged in the business of repairing passenger motor vehicles, the Attorney General, or the entity or entities designated by the Attorney General, shall immediately provide such insurance carrier or person with a determination as to whether the information system under subsection (a) contains a record of an passenger motor vehicle or an passenger motor vehicle part bearing a particular vehicle identification number or derivative thereof having been reported stolen. The Attorney General may require such verification as the Attorney General deems appropriate to ensure that the request is legitimate and will not compromise the security of the system.

“(e) There are authorized to be appropriated such sums as may be necessary to carry out this section. The information system established under subsection (a) shall be effective as provided in the rules promulgated by the Attorney General.”.

(e) STUDY.—Section 617 of the Motor Vehicle Information and Cost Savings Act (as so redesignated) is amended in subsection (a)(1) by striking “after the date of the enactment of this title” and in subsection (b)(1) by striking “after the promulgation of the standard required by this title” and inserting in each place “after the date of the enactment of the Anti Car Theft Act of 1992”.

TITLE IV—EXPORT OF STOLEN AUTOMOBILES

SEC. 401. RANDOM CUSTOMS INSPECTIONS FOR STOLEN AUTOMOBILES BEING EXPORTED.

Part VI of title IV of the Tariff Act of 1930 is amended by inserting after section 646 the following new sections:

“SEC. 646A. RANDOM CUSTOMS INSPECTIONS FOR STOLEN AUTOMOBILES BEING EXPORTED.

“The Commissioner of Customs shall direct customs officers to conduct at random inspections of automobiles, and of shipping containers that may contain automobiles that are being exported, for purposes of determining whether such automobiles were stolen.

“SEC. 646B. EXPORT REPORTING REQUIREMENT.

“The Commissioner of Customs shall require all persons or entities exporting used automobiles, including automobiles exported for personal use, by air or ship to provide to the Customs Service, at least 72 hours before the export, the vehicle identification number of each such automobile and proof of ownership of such automobile. The Commissioner shall check all vehicle identification numbers obtained under this section against the information in the National Crime Information Center to determine whether any automobile intended for export has been reported stolen. At the request of the Director of the Federal Bureau of Investigation, the Commissioner shall make available to the Director all vehicle identification numbers obtained under this section.”.

SEC. 402. PILOT STUDY AUTHORIZING UTILITY OF NONDESTRUCTIVE EXAMINATION SYSTEM.

The Secretary of the Treasury, acting through the Commissioner of Customs, shall conduct a pilot study of the utility of a nondestructive examination system to be used for inspection of containers that may contain automobiles leaving the country for the purpose of determining whether such automobiles have been stolen.

PURPOSE AND SUMMARY

The purpose of H.R. 4542 as reported by the Committee on Energy and Commerce is to take effective measures to thwart all motor vehicle theft, not just theft related to “chop shops”; to amend the Motor Vehicle Theft Law Enforcement Act of 1984 which originated in this Committee to provide for greater parts marking of not only passenger cars, but also multi-purpose vehicles and light-duty trucks; to help the State improve laws and procedures for vehicle titling, vehicle registration and control of vehicle salvage; and, to increase activities of the Federal Government and other involved in the vehicle and vehicle parts salvage industry in helping to curb motor vehicle thefts. The emphasis of our amendment is to stop thefts before they occur.

The reported bill would accomplish these purposes through the establishment of tougher Federal penalties for prohibited acts related to car theft, such as the operation of a "chop shop" and "carjacking"; and, through the expansion of the Federal parts marking program to include specialty vehicles such as passenger vans, multi-purpose vehicles and light-duty trucks.

The reported bill would also increase Federal efforts in working with State and local governments to thwart motor vehicle thefts and to make motor vehicle titling and registration uniform among the different States. In this regard, the reported bill would set up a national title information system which could be accessed easily to permit the States to determine the validity and status of a vehicle title. A national information system would also be established to permit insurance carriers and others to verify whether vehicles or vehicle parts have been reported as stolen. At the same time, the bill recognizes that titling, vehicle registration, and control of vehicle salvage at the State government level is not uniform and consistent and needs improvement if such information is to be adequate and reliable.

BACKGROUND AND NEED FOR LEGISLATION

The Committee amendment retains all of the titles of H.R. 4542 as reported by the Committee on the Judiciary and makes revisions in titles I through III. The amendment seeks to expand on the Judiciary Committee's reported bill, to address problems identified at our hearing on the reported bill, and in particular, to focus more precisely on changes in the Motor Vehicle Theft Law Enforcement Act of 1984 which originated in this Committee in the 98th Congress and is in the jurisdiction of this Committee. Clearly, our Committee shares the Judiciary Committee's view that theft of motor vehicles is a national problem. It is, however, a complex problem that, as noted by the Justice Department in an April 7, 1989 letter to the Chairman of the Oversight and Investigations Subcommittee, John D. Dingell, is broader than carjacking and chop shop related thefts. The Department said:

Motor vehicle theft continues to be a serious crime problem affecting the nation. Depending upon the intricacies of the local crime pattern, the crime may be more or less dominated by juvenile theft or "chop shop" activity.¹ Hence, it is not surprising if a local newspaper story on auto theft in a particular geographical area focuses on one or the other of these criminal purposes. We are not in a position, however, to advise you whether the growing motor vehicle theft problem is primarily a "chop shop" or "joy-ride" problem. Suffice it to say, both exist and, along with retagging, exportation, and a growing amount of owner collusion,² complicate the solution.

¹ Stolen vehicles are also "retagged" and exported. Retagging is the situation where the identification numbers and "papers" (i.e., title) of a used salvage vehicle are switched to a stolen vehicle of similar make and model in order to disguise and dispose of the stolen vehicle.

² Owner collusion is the situation where a vehicle owner reports his/her vehicle as stolen but in reality he/she has disposed of the vehicle in some fashion before reporting it as stolen. Available indications reflect that this fraudulent activity may be growing in some areas of the country.

Indeed, a recent series of articles in the New York Times focused on this problem in one city in New Jersey. One of the articles which observed that such theft "has reached epidemic proportions in recent years" states:

While some of the larceny is for profit, in which the criminals either retag the cars with new license plates and sell them or peddle them to "chop shops" that carve them up for the parts, most of the recent theft here is of a different stripe. It is the work of juveniles and tender adults interested in possessing the cars as a rite of passage and a means to gain veneration in their neighborhoods.

Once they have the cars it is incumbent upon them to demonstrate their deft driving by doing doughnuts and other bold stunts. After the cars run out of gas or become crippled beyond appeal, they are usually ditched.

* * * * *

The sauciness of the thieves is striking. On the streets, 18-year-old Easy E, whose nickname suggests how simple it is for him to steal cars, boasts of taking 200 vehicles in the last three years and tells how those deeds have fortified his sense of who he is. "I usually wear my shades and driving gloves," he said, because his admirers expect it.

Last year, one youth was brought into a police precinct station house for stealing a car and released on this own recognizance. Not much for taking the bus, he stole a police officer's car to go home.

Several months ago, while the Essex County Prosecutor was busy delivering a talk on auto theft at a Newark church, a thief was busy stealing his car.

As the police and prosecutors have bolstered their efforts to stem the problem—most notably by forming the task force last December—the youths have upped the ante. They taunt the police and increasingly ram stolen cars into police cruisers, taking special delight in exploding a cruiser's air bags. During the first seven months of the year, 20 Newark police cars have been smashed in brushes with thieves.

"I hate the word joy riding," said Sgt. Thomas DeCastro, the head of the Essex-Union task force. "They kill others; they kill themselves; they kill us. A teen-age kid with 3,000 pounds of metal under him going 80 miles an hour is not a joy to behold. He's an absolute terror.

"Virtually nothing stops the thieves. Stealing a car is easier than breaking into a house. And why break into a house? It doesn't take you anyplace; it doesn't do doughnuts."

This type of activity which is prevalent is not addressed by the Judiciary Committee bill or this Committee's amendment, except insofar as our Committee urges greater involvement by the Justice Department in all thefts.

TITLE I

Title I of the Committee amendment contains provisions which include a new Federal crime for armed "carjacking." The Committee adopted an amendment offered by Mr. Bliley to section 101(a) of H.R. 4542 as reported by the Committee on the Judiciary increasing the maximum prison term for carjacking to 25 years, instead of 15 years as in the Judiciary bill, when carjacking results in bodily injury. If death results, the penalty could be life in prison and a fine.

The Committee amendment also adds a new provision directing the Justice Department, through the Federal Bureau of Investigations (FBI) and the U.S. Attorneys, to work with State and local law enforcement officials to investigate, and as appropriate, prosecute "carjackers" and other thefts subject to various Federal statutes, including those adopted and amended in 1984 by this Committee.

In April 7 and December 29, 1989 letters to the Chairman of the Oversight and Investigations Subcommittee, John D. Dingell, the Justice Department commented about the theft problem and its role in dealing with that problem as follows:

In view of the overall level of crime in the United States, it is difficult for law enforcement to control crime only through investigation and prosecution. Being a Member of the Congress you are fully aware that federal, state, and local prisons are overflowing with individuals convicted of serious crime. Thirty years ago, over 30 percent of all federal prisoners were incarcerated because of interstate motor vehicle theft offenses while only approximately 2 percent were serving sentences for drug offenses. Today, the figures are the opposite. Less than 2 percent of all federal prisoners are incarcerated because of motor vehicle theft convictions while the figure for drug trafficking and dealing is now over 40 percent. Nevertheless, during the last thirty years the theft of motor vehicles continued to increase.

In the early 1970s the federal government reduced its involvement in the area of motor vehicle theft. We did so, not because we viewed it as an insignificant crime problem, but because other serious national criminal activity was emerging which required, in our judgment, more immediate attention by federal law enforcement—narcotics, organized crime, terrorism, and white collar crime, to name but a few. Moreover, during the last thirty years state and local law enforcement, which comprised over 95 percent of all the law enforcement resources in the nation, have expanded their competence and their technical ability thereby allowing them to investigate more readily interstate theft activity. Nevertheless, the Federal Bureau of Investigation, consistent with its available resources, continues its determined effort to assist state and local authorities in serious interstate theft activity. Cognizant of other national crime problems, however, we believe federal

law enforcement involvement relating to vehicle theft has been a reasonable use of our limited resources.

* * * * *

The substance of this program is as valid today as it was then. The national program recognizes that there is no one solution to vehicle theft. Those that put all the emphasis on prosecution are missing the mark. To do so would only transfer existing law enforcement resources from more harmful criminal conduct, drug trafficking and violent crime. This is not to say that enforcement of the law against vehicle theft is not an important and essential element of a criminal enforcement program. It is. Federal, state and local governments do try to enforce vehicle theft laws. Most, if they had the resources, would do more. But this is not practically possible without curtailing other, more crucial law enforcement efforts.

Without getting into the details, the national program espoused by the Department of Justice involves manufacturers, used vehicle/part dealers, insurance companies, state motor vehicle departments, vehicle owners and users, investigators, prosecutors, judges, legislators (especially at the state level) and the general public. If each of these entities fulfills its responsibilities, vehicle theft reduction may be possible. If not, the problem will remain, or grow. The Department has spoken out on this program before the Congress and before other interested bodies. We must regrettably admit that the message, while heard, has not been followed to the degree required for a systematic solution.

The Committee amendment complements the Judiciary Committee bill. It also is, incidentally, consistent with the recent announcements of the FBI that it has increased its activities regarding carjackings. Clearly, the Committee believes that the Justice Department and Federal enforcement agencies need to be involved to a greater extent in dealing with the theft problem. They need to reconsider their actions in the "early 1970s" in then reducing their "involvement."

The Committee amendment amends Subtitle B of Title I of H.R. 4542 as reported by the Judiciary Committee to improve the provisions establishing and financing Anti-Car Theft Committees in the States. Such committees are now enjoying some success in combating thefts in States like Michigan. The amendment particularly encourages use of other means of financing these Committees other than through the use of tax dollars. The Michigan program is financed by insurance premiums. We were informed that it is \$1 per insurance policy. The program has widespread support. The Committee's amendment does not require that this be the only means of finance. We recognize that not all stolen cars are insured, although it is likely that all new cars that are financed are insured in some way. We applaud the Judiciary Committee for establishing a funding mechanism to encourage its use in other States. We believe these changes by our Committee will improve the provisions of the Judiciary Committee bill.

The new Subtitle C in the Committee amendment is based on recommendations of the Justice Department in letters of December 29, 1988 and January 8, 1991 to the Chairman of the Oversight and Investigations Subcommittee, Mr. Dingell. It relates to concerns by that agency about the adequacy of state law regarding vehicle titling, vehicle registration, and the control of vehicle salvage. The Justice Department said:

The lack of some laws at the state level (e.g., return of surrendered vehicle title to state of issuance, a salvage vehicle, program, a VIN restoration program) facilitates the criminals ability to dispose of stolen vehicles and parts. Moreover, when states operate programs that are not sufficiently integrated with each other, or, if well designed, are not adequately monitored and enforced, the criminal element moves to the weakest link to facilitate the reintroduction of the stolen vehicle or parts into the legitimate market place. One common practice is to "wash" the title of information about the vehicle's condition (e.g., rebuilt, salvage). Hence, weaknesses in state law not only permit the disposition of stolen vehicles and parts, they also allow less scrupulous vehicle dealers to conceal the prior damaged condition of the vehicle from prospective buyers.

Whenever vehicles are transmitted outside of the jurisdiction of the theft, enforcement problems are compounded for everyone—owners, law enforcement, motor vehicle administrators, insurance industry. The difficulties of investigation are magnified, and the costs mount. If there is a large volume of traffic, it increases the likelihood that less of the illicit activity will be discovered since, due to sheer volume, understaffed and/or untrained personnel become more lax and/or susceptible to corruption in the execution of their duties.

In that letter, the Department called the Committee's attention to H.R. 3999 in the 98th Congress which called for the establishment of a national task force to address these issues. Initially, the Oversight and Investigations Subcommittee thought that such a task force could be called by the Department of Transportation (DOT) without any new law. However, in a March 25, 1991 letter, Justice said:

We continue to believe that greater uniformity in state laws relating to vehicle titling and salvage control would be beneficial in deterring the disposition of stolen motor vehicles and parts. We have no reason to believe the Secretary of Transportation opposes establishment of the "task force" suggested in my letter of January 8. We are not aware of what authority the Secretary of Transportation would have under current law to establish such a task force. We imagine, however, that, in view of his other statutorily mandated responsibilities, he may be reluctant to commit his Department's limited resources to a program not specifically directed by, the Congress.

Our Committee is quite familiar with this titling problem because of our consideration of legislation regarding odometer fraud. We agree it is a difficult and complex problem.

Therefore, Subtitle C adopts the Justice Department recommendation as another measure to focus attention on theft and the related fraud. This task force could, among other things, encourage States to adopt a model uniform titling and registration law as urged by Justice. In particular, the Task Force is asked to develop a uniform "title branding" requirement that could be implemented by the states to help prevent illegal use of titles and vehicles obtained at auction.

TITLE II

This portion of the committee amendment adopts many of the provisions of the Judiciary Committee reported bill. However, it also addresses problems identified by the Department of Transportation (DOT) in its correspondence with our Committee and at the Subcommittee hearing pertaining to the proposal in the Judiciary Committee bill to establish a National Motor Vehicle Title and Information System. In its letter to the Committee, the DOT opposed this title. The Department said:

The Department strongly opposes these provisions. The proposed NMVTIS would unnecessarily duplicate an existing electronic system, the National Law Enforcement Telecommunications System (NLETS), operated by the Department of Justice. The States use the NLETS to exchange information on the titling of motor vehicles. All 50 States currently participate in the NLETS, which instantly provides an inquiring State with the information entered on a vehicle title at the time of its issuance. The Department of Justice should be contacted for further details concerning the NLETS.

The Department also strongly opposes any sanction for States that do not "voluntarily" participate in such an information system, especially the provision to withhold a State's Federal highway construction funds—funds which have no relation whatsoever to automobile title fraud. All 50 States currently participate voluntarily in the NLETS without the need of a sanction for non-participation. They do this because they recognize that the exchange of automobile titling information is in their best interest.

The Department also opposes the provisions relating to monthly reporting requirements. It is hard to conceive of a more impractical or costly burden on small business. By the time the information is reported and entered into the NMVTIS the vehicles could be sold and retitled, thereby defeating the purpose of the reporting requirement. Given the thousands of auto repair shops across the nation, the total cost to these businesses for implementing this requirement might well exceed the cost of the problem it is designed to address.

The Committee amendment addresses some of DOT's concerns by allowing the Secretary to use the NLETS system. It also addresses

the concerns of the Department and the Association of Dismantlers and Recyclers about the reporting requirements in the Judiciary Committee bill.

In establishing the system, the Committee amendment also addresses the concerns learned at the hearing about the adequacy of State title laws. At that hearing, the Justice Department witness agreed that the Judiciary Committee bill did not address this problem of adequate and reliable title information.

The Committee amendment requires the DOT and the Attorney General to examine those problems and ensure that the information system is reliable. At the same time, we recognize that titling involves changes in State laws. It is a State problem. This bill cannot make the needed changes.

The Committee amendment also deletes the provisions which cut off highway monies if the States fail to participate in the proposed national title information system.

TITLE III

H.R. 4542 as reported by the Judiciary Committee would repeal the current parts marking program administered by the Secretary of Transportation under Title VI of the Motor Vehicle Information and Cost Savings Act. It was enacted by our Committee in 1984 to address the so-called "chop shop" problem. That problem is described by the National Automobile Theft Bureau which urged enactment of the 1984 law in a November 20, 1984 memorandum to its members as follows:

Chop-shop offenders disassemble stolen motor vehicles, discard or alter parts that have numbers and sell the unnumbered, untraceable parts to repair shops—often at a sum equal to the cost of parts purchased from legitimate suppliers.

One reason for the growth of chop shops is that the profit is high and the risk is low.

A second reason is that there is high demand for parts. There is a steady demand for operating components and body assemblies to be used as replacements for original equipment that has failed or been damaged in collisions.

A third reason for the growth of chop shops is that most parts are unidentifiable once they are removed from the motor vehicle.

During the past few years, organized crime has recognized the tremendous profits that can be made by operating chop shops. Key syndicate figures are involved in chop-shop activities across the nation.

Motor vehicle thefts and chop-shop operations have become an attractive business for "hard-core criminals" who are finding the crime to be highly profitable with comparatively little risk.

A skilled chop-shop offender, working with an assistant, can dismantle a motor vehicle in about 20 minutes. Once separated from the motor vehicle, many of the major components are not identifiable and can easily and profitably be reintroduced into the normal flow of commerce.

The current program requires the marking of major parts of all passenger automobiles that exceed the median theft rate for such vehicles in the base year, 1983. The Department of Transportation estimates that the current theft standard which took effect for high theft car lines in model year 1987, costs consumers an average of \$4.14 per car in that first year (\$4.53 in 1992), or \$15,400,000 annually.

In place of the current program, the Judiciary bill would establish a greatly expanded parts marking program which would require that motor vehicle manufacturers mark major parts, including windows, of all new cars and light trucks produced for sale in the U.S., even those that currently have little or no record of theft for "chop shop" purposes.

According to the Department of Transportation, the cost to consumers of this expanded program would be close to \$15 per car, for a total annual cost of \$210 million. That is far more than the \$6 per car suggested by the Judiciary Committee in its August 12, 1992 report on the bill.

The Department of Transportation testified at the hearing held by the Subcommittee on Commerce, Consumer Protection, and Competitiveness that it has been unable to statistically prove that parts marking reduces car theft. It certainly does not stop "joy riding" or "carjacking."

At the hearing, the Department said it was opposed to the expansion of the auto parts marking program. The Department of Transportation identifies some of its concerns over the expansion of the program in its following comments:

H.R. 4542 calls for extending parts marking to all new passenger cars and light trucks. It would require marking the same parts as in the current theft prevention standard, plus permanently marking both frames or supporting structure and major windows.

Auto manufacturers already voluntarily mark, in a secret location, the frame or supporting structure; hence there would be no improvement to the economic loss of vehicles thefts because of marking frames. In fact, it could be argued that regulating the marking of frames would be detrimental to law enforcement identifying and recovering stolen vehicles. Manufacturers provide law enforcement and insurance officials with these secret locations, so they can look for this number when checking likely stolen vehicles. Regulation would necessarily require the disclosure of the numbers' location for standard enforcement purposes.

The marking of major windows does have some theft deterrence potential. In the Auto Theft-Resistance Study submitted by NHTSA to Congress in April 1992, mention is made of the window etching program done by the Kentucky State Police, implemented in 1981. They claim to have marked 150,000 vehicles, and from 1981 to 1991 the State Police were aware of only four of these vehicles being stolen. While this program may have potential, its actual effectiveness is not known and its cost may be significant.

The costs to manufacturers and consumers for the current parts marking standard are on average \$2.77 and \$4.53, respectively, in 1992 dollars. The cost of marking windows, based on some preliminary estimates in the Theft Prevention Standard Regulatory Impact Analysis would probably be about \$5.50 for manufacturers and \$9.60 for consumers, in 1992 dollars. In other words, the total cost to consumers is over \$14 (\$4.53 + \$9.60) or close to the \$15 limitation called for in the bill, before considering the cost of replacement parts.

While replacing the major parts in the current standard may be an infrequent occurrence, windows are another matter. Since windows are to have the VIN permanently inscribed, any replacement windows would have to be similarly inscribed, which would probably cost more to do than original equipment windows. Thus, when the annual cost for inscribing replacement windows over the life of a vehicle is considered, the total cost of the proposed statute would exceed its \$15 limit. In addition, the total cost to the public would be substantial, with some 14 million new vehicles affected each year—the total annual cost even at \$15 per vehicle would be \$210 million.

The Committee amendment would establish new authority and requirements for the current auto parts marking program under Title VI of the Motor Vehicle Information and Cost Savings Act.

The following are the major changes made by the Committee amendment to improve the way the current parts marking program works: specialty vehicles, such as passenger vans and sport utility vehicles would be subject to parts marking—current law exempts these vehicles from coverage; the limitation on how many parts may be required to be marked is removed; “chop shops” are defined and criminal and civil penalties for their operation are established—authority to seek an injunction against their operation is also provided; and, a requirement is established to verify that marked parts are not reported as stolen.

Specialty vehicles.—Under current law, only passenger automobiles, excluding passenger vans, are subject to the parts marking requirement. The Committee amendment would include specialty vehicles under the parts marking program, including “any multi-purpose passenger vehicle and light-duty truck that is rated at 6,000 pounds gross vehicle weight or less.”

Testimony at the hearing by the State Farm Insurance Companies provided the Committee with some examples of a substantial increase in the theft rate for specialty vehicles. In calendar year 1986, State Farm’s theft rate for 1986 passenger motor vehicles to be marked, was 64.4 percent, and for specialty vehicles in that same year 23 percent. However, in calendar year 1989, marked, 1989 model passenger automobiles accounted for only 9.4 percent of all State Farm thefts, and specialty vehicles accounted for 76.5 percent.

Removal of limitation on parts to be marked.—Under current law, the Secretary of Transportation may require no more than 14 major parts of any car line to be marked. H.R. 4542 as reported by

the Judiciary Committee would require motor vehicle manufacturers to mark windows in addition to increasing the number of parts already required to be marked.

Although the Committee amendment does not require that windows be marked, it would increase the number of parts to be marked and it would also give the Secretary of Transportation discretion to require the marking of other parts comparable to those identified in the law if he determines that to be appropriate. In this way, the Secretary can thoroughly consider the benefits and costs of marking additional parts.

The Committee notes that DOT must identify the comparable parts for light-duty trucks that must be marked under the standard. They would be those that are comparable to parts listed for cars.

Prohibition on ownership or operation of chop shops.—According to the Department of Transportation's National Highway Traffic and Safety Administration in its April, 1992 report to the Congress, entitled "Auto Theft Resistance Study," "It is estimated that between 10 and 16 percent of all thefts occur in order that parts be removed and sold for profit (the so-called "chop shop" operations)."

The Committee defines chop shops and prohibits any person from knowingly owning, operating, maintaining, or controlling a chop shop or conducting operations in a chop shop of any kind. In addition transporting any passenger motor vehicle or passenger motor vehicle part to or from a chop shop is also prohibited.

The penalty provided for committing a prohibited act with respect to chop shops is a fine under title 18 of the United States Code or imprisonment for not more than 15 years, or both. In the case of repeat offenders, the Committee amendment provides for doubling the fine and/or prison sentence.

Finally, the Committee amendment also gives the Secretary of Transportation authority to seek a permanent or temporary injunction against the operation of a chop shop, and/or to assess and recover a civil penalty of not more than \$100,000 per day for each violation.

Verification that parts are not reported as stolen.—The sponsor of the bill H.R. 4542, Representative Shumer, testified at the hearing held by the Subcommittee on Commerce, Consumer Protection, and Competitiveness that verification is essential if auto parts marking is to be an effective deterrent to auto theft.

The Committee amendment requires that a system be established within the Department of Justice to provide a data base, the National Stolen Auto Part Information System (NSAPIS), for the purpose of verifying, upon request, that parts marked with identifying numbers are not reported as stolen. Parties, mostly insurance carriers, would be required to verify with this system that marked parts in their possession are not reported as stolen.

The Committee understands that some vehicles obtained by insurance carriers may possibly be stolen and claims paid possibly fraudulently. The Committee expects the Agency to examine this problem to see if it truly exists with the insurance carriers and others in establishing rules under this section. The Committee understands that the vast majority of salvage and junk vehicles sold to salvage firms are sold to such firms at auction by insurance car-

riers. As a result, the Committee amendment would require insurance carriers that sell salvage or junk vehicles to first verify with NSAPIS that the vehicle and all its major parts are not reported as stolen.

Insurance carriers would also be required to provide all subsequent purchasers of such vehicles with certificates identifying the vehicle identification number for such vehicle and all major parts and verifying that such vehicle and its parts are not reported as stolen. A salvage firm which then sells a part from a salvage vehicle purchased from an insurance carrier would be required to give the purchaser of the part the certificate obtained from the insurance carrier.

Unless a salvage or repair firm is in possession of a certificate obtained from an insurance carrier stating that a part is not reported as stolen, such firm would have the same obligation to verify that the part is not reported as stolen and provide certification to that effect before selling or transferring it to anyone or distributing it in commerce. This includes sales to repairers and new and used motor vehicle dealers.

H.R. 4542 as reported by the Judiciary Committee puts most of the responsibility for verification on salvage and repair firms. The association representing the dismantlers and recyclers which was a leading supporter of the 1984 law made the following statement at the September 10, 1992 Subcommittee hearing concerning the burden this verification requirement would put on the salvage and repair industry:

Most automotive recycling facilities are not computerized and would not be able to participate in a system which electronically transfers such detailed information. For these businesses, all parts verification procedures would have to be conducted exclusively over the telephone. With the many individual parts sold over the course of a day, the additional costs in time and labor, and the loss of potential phone customers, this provision would make it unprofitable for large numbers of legitimate automotive recyclers to continue their business operations.

The potential impact of the recordkeeping and reporting requirement of H.R. 4542 on the automotive recycling industry is severe. Hundreds of these small family-run companies could be forced out of business and thousands of their employees could be put out of work.

Concerning the proposed National Stolen Auto Part Information System in section 302 of the Judiciary Committee bill, the Justice Department had the following to say:

Complementing parts marking is a proposed National Stolen Auto Part Information System (NSAPIS) section 302 of the May 14 Discussion Draft. Under this section, the Attorney General would be required to enter into an agreement for the operation of an information system containing the identification numbers of stolen automobiles and stolen automobile parts. With certain exceptions, any person who sells, transfers, or installs a major part

marked with an identification number must first make an inquiry of NSAPIS and determine that such major part has not been stolen. Moreover, such a person must provide the transferee with a certification describing the major part and the identification number affixed to it. Violators would be subject to a civil penalty.

We assume that the operator of the proposed NSAPIS would have to be an entity with access to the National Crime Information Center (NCIC). Such an information system operated independently of NCIC would appear to be operationally impractical. In this regard, we are concerned that the law enforcement agencies across the country that use NCIC may have serious reservations about allowing automobile repair shops, parts dealers and others to have indirect access to NCIC data relating to stolen automobiles and stolen automobile parts. Accordingly, we would suggest that the views of the NCIC Advisory Board be solicited on this issue.

Similarly, the Advisory Policy Board of the National Crime Information Center also expressed concern about section 302 and said the "legislation needs a great deal more study." Their comments follow:

The NCIC is the nation's central index on stolen vehicles and vehicle parts. Creating a second, duplicate system is unnecessary.

Careful consideration must be given to the method by which a private, non-governmental entity would ascertain whether a vehicle, title, or vehicle part was listed in NCIC. Such consideration must also recognize:

- (a) A reasonable procedure for reaction when a match is found between an identification number in a dealer's lot and a number in NCIC;
- (b) There must be an immediate process for following up on such number matches as even momentary delay will result in the thief's escape; and
- (c) There are duplicate numbers on many different parts and vehicles; i.e., serial number 123456 may appear on more than one vehicle or part. Innocent citizens possessing vehicles or parts which coincidentally bear identification numbers matching numbers on stolen vehicles or parts may be seriously inconvenienced.

Unlimited access to NCIC by a private, non-governmental entity would not be in the public interest and would impede effective law enforcement.

Any enhancement to national support of auto theft prevention and law enforcement should be coordinated by the Department of Justice through the FBI which has been doing an outstanding job with its NCIC management.

This legislation needs a great deal more study before it is finally approved. The NCIC/APB is the government entity that coordinates the operational exchange of criminal justice information among all federal, state and local

agencies on a continuing basis, and must be closely involved in the analysis of H.R. 4542.

As a result of these comments, the Committee amendment requires the Attorney General to consult with the National Crime Information Center Policy Advisory Board to ensure that access to the proposed National Stolen Auto Part Information System does not compromise the security of stolen vehicle parts information in the existing data base of the National Crime Information Center.

Title III of the Committee amendment would remove the limitation in section 605 of the Motor Vehicle Information and Cost Savings Act which prohibits the Secretary from exempting more than two car lines annually from the parts marking requirement if approved anti-theft devices are installed. H.R. 4542 as reported by the Judiciary Committee would eliminate the provisions of section 605 altogether, thereby preventing the Secretary from permitting manufacturers to install approved anti-theft devices on even two car lines per year in lieu of parts marking.

The Committee disagrees with that action by the Judiciary Committee. The Department of Transportation made the following statements concerning the proposed deletion of section 605 authority:

To be exempted, a high-theft line must satisfy two conditions. First, a line must be equipped with an antitheft device as standard equipment. Second, the Department must determine that such antitheft device is likely to be as effective as parts marking in reducing and deterring motor vehicle theft.

The legislative intent underlying this section was to encourage the use of antitheft devices that can be shown to be at least as effective as parts marking in deterring theft. Presently, no empirical data is available in sufficient quantity for analytical purposes to provide clear evidence of the effectiveness of parts marking. However, there is evidence, as experienced by at least one manufacturer, that antitheft devices can be extremely effective in reducing theft.

We believe the deletion of section 605 removes the incentive for manufacturers to develop and install effective antitheft devices.

In its April 1992 report to Congress, the DOT talked about this program and said:

A dramatic success story in theft reduction via antitheft systems is that involving the Pontiac Firebird and the Chevrolet Camaro. General Motors was granted partial exemptions for these car lines in 1990. Even though the exemption did not become effective until MY 1990, General Motors voluntarily installed the Personalized Automotive Security System (PASS-KEY), along with parts-marking, in MY 1989. These two car lines had been among the top 10 on the high-theft listing since MY 1983/84. The MY 1987 theft rate for the Pontiac Firebird was 30.1440 and for the Chevrolet Camaro was 26.0277. For MY 1988, the

Pontiac Firebird theft rate was 29.3894 and the Camaro 25.7394.

Following the introduction of the antitheft system in MY 1989, the theft rate fell to 8.9973 for the Firebird and 8.6893 for the Camaro. The MY 1990 theft rates for these car lines continued at a relatively low rate for the Firebird of 8.5608 and 9.0362 for the Camaro, indicating a 67 percent and 65 percent decrease for the Firebird and Camaro, respectively.

These two GM car lines have installed as standard equipment, the "PASS-KEY" system. This PASS-KEY system is unique in that it uses a specially designed key to deter would-be thieves. When the key is inserted in the ignition, an on-board computer reads an encoded capsule that is embedded in the ignition key and compares it to a microchip within the computer. If the two modules do not match, the ignition system shuts down for approximately three minutes. The system rearms and shuts down indefinitely if someone without the proper key persists. The ignition system will also shut down if an attempt is made to pop the ignition switch out of the steering column, or hot-wire the car.

As portrayed by the reduction in theft rates, this system has proven to be very effective in reducing auto theft. Insurance payouts for Camaros and Firebirds have been cut in half since the PASS-KEY system was added.

From the standpoint of wanting to halt thefts, the Committee firmly believes that supporting such incentives is in the public interest. We urge the industry to do more to make vehicles theft-proof.

"Vin" Identification.— Section 601(8) of the Judiciary Committee reported bill defines the term "vehicle identification number (VIN)" as a unique 17-character identification number assigned by the manufacturer. Section 602(c) then mandates the use of the full VIN to identify all marked parts. The DOT points out that currently the manufacturers are allowed to mark the engine and transmission with the VIN derivative in lieu of the full VIN. DOT says that section 602(c) "imposes a more restrictive standard" without showing that the current derivatives are "inadequate". As to the labels for marking, the present regulations state:

(1) Labels.—(i) The number must be printed indelibly on a label, and the label must be permanently affixed to the car's part.

(ii) The number must be placed on each part specified in paragraph (a) of this section in a location such that the number is, if practical, on an interior surface of the part as installed on the vehicle and in a location where it:

(A) will not be damaged by the use of any tools necessary to install, adjust, or remove the part and any adjoining parts, or any portions thereof;

(B) is on a portion of the part not likely to be damaged in a collision; and

(C) will not be damaged or obscured during normal dealer preparation operations (including rustproofing and undercoating).

(iii) The number must be placed on each part specified in paragraph (a) of this section in a location that is visible without further disassembly once the part has been removed from the vehicle.

(iv) The number must be placed entirely within the target area specified by the original manufacturer for that part, pursuant to paragraph (e) of this section, on each part specified in paragraph (a) of this section.

(v) Removal of the label must—

(A) cause the label to self-destruct by tearing or rendering the number on the label illegible; and

(B) discernibly alter the appearance of that area of the part where the label was affixed by leaving residual parts of the label or adhesive in that area, so that investigators will have evidence that a label was originally present.

(vi) Alteration of the number on the label must leave traces of the original number or otherwise visibly alter the appearance of the label material.

(vii) The label and the number shall be resistant to counterfeiting.

(viii) The logo or some other unique identifier of the vehicle manufacturer must be placed in the material of the label in a manner such that alteration or removal of the logo visibly alters the appearance of the label.

Information from insurance carriers.—The Judiciary Committee deleted from the 1984 Act section 612 which requires insurance carriers to provide information about thefts, recoveries, premium information regarding thefts, the actions taken by insurers to deter theft, and other relevant information, including consumer information. At the same time, the DOT witness pointed out that the Judiciary Committee retained a provision which would have prevented DOT from obtaining such information from the insurance industry. The DOT said it is “concerned that section 612 does not appear in the bill.” DOT believes it is “vital that section 612 not be deleted.” Our Committee agrees. Our amendment retains the section, although it is renumbered.

TITLE IV

This title is the same as reported by the Committee on Judiciary.

Our Committee is, however, concerned about reports of vehicles being taken to Mexico and South America from California and various ports, like New York and Miami. As to this problem, the Justice Department in a 1990 letter responding to our inquiry about media articles of thefts for export said:

1. The exact number of stolen vehicles being taken to Mexico each year from the United States is unknown. The article states it may be “as high as 20,000 a year.” This would not be surprising, if true, since nearly 1,500,000 vehicles are currently stolen each year in the United States.

2. We do not perceive any benefits from the part-marking requirements thwarting the theft of the vehicles destined for Mexico. Part-marking is a tool of law enforcement, state motor vehicle departments, and insurance companies to identify vehicles and parts as stolen after they have been recovered. Once the stolen vehicles are taken to Mexico, federal, state, and local law enforcement officials, and other United States entities would have little opportunity to come across such vehicles and parts in the performance of their official duties, and accordingly, no opportunity to spot the numbers and make inquiries of the National Crime Information Center (NCIC).

3. The arrangements between United States law enforcement agencies and their Mexican counterparts for the recovery of vehicles varies. "Sister" cites along the border have established their own procedures, usually less formal than required under the Recovery and Return of Stolen or Embezzled Vehicles and Aircraft treaty. However, as the distance increases from the border, it is more likely that the distance increases from the border, it is more likely that the procedures of the treaty will be utilized. Overall, most Mexican officials are cooperative. As is common in United States law enforcement, the normal turnover of Mexican law enforcement personnel requires a constant educational effort on the obligations imposed under the treaty.

4. The United States has no formal stolen vehicle recovery procedure with Canada similar to that with Mexico. As most portions of Canada share a common language with us, the law enforcement agencies in both countries have established the necessary contacts with their counterparts to facilitate recovery of stolen vehicles on both sides of the border. We have experienced no problems in this area with our northern neighbors.

In closing, we would stress that top officials in both the United States and Mexico deplore involvement of any law enforcement official in a vehicle theft ring. Mexico has prosecuted its officials for vehicle theft. Mexico finds that some of its officials have unfortunately engaged in the unauthorized use of a recovered stolen vehicle, which is a violation of the treaty.

HEARINGS

The Committee's Subcommittee on Commerce, Consumer Protection, and Competitiveness held one day of hearings on Thursday, September 10, 1992. Testimony was received from: The Honorable Philip Sharp; The Honorable Charles E. Schumer; Paul Jackson Rice, Chief Counsel, National Highway Traffic Safety Administration, Department of Transportation; John C. Keeney, Deputy Attorney General, Criminal Division Department of Justice, and Don Gilman, Congressional Liaison for Customs; Thomas H. Hanna, President, Motor Vehicle Manufacturers Association; Alan Reuther, Legislative Division, United Auto Workers; Herman Brandau,

Associate General Counsel, State Farm Mutual Automobile Insurance Company, representing Advocates for Highway and Auto Safety; George C. Nield, President, Association of International Automobile Manufacturers; James Watson, Vice President, ABC Auto Parts, representing Automotive Dismantlers and Recyclers Association.

COMMITTEE CONSIDERATION

On September 17, 1992, the Committee met in open session and ordered reported the bill H.R. 4542 with an amendment by voice vote, a quorum being present.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Subcommittee on Oversight and Investigations has had extensive oversight since the 1984 law was enacted and held an oversight hearing and made findings that are reflected in the legislative report.

COMMITTEE ON GOVERNMENT OPERATIONS

Pursuant to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives no oversight findings have been submitted to the Committee this Congress by the Committee on Government Operations.

COMMITTEE COST ESTIMATE

In compliance with clause 7(a) of rule XIII of the Rules of the House of Representatives, the Committee believes that the costs incurred for the federal government in carrying out H.R. 4542 with our Committee amendment would be less than \$500,000 annually.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 22, 1992.

Hon. JOHN D. DINGELL,
*Chairman, Committee on Energy and Commerce,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 4542, the Anti Car Theft Act of 1992.

Enactment of H.R. 4542 could affect receipts and thus the bill would be subject to pay-as-you-go procedures under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. As a result, the estimate required under clause 8 of House Rule XXI also is attached.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM
(For Robert D. Reischauer).

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: H.R. 4542.
2. Bill title: Anti Car Theft Act of 1992.
3. Bill status: As ordered reported by the House Committee on Energy and Commerce on September 17, 1992.
4. Bill purpose: H.R. 4542 would establish several programs and make revisions to current law to prevent and deter auto theft.
5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1993	1994	1995	1996	1997
Spending subject to appropriation action:					
Specified authorization level.....	10	10	10		
Estimated authorization level.....	22	20	20	7	7
Total authorization level.....	32	30	30	7	7
Estimated outlays.....	14	27	30	23	11
Estimated revenues.....	(¹)	(¹)	(¹)	(¹)	(¹)

¹ Less than \$500,000.

The Department of Justice could incur additional costs to investigate and prosecute new federal crimes established by the bill. CBO cannot estimate the amount of any such costs at this time.

The costs of this bill fall within budget functions 400 and 750.

Basis of estimate

Title I of the bill would direct the Director of the Bureau of Justice Assistance to make grants to anti-car-theft committees, which are state or local government agencies devoted to combatting motor vehicle theft. The bill would authorize appropriations of \$10 million in each of fiscal years 1993 through 1995 to carry out this provision.

Title II would require the Secretary of Transportation, in cooperation with the states, to establish a national motor vehicle title information system. The secretary would be authorized to designate a contractor who would operate this system and collect fees to cover the cost. States would be given the option of participating in this system, by making titling information available to the operator of the system and conducting title verification checks. The bill would authorize the Secretary to make grants to participating states of \$300,000 or more to cover the cost of providing the required information. The bill includes no specific authorization for the cost of these grants, but CBO estimates that this cost would be about \$40 million, subject to the availability of appropriations. This estimate is based on information provided by the American Association of Motor Vehicle Administrators and assumes that all states would participate and would receive grants to cover the full cost of establishing the system.

Title III of H.R. 4542 would direct the Attorney General to enter into an agreement with an entity to operate a system to provide insurance carriers and automobile repair businesses with information on stolen automobiles and automobile parts. The Attorney General would enter into such an agreement only if it is deter-

mined that the Federal Bureau of Investigation's National Crime Information Center (NCIC) would be unable to operate such a system. Title III would authorize such sums as necessary to be appropriated to carry out this provision. Based on conversations with the Federal Bureau of Investigation and a potential operator of the proposed information system, we have assumed that NCIC would be unable to operate such a system. We estimate that the costs for an entity to operate the system would be no more than \$5 million in fiscal year 1993 and no more than \$3 million per year thereafter.

Title IV of the bill would require all entities exporting used automobiles by air or ship to provide to the Customs Service the vehicle identification number and proof of ownership of each such automobile. The Customs Service would have to check all vehicle identification numbers provided against the information in the NCIC to determine whether any automobile intended for export has been reported stolen. Based on information from the Customs Service, we estimate that this provision would cost about \$4 million annually.

In addition, H.R. 4542 contains several other provisions that would result in costs to the federal government. We estimate that the net effect of these provisions would be less than \$500,000 annually. H.R. 4542 also would provide for new and enhanced penalties (including fines) for certain crimes, including armed robberies of motor vehicles, importation and exportation of stolen vehicles, and trafficking in stolen vehicles. These fines could increase receipts, but CBO estimates that any such increase would be less than \$500,000 annually.

This estimate assumes that the Congress will appropriate the full amounts authorized for each fiscal year. Outlay estimates are based on historical spending patterns for programs similar to those authorized by this bill.

6. Pay-as-you-go considerations: The Budget Enforcement Act of 1990 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1995. H.R. 4542 contains provisions that provide for new and enhanced penalties for certain crimes, which could result in additional receipts to the federal government. We estimate that any additional receipts would be less than \$500,000 per year.

7. Estimated cost to state and local governments: The grant program in Title I for anti-car-theft committees would require grantees to provide at least 50 percent of the costs of such committees. These costs could reach \$10 million per year in fiscal years 1993 through 1995, but the additional costs would probably be somewhat less because some states already have established anti-car-theft committees.

8. Estimate comparison: None.

9. Previous CBO estimate: On July 30, 1992, CBO prepared a cost estimate for H.R. 4542, as ordered reported by the House Committee on the Judiciary. That version of the bill would authorize \$7 million per year for grants to states for the cost of establishing the national motor vehicle information system and would limit grants to 25 percent of the cost in each state. The Energy and Commerce Committee version would authorize grants for the entire cost and would not limit the total amount to be appropriated.

In addition, CBO has now developed an estimate of the cost of section 401, involving Customs Service inspections of exported automobiles. Such an estimate was *not available for the Judiciary Committee bill*. The CBO cost estimates reflect these differences. Other provisions in the two bills are largely the same, as are the costs reflected in the two estimates.

10. Estimate prepared by: Marjorie Miller and Mark Grabowicz and John Stell.

11. Estimate approved by: C.G. Nuckols, Assistant Director for Budget Analysis.

*Congressional Budget Office estimate*¹

The applicable cost estimate of this act for all purposes of sections 252 and 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be as follows:

	[By fiscal year, in millions of dollars]			
	1992	1993	1994	1995
Change in outlays	(¹)	(¹)	(¹)	(¹)
Change in receipts	0	0	0	0

¹ Not applicable.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee makes the following statement with regard to the inflationary impact of the reported bill: H.R. 4313 will have no inflationary impact.

SECTION-BY-SECTION ANALYSIS

SECTION 1. SHORT TITLE

This Act may be cited as the "Anti Car Theft Act of 1992"; same as reported by the Committee on the Judiciary.

SECTION 2. PURPOSES

This new section added by the Committee amendment sets forth the purposes of this Act. These purposes include taking effective measures to thwart "carjacking" and to amend title VI of the Motor Vehicle Information and Cost Savings Act to provide for greater parts marking of passenger cars, multi-purpose vehicles, passenger vans and light trucks.

¹ An estimate of H.R. 4542 as ordered reported by the House Committee on Energy and Commerce on September 17, 1992. This estimate was transmitted by the Congressional Budget Office on September 22, 1992.

TITLE I—TOUGHER LAW ENFORCEMENT AGAINST AUTO THEFT

Subtitle A—Enhanced Penalties for Auto Theft

SECTION 101. FEDERAL PENALTIES FOR ARMED ROBBERIES OF AUTOS

The Committee amendment adds a new subsection (b) and subsection (c) to H.R. 4542 as reported by the Committee on the Judiciary.

Subsection (b) would make persons convicted of carjacking that involves bodily injury subject to a prison sentence of 25 years, instead of 15 years as provided in the Judiciary bill. If death results, the penalty could be life in prison.

Subsection (c) would urge the Attorney General, United States Attorneys and the FBI to work with state and local officials to investigate, and when appropriate prosecute, carjackings.

SECTION 102. IMPORTATION AND EXPORTATION

Same as reported by the Committee on the Judiciary.

SECTION 103. TRAFFICKING IN STOLEN VEHICLES

Same as reported by the Committee on the Judiciary.

SECTION 104. CIVIL AND CRIMINAL FORFEITURE

Same as reported by the Committee on the Judiciary.

Subtitle B—Targeted Law Enforcement

SECTION 130. GRANT AUTHORIZATION

The Committee amendment would make the Edward Byrne Memorial State and Local Law Enforcement Assistance Program the funding mechanism for grants to states for the establishment of Anti Car Theft Committees. The Committee seeks to address a concern expressed by the Justice Department that this subtitle would duplicate the authority granted to the Bureau of Justice Assistance under the Anti-Drug Abuse Act of 1988. The Justice Department views are stated under the heading "Agency Views."

SECTION 131. APPLICATION.

The Committee amendment deletes provision regarding taxes of finance these State Committees and adds that they could be financed in the same way as in Michigan.

SECTION 132. AWARD OF GRANTS

The Committee amendment adds language to ensure that all States have an opportunity to participate in the program of grants.

SECTION 133. AUTHORIZATION OF APPROPRIATIONS

Same as reported by the Committee on the Judiciary.

Subtitle C—Report Regarding State Motor Vehicle Titling Programs To Combat Motor Vehicle Thefts and Fraud.

SECTION 140. ESTABLISHMENT OF TASK FORCE

The Committee amendment creates this new Section which tells the Secretary of Transportation and the Attorney General to work together to establish quickly a task force to study problems related to uniform titling and registration. The task force is to report to the President and to the Congress concerning its findings and recommendations within 12 months following the establishment of the task force.

The Secretary of Transportation is to chair the task force which, in addition to the Secretary, shall include the Attorney General, the Secretary of Commerce, the Secretary of Treasury, three members appointed by the Attorney General, five members from state departments of motor vehicles appointed by the Secretary of Transportation and one member to be appointed by the Secretary of Transportation from each of the following groups: motor vehicle manufacturers; motor vehicle dealers and distributors; motor vehicle dismantlers, recyclers, and salvage dealers; motor vehicle repair and body shop operators; motor vehicle scrap processors; insurers of motor vehicles; state law enforcement officials; local law enforcement officials; the American Association of Motor Vehicle Administrators; the National Automobile Theft Bureau, and the National Committee on Traffic Laws and Ordinances.

The Committee believes this task force will be essential to achieving the purposes of this bill. As the Justice Department points out, the "vagaries in the motor vehicle titling laws and procedures of the various states facilitate the illegal retitling of stolen motor vehicles, and thereby contribute to the problem on anti-theft and auto fraud."

TITLE II—AUTOMOBILE TITLE FRAUD

SECTION 201. DEFINITIONS

Same as reported by the Committee on the Judiciary, except for technical changes.

SECTION 202. NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM

The Committee amendment seeks to address the concerns of the DOT about this title while, at the same time, amending the section to insure that the information is of high quality and reliable. The DOT can use the existing National Law Enforcement Telecommunications System operated by the Justice Department. The Committee also provides that the system be self-sufficient and not dependent on taxpayer monies.

SECTION 203. STATE PARTICIPATION IN THE NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM

Same as reported by the Committee on the Judiciary except the Committee amendment would not cutoff a state's federal highway funds if that state failed to participate in the national titling information system. This "cut-off" provision is eliminated.

SECTION 204. REPORTING

Same as reported by the committee on the Judiciary, except that the Committee amendment exempts operators of junk or salvage yards from the requirement in the Judiciary bill to submit monthly inventory reports to the national titling information system in those cases when insurance carriers have issued certificates verifying that such vehicles or such vehicle parts have not been reported as stolen.

TITLE III—AMENDMENTS ON THEFT PREVENTION

SECTION 301. DEFINITIONS

This section amends Section 601 of the Motor Vehicle Information and Cost Savings Act (MVICSA). The definition of 'passenger motor vehicle' is amended by the Committee amendment to include multi-purpose vehicles and light duty trucks rated at 6000 pounds gross vehicle weight or less. The 6000 pounds limit is similar to distinctions made in other provisions of law, such as the Clean Air Act, that recognize that heavier vehicles are more generally commercial, not passenger or pleasure use vehicles.

In addition, this section adds a definition of 'chop shop' to Section 601 of the MVICSA.

Finally, this section amends Section 607(a)(2) of MVICSA which requires motor vehicle manufacturers to comply with rules prescribed by the Secretary of Transportation under Title VI of MVICSA. The Committee amendment requires compliance with rules prescribed by the Attorney General as well.

SECTION 302. THEFT PREVENTION STANDARD

This section amends Section 602(d)(1) of the MVICSA to eliminate the 14 part limitation on what the Secretary of Transportation may designate as a major part on a vehicle and require it to be marked under the parts marking requirement of Title VI of the MVICSA.

This section also amends Section 602(f) of the MVICSA to authorize the Secretary of Transportation, by rule, to require parts marking of one or more car lines that do not exceed the median theft rate, if he determines that doing so would thwart chop shop operations. In making this determination, the Secretary of Transportation shall use information submitted by insurance carriers as required by redesignated Section 615 of the MVICSA, and he shall consider the additional cost, effectiveness, and competitiveness of such a requirement, as well as consideration of other alternatives. The Committee amendment grants this authority to the Secretary beginning three years following the date of enactment of this bill.

This provision, if used, must apply to all manufacturers. It gives the Secretary authority to broaden parts marking beyond high theft vehicles where there is a real need to curb chop shop operations. According to the DOT, the current theft prevention standard covered about 3.6 million cars of the 8.7 million manufactured in 1990. The bill expands this to specialty vehicles and light trucks. This provision allows a further expansion by rule.

The Committee stresses that DOT states that "there is no conclusive evidence that the existing program is effective" and that an expansion to all cars and light trucks and that requires window marking "would cost in excess of \$15 per vehicle, with a prospective annual cost of \$210 million or 14 times more than the current standard." Despite the DOT concerns, this Committee believes that some expansion is warranted now and more maybe appropriate if there is a better nexus to chop shops.

This Section would also permit the Secretary of Transportation to redesignate the base year for determining the median theft rate under Title VI of the MVICSA. He could review this and change it periodically. These changes make the program more relevant to current experience.

SECTION 303. DESIGNATION OF HIGH THEFT VEHICLE LINES AND PARTS.

This section amends Section 603(a) of the MVICSA to make the year in which the Anti Car Theft Act of 1992 is enacted the point of reference for purposes of designating the base year for establishing the median theft rate.

This section also strikes Section 603(a)(3) of the MVICSA which limits to 14 car lines the number of car lines that may be designated as high theft car lines. It makes other technical amendments.

SECTION 304. EXEMPTION FOR VEHICLES EQUIPPED WITH ANTITHEFT DEVICES

This section would amend Section 605(a) of the MVICSA which currently prohibits the Secretary of Transportation from exempting a motor vehicle manufacturer from the parts marking requirement for more than two car lines annually on which antitheft devices, approved by the Secretary, are required to be installed.

SECTION 305. PROHIBITED ACTS

This section of the Committee amendment amends Section 607 of the MVICSA to establish civil and criminal penalties for anyone who knowingly owns, operates, maintains or controls a chop shop, or conducts operations in a chop shop of any kind or transports any passenger motor vehicle or passenger motor vehicle part to or from a chop shop. Upon conviction, a person violating this prohibition would be subject to a fine under title 18 of the United States Code or to imprisonment for not more than 15 years, or both. In the case of a repeat offender, the maximum punishment shall be doubled with respect to any fine and imprisonment.

In addition, this Section of the Committee amendment gives the Secretary of Transportation authority to commence a civil action for permanent or temporary injunction against chop shop operations, or to assess and recover a civil penalty of not more than \$100,000 per day for each violation, or both.

To its great credit, the Association of Dismantlers and Recyclers suggested that this rather obvious void in Federal law needed to be corrected. The Association noted that the coalition that urged enactment of the 1984 law adopted this idea in 1984, but apparently never actually communicated it to Congress until recently. This provision, together with the definition of a chop shop, if used vigor-

ously and effectively could go a long way to addressing the chop shop problems and related thefts. The Committee expects the DOT, working with the Attorney General, the FBI, and others, to vigorously enforce this provision.

SECTION 306. VERIFICATION

This section adds a new Section 607 to the MVICSA to require insurance carriers that sell comprehensive insurance coverage for motor vehicles to verify that salvage and junk vehicles in their possession are not reported as stolen. Verification would be done in accordance with rules issued by the Attorney General for the operation of the National Stolen Auto Part Information System also established by an amendment in this Section.

Insurance carriers would be required to issue certificates to a purchaser of such salvage or junk vehicle identifying the manufacturer's identification numbers for the vehicle and its major parts and verifying that such vehicle and its major parts are not reported as stolen.

The Attorney General, in consultation with the Secretary of Transportation, is required to issue regulations to ensure that certificates issued by insurance carriers are uniform, of a sufficient number to meet the needs of a purchaser, and in a form that cannot be fraudulently duplicated. Regulations would be required to be promulgated within six months after the date of enactment. Within three months after the Attorney General issues such regulations, insurance carriers would be required to verify and certify that salvage and junk vehicles are not reported as stolen, except the requirement that insurance carriers verify and certify shall not take effect before the National Stolen Auto Part Information System is operational.

This section also adds a new Section 608 to the MVICSA to require any person engaged in the business of salvaging, dismantling, recycling, or repairing passenger motor vehicles to verify and certify that parts they sell are not reported as stolen, if such verification and certification has not first been done by an insurance carrier.

This section instructs the Attorney General to issue regulations to prevent the fraudulent use of certificates issued by such salvage and repair firms. The requirement that salvage and repair firms verify and certify that parts marked with identifying numbers are not reported as stolen would take effect on the date that the National Stolen Auto Part Information System is established.

This section would add a new Section 609 to the MVICSA to require the Attorney General, within 9 months of the date of enactment of the Anti Car Theft Act of 1992, to establish within the National Crime Information Center an information system, called the National Stolen Auto Part Information System, containing the identification numbers of stolen automobiles and stolen automobile parts. It is a revision of section 302 of the Judiciary Committee bill. In establishing this system, the Attorney General is required to consult with state and local law enforcement agencies and the National Crime Information Center Policy Advisory Board to ensure the security of the information in such system and to avoid com-

promising the security of stolen vehicle parts information in such information system. This is designed to address an important concern of the Justice Department and this Board.

The Attorney General is required to issue regulations so that insurance carriers, salvage and repair firms, and individuals seeking to transfer a vehicle may obtain a determination whether a part is listed in the system as stolen.

An authorization of such sums as are needed to establish this information system is provided by the Committee amendment. A requirement that the Secretary of Transportation do a study to determine the effectiveness of the parts marking program three years after the date of enactment of the Anti Car Theft Act of 1992 is also provided by the Committee amendment.

TITLE IV—EXPORT OF STOLEN AUTOMOBILES

The Committee bill is the same as that reported by the Committee on the Judiciary.

AGENCY VIEWS

THE SECRETARY OF TRANSPORTATION,
Washington, DC, August 28, 1992.

Hon. JOHN D. DINGELL,
Chairman, Committee on Energy and Commerce, House of Representatives, Washington, DC.

DEAR CHAIRMAN DINGELL: Thank you for your letters of June 9, July 28, and August 7, 1992, requesting my views, comments, and recommendations—and those of Attorney General William P. Barr and Commissioner Carol Hallett—on H.R. 4542, the “Anti-Car Theft Act of 1992.”

Your June 9 letter asked a number of questions about the bill and a May 14 “Discussion Draft” you enclosed. On August 12, the Judiciary Committee reported an amended version of H.R. 4542 (H. Rept. 102-851, Part 1). Accordingly, our enclosed responses to your questions refer to H.R. 4542, as reported by the Judiciary Committee.

Your July 28 letter asked that our responses to your June 9 letter consider correspondence concerning H.R. 4542 that you received from the Motor Vehicle Manufacturers Association and Volkswagen of America, Incorporated. Your August 7 letter also asked that our responses to your June 9 letter consider correspondence that you received on the bill by the Planning and Evaluation Ad Hoc Subcommittee of the National Crime Information Center (NCIC) Advisory Policy Board. Our enclosed responses to your June 9 letter fully consider the correspondence you enclosed in these letters.

We appreciate the opportunity to present our views. Please let us know if we can be of further assistance.

Sincerely,

ANDREW H. CARD, Jr.

Enclosure.

QUESTIONS AND ANSWERS

Question 1. I request that the Department of Transportation (DOT), through the National Highway Traffic Safety Administration (NHTSA), working with the Federal Bureau of Investigation and the Customs Service, provide a table for the years 1984 to the present of the annual number of thefts nationally and by States by category, i.e., passenger cars, multi-purpose vans, light trucks (up to 8500 gross vehicle weight), heavy duty trucks, buses and motorcycles.

Answer. The Department of Transportation defers to the Department of Justice.

Question 2. In past correspondence with your agencies, particularly Customs, it was shown that a significant number of vehicles stolen in California and Texas end up in Mexico. Some stolen in the U.S. are unlawfully shipped to foreign countries in South America and elsewhere. I request an update (for this same period) of this problem and an explanation of the actions taken to combat or thwart this problem and a discussion of the difficulties encountered in addressing this problem. To what extent is this problem being adequately considered and addressed in the present trade negotiations with Mexico and Canada?

In prior correspondence with your agencies, you have indicated that a considerable number of thefts were of the joy riding type and some were for insurance fraud. Please provide an update of such thefts for the same period nationally and by State and by vehicle category.

Another important segment of the unrecovered thefts relate to stealing for so-called "chop shop" operations. Please also provide an update of the extent of such chop shop type thefts, and a discussion of the purposes of chop shop thefts, including a discussion of the extent to which such parts are ultimately sold in the used parts market, including the used crash parts market.

Answer. The Department of Transportation obtains its data on the incidence of vehicle theft from the Department of Justice, and has not conducted an analysis since its March 1991 report. The Department therefore defers to Customs and the Department of Justice for updated information on this subject.

Question 3. Please note the enclosed correspondence indicating that the average premium cost of comprehensive coverage in New York for one company is about \$104.00 out of a total annual cost of \$606.00 and that there is a theft discount of 5% of the comprehensive amount or about \$5.09. That does not appear to be much incentive to install and use various devices to prevent stealing of vehicles. I request your comments.

Answer. The agency agrees with your comment that a 5 percent discount is not much of an incentive to install an antitheft device or any other deterrent. However, discounts for antitheft devices vary depending on the devices

and on the insurer. Discounts range from 5 percent to 20 percent. The 5 percent discount is usually for active antitheft devices or labels/decals. Generally, the more sophisticated the device, the greater the discount. Presently, only 10 states require insurance companies to offer and inform policyholders of the discounts. As indicated in NHTSA's March 1991 report, we recommend and encourage more widespread application of efforts to reduce vehicle theft by offering discounts for vehicles equipped with antitheft devices. In that report, the agency also recommended additional efforts by insurance companies to increase cooperative antitheft efforts with states and local law enforcement groups, and to inform policyholders of discounts offered. Insurance companies should expand their participation in and financial support of state programs and should take the lead in publicizing and distributing to consumers public service announcements and advice on devices to help reduce auto theft.

Question 3 (cont.). What are the best methods to prevent theft of vehicles on the road today and new vehicles? To what extent are vehicles in all categories theft proof?

Answer. There is no simple method for completely preventing or eliminating the theft of vehicles on the road today or in new vehicles. Thieves have developed methods that are more sophisticated, such as loading a parked car onto a trailer and driving away, or more violent, such as the practice of "car-jacking," in which the car is stolen at gunpoint.

One problem in developing an effective remedy is that there are various motives that lead to car theft and each motive inspires a different breed of law-breaker. The agency's March 1991 study estimates that between 10 and 16 percent of all thefts occur to remove parts to sell for profit. An additional 9 to 25 percent are believed to be related to insurance fraud. From 4 to 17 percent are stolen for export. In addition, the study estimated that the theft of cars for joyriding is increasing, particularly in economically depressed urban areas. Other reasons for stealing cars include a need for transportation and a desire to obtain expensive interior components, e.g., stereo equipment, cellular phones, etc.

Although there are no fool-proof means to eliminate the theft of vehicles, there are several time-tested precautions that law enforcement officials recommend:

(a) Never leave keys in the ignition when exiting the vehicle.

(b) Always close all windows, lock all doors, and take the keys when leaving the vehicle unattended.

(c) Put all packages in the trunk, if possible, out of the sight of passers-by.

(d) If the vehicle has an antitheft system, activate it when exiting.

(e) To discourage towing, park the vehicle with its wheels turned into the curb, place the transmission in

park or (if manual) in first or reverse, and apply the emergency brake.

Question 3 (cont.). How easy is it to break into locked vehicles and start them, particularly those manufactured since model year 1975?

Answer. We believe that this question would be more appropriately answered by law enforcement groups. We therefore defer to their expertise.

Question 3 (cont.). How effective are the various devices and alarms, including active and passive disabling devices? What is the cost of these devices in new vehicles and in the aftermarket?

Answer. In the Department's March 1991 report to Congress, it was noted that theft rate data showed a fluctuating pattern for vehicles after installation of standard antitheft devices. There is no clear indication as to why theft rates of vehicles after installation of antitheft devices fluctuate from model year to model year and car line to car line. In contrast to this general pattern, there have been notable successes with some systems. For example, the General Motors (GM) PASS-KEY system (a passive system that can only be activated by utilization of a specially designed ignition key, key cylinder, and on-board computer) has proven to be very effective in reducing auto theft. GM installed (as standard equipment) the PASS-KEY system on Chevrolet Camaro and Pontiac Firebird. These car lines' theft rates were among the highest for MY 1987 (the first model year for parts marking). The Camaro's theft rate was 26.0277 and the Firebird's theft rate was 30.1440. After GM installed the system in MY 1989, the theft rates fell to 8.6893 for the Camaro and 8.9973 for the Firebird. The MY 1990 theft rates for these car lines continued at a relatively low rate for the Camaro of 9.0361 and 8.5608 for the Firebird, indicating a 65 percent and 67 percent decrease for the Camaro and Firebird, respectively.

There are a number of aftermarket devices and systems being offered for theft prevention, ranging from the inexpensive metal J-bar (a device that locks the steering column, preventing it from being turned) and electrical fuel-cutoff switches, to sophisticated tracking systems that track a vehicle once it has been reported stolen. These antitheft devices encompass a wide range of effectiveness and a wide range of cost. The cost of these devices in new vehicles installed as standard equipment varies considerably, from approximately \$5 for parts-marking up to approximately \$1,500 for a complex sophisticated antitheft system. The cost for aftermarket devices covers approximately the same range, with simple decals and inexpensive mechanical steering lock devices at the low end and sophisticated tracking systems at the high end.

Question 3 (cont.). How do you help to prevent theft for joyriding, fraud, export, and other purposes? Is parts-making a deterrent to all theft?

Answer. The agency's April 1992 study emphasized that there is no simple "silver bullet" which can suddenly eliminate or significantly reduce auto theft. Parts-marking is a relatively low-cost action with the intended purpose of reducing those thefts that are motivated by profit.

We believe that more widespread use of effective standard antitheft devices and systems could help to reduce thefts for the various purposes mentioned in the question. As previously mentioned, the General Motors' PASS-KEY system has thus far been a dramatic success story.

The agency believes that theft for fraud can be reduced by training insurance specialists to detect and investigate suspicious claims and by promoting the enactment of laws that provide appropriate punishment and effective deterrence for fraud.

Theft for export might also be reduced by using tracking systems to recover stolen vehicles and parts-marking to recover stolen parts.

Question 4. Please explain how and to what extent this bill will help Customs and Federal enforcement agencies stop or prevent theft of vehicles for joyriding, export fraud, chop shops and other purposes. To what extent does Federal law enforcement personnel, including Customs and the Federal Bureau of Investigation, engage in investigations regarding such theft, except where major crime rings are involved? What priority do they give such thefts from the standpoint of resources? I understand that they consider such theft more of a State and local crime. Is that right? Why?

I note the Justice Department's comments on March 31, 1992 regarding sections 101, 102, 103, and 104 of the bill. I do not have the impression, however that the Justice Department believes that these provisions would be helpful in deterring theft. There is a marked lack of enthusiasm. Possibly I am wrong. I request the Administration's view.

I note from recent articles in the June 2, 1992 edition of the Washington Post that there are "test-driver" thieves who pose as potential buyers and steal vehicles. Some of these thieves use guns. This is referred to as "car-jacking." There has also been some high-speed police chases and accidents with injuries involving stolen vehicles in the Metropolitan Washington D.C. area. How will additional Federal penalties, such as section 101, help in such cases where it involves local police? Are Federal prosecutors likely to prosecute? Please explain.

To what extent are there arrests and convictions at the Federal, State and local level for vehicle theft alone and what is the experience in sentencing? How do these sections influence tougher law enforcement at each level and successful prosecution and sentencing?

Answer. The Department defers to Customs and the Department of Justice.

Question 5. The Justice Department's testimony was that it opposes subtitle B of title I of the bill which seems

to be largely unchanged in the discussion draft. Please explain how the program in section 6091 of Public Law 100-690 is applicable to the activities covered by his subtitle. Is it fully funded? Is it effective? Please explain how this Subtitle duplicates that program. Please provide a table showing by State the allocation of \$10 million using the latest vehicle registration data.

I observe that in Michigan's theft rate has dropped in 1990 for the fifth consecutive year. One reason cited is the Automobile theft Prevention Authority which is funded by an annual assessment on insurers. This bill would provide a different funding mechanism. I question the wisdom of that approach, particularly in light of budgetary constraints. Are other States planning to adopt the Michigan program? Please explain.

Answer. The Department defers to the Department of Justice and the State of Michigan.

Question 6(a). Title II of H.R. 4542 regarding automobile title fraud would be administered by the Attorney General. The discussion draft provides for its administration by the DOT. What is the need for this title and the information system? What is the capability of either agency to administer? What are the anticipated costs of establishing and maintaining the system? What are the problems? What are the benefits? How long will it take to establish it?

I note that in March 31 testimony, the American Association of Motor Vehicle Administrations (AAMVA) said this would be a "major undertaking" and that State systems will need modifications and that the States will need grants. What is the likelihood of Federal funds for this effort? Please comment.

Answer. Title II ("Automobile Title Fraud") of the bill reported by the Subcommittee on Crime and Criminal Justice would require the Secretary of Transportation to establish, by January 1, 1996, a "National Motor Vehicle Title Information System" (NMVTIS) to give a State the ability to check, by electronic means, the motor vehicle files of another State to determine the validity of a vehicle title issued by that State. The NMVTIS would be paid for by user fees, either by contract with a State or several States, or by designating a third party to represent the interests of the States. Information in the NMVTIS would be available to participating States, law enforcement officials, prospective purchasers of automobiles, and insurance companies.

State participation in the NMVTIS would be voluntary. Once a State elects to participate, however, it would have to: (1) make the titling information it maintains available to the NMVTIS; and (2) agree to use the NMVTIS to perform an "instant title verification check" before issuing a certificate of title to an individual or entity claiming to have purchased the automobile in another State. Grants would be provided to assist the States in making their ti-

ting information available to the NMVTIS. On October 1, 1996, a State electing not to participate would have five percent of its Federal highway construction funds withheld under each of sections 104(b)(1), (b)(2), (b)(5), and (b)(6) of title 23, United States Code. On and after October 1, 1999, if a State continues to elect not to participate, it would have 10 percent of such Federal funds withheld. Once a State elects to participate, only the funds withheld on or before September 30, 1997, would be reimbursed.

Title II also would require automobile junk yards, salvage yards, and insurance companies to file monthly reports with the NMVTIS. The monthly reports would contain detailed information on the junk or salvage vehicles acquired in the previous month, including the vehicle identification number of each vehicle obtained, the date it was obtained, and the name of the person or entity from whom the vehicle was obtained. Violators of the reporting requirements would be subject to civil penalties.

The Department strongly opposes these provisions. The proposed NMVTIS would unnecessarily duplicate an existing electronic system, the National Law Enforcement Telecommunications System (NLETS), operated by the Department of Justice. The States use the NLETS to exchange information on the titling of motor vehicles. All 50 States currently participate in the NLETS, which instantly provides an inquiring State with the information entered on a vehicle title at the time of its issuance. The Department of Justice should be contacted for further details concerning the NLETS.

The Department also strongly opposes any sanction for States that do not "voluntarily" participate in such an information system, especially the provision to withhold a State's Federal highway construction funds—funds which have no relation whatsoever to automobile title fraud. All 50 States currently participate voluntarily in the NLETS without the need of a sanction for non-participation. They do this because they recognize that the exchange of automotive titling information is in their best interest.

The Department also opposes the provisions relating to monthly reporting requirements. It is hard to conceive of a more impractical or costly burden on small business. By the time the information is reported and entered into the NMVTIS, the vehicles could be sold and retitled, thereby defeating the purpose of the reporting requirement. Given the thousands of auto repair shops across the nation, the total cost to these businesses for implementing this requirement might well exceed the cost of the problem it is designed to address.

Question 6(b). Please explain the relationship of this program to the requirements of law regarding odometer fraud. I recall that our Committee has often experienced difficulty with titling matters under that law, especially in the case of used vehicles.

Answer. Title II's NMVTIS is intended to enable a State to determine the validity, by electronic means, of a motor vehicle title issued by another State. The NMVTIS therefore would contain complete information on all motor vehicle titles. The purpose of the odometer requirements of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1981 *et seq.*) is to provide purchasers, when buying motor vehicles, with an accurate account of the mileage actually traveled by the vehicle. To this end, the law requires, among other things, that the application for transfer of ownership of a motor vehicle include the transfer's title and a statement, on the title, that indicates the mileage of the vehicle at the time of the transfer. Consequently, the NMVTIS would include, as one of its data elements, the odometer readings of titles to motor vehicles whose ownership has been transferred.

Question 6(c). Please comment on each of the definitions in this title and their use. AAMVA raises concerns about the adequacy of the definition of "certificate of title." Please comment.

Answer. Title II contains definitions for the following nine terms: "certificate of title," "insurance carrier," "junk automobile," "junk yard," "operator," "participating State," "salvage automobile," "salvage yard," and "Secretary."

Title II defines "certificate of title" as "a document issued by a State evidencing ownership of an automobile." We have no concerns with this definition; it reflects current usage.

We have reservations about two definitions. First, the term "junk automobile" is defined as "any automobile which is incapable of operation on roads or highways and which has no value." We believe a transcription error in this definition caused the phrase "except as a source of parts or scrap" to be omitted before the period.

Second, the term "salvage automobile" is defined as "any automobile which is damaged by collision, fire, flood, accident, trespass, or other occurrence to the extent that its fair salvage value plus the cost of repairing the automobile for legal operation on roads or highways exceeds the fair market value of the automobile immediately prior to the occurrence causing its damage." We suggest substituting "would exceed" for "exceeds," since the purpose of the definition is to define a vehicle that is so badly damaged that it would *not* be repaired.

Question 6(d). What States now have "information systems pertaining to the titling of motor vehicles? Under the heading "availability of information," the bill requires that on request, information be provided to insurance carriers which includes "individuals" and "prospective purchasers" who are not defined. Would this be like a "Hotline" or "900" number? Please explain why the information should be provided to them and why we need a Federal program for this purpose.

The bill does not require States to participate. How many States are needed to ensure the success of the system? If even one State fails, will it work effectively?

Answer. All States have information systems pertaining to the titling of motor vehicles. The Department has no special insight into the manner this bill would require the information in the system to be provided to "insurance carriers" or to anyone else. For the reasons given in subsection (a) of this answer, we are opposed to the system this title proposes.

Question 6(e). Please note the provisions of the discussion draft regarding grants and regarding the withholding of highway funds and provide your comments. Please also comment on the monthly reporting requirements for junk yards, salvage yards, and insurance carriers.

Answer. See our answer to 6(a) for our answer to this question.

Question 6(f). The bill and discussion draft also includes enforcement provisions and an appropriation authorization. How will the fees be determined? Who pays the fees? Who are the recipients? Will the Federal government be reimbursed for its costs? What is the need for enforcement provisions? Is funding adequate?

Answer. The Department is unable to answer any part of this question.

Question 6(g). The legislation provides for operation of the system by the States or a third party with that operation paid for with fees. Please comment.

Answer. See our answer to 6(a) for our answer to this question.

Question 7. When our Committee considered the 1984 law, our report (H. Rept. 98-1087, Part 1) said: "Motor vehicle theft continues to be a problem of major proportions, with thefts reported totalling over 1 million motor vehicles annually. While the incidence of theft is increasing, the recovery rate of stolen vehicles is declining."

However, the March 1992 NHTSA report on theft states that the "number of recoveries have kept pace with thefts, i.e., recovery rates since 1984 have remained fairly constant." Please provide a table showing annually since 1984 (nationally and by State) the number of thefts and the number of recoveries by the various vehicle categories.

The NHTSA report states:

The theft and recovery data for this report comes from FBI's National Crime Information Center (NCIC), with more than 5 million records for 1984 through 1988. *This data base is the most comprehensive available, but it does not disaggregate theft data by motive. Thieves steal motor vehicles for many reasons.* It is estimated that between 10 and 16 percent of all thefts occur in order that parts can be removed and sold for profit (chop shop operations). An additional 4 to 17 percent are

believed to be stolen for export and a further 9 to 38 percent are stolen in relation to fraud involving insurance and retagging. *Because the parts marking provisions of the Theft Act will probably most affect the 23 to 71 percent of thefts committed for profit, conclusions based on the total data cannot show definitively the effectiveness of the Act.* Nevertheless, the data base is the best available, and analysis of this information provides important insights into various aspects of the vehicle theft problem.

* * * * *

In the report, theft rates are calculated in terms of thefts per 100,000 registered vehicles. The rate for passenger car theft has increased by 22 percent since 1984 and the rate for light truck theft has doubled. The rate for motorcycle theft increased by 8 percent over 5 years and the heavy truck theft rate actually declined by 12 percent since 1984. The recovery rates since 1984 have remained fairly constant, reaching 88 percent for passenger cars in 1987.

The effect of parts marking was analyzed by comparing theft rates of marked and unmarked model year 1987 and 1988 car lines to their respective predecessor lines in 1985 and 1986. When this was done it showed that the theft rate of marked high theft cars increased 3.4 percent in comparison with prior years (1985 and 1986). The theft rate of low theft, unmarked cars increased 13.5 percent. The higher increase in the theft rate of low theft vehicles in comparison with high theft cars continues a trend that has existed for several years, and therefore, is not necessarily an indicator of the success of the Theft Act.

After applying an adjustment in pre-existing trends, the difference in the change in theft rates between marked and unmarked cars was found to be statistically insignificant. Similarly, an analysis of recovery rates showed no statistically significant differences between marked and unmarked car lines.

Evaluating the theft standard using this approach results in conclusions that are neither clear nor definitive. As mentioned above, the data base that must be used does not permit analysis of theft rates for profit alone. Moreover, overall trends have not changed markedly following implementation of the Theft Act. *Under such conditions no meaningful statement on the effectiveness of parts marking can be made using the available national data sets.*

Given the uncertainty of these results, other data were examined. *Analysis of theft claims costs of seven large insurers showed no evidence that parts marking had reduced auto theft. Insurance costs had increased for both marked and unmarked cars.* Here too, however, it was necessary to adjust the data to account for pre-existing trends and the analysis, by itself, also does not produce statistically significant results.

The relative rates of recovery of "in-part" marked and unmarked cars were also examined. These are vehicles missing a major part, usually as the result of a chop shop operation. *Here too, there was no difference between recovery rates for marked and unmarked cars.* If the parts marking standard was reducing chop shop operations, one would expect an increase in the relative recovery rate of the marked cars.

In short, evidence of the effectiveness of the theft standard cannot be obtained through analysis of the data sets examined. The Department has, however, found wide support for parts marking in the law enforcement community.

Those whose concerns focus on the prevention and deterrence of theft or the capture and prosecution of perpetrators believe that marking parts provides them a valuable tool. For the most part, these groups favor expanding the coverage of the standard and making the markings used more permanent. Of course actions to expand the use of marking will raise the cost of implementing the regulation. (Emphasis added.)

Please discuss the "prevention and deterrence" effect of parts marking on thefts that are not chop shop related. The report estimates that the "annual economic loss resulting from vehicle thefts could be as high as \$5.4 billion dollars." I presume this is for all thefts, not just those related to chop shops. Is that right? Do these estimates consider recoveries? To what extent would a bill like H.R. 4542 or the discussion draft be expected to reduce that estimate substantially? What would be the increased cost to the Federal Government and the vehicle manufacturers and consumers?

The May 23, 1992 edition of Status Report by the Insurance Institute for Highway Safety states:

The 1989-91 car models with the highest overall insurance theft losses are two Volkswagen models, the Cabriolet and GTI, with average loss payments per insured vehicle year of about \$200. This means that, for every Cabriolet and GTI insured against theft, on average about \$200 is paid out in theft claims each year.

In contrast, the car with the lowest overall losses is the Toyota Corolla four wheel drive station wagon with an average loss payment per insured vehicle year of about \$1. These are the results of the latest report on insurance theft losses published by the Highway Loss Data Institute (HLDI). HLDI is closely affiliated with the Insurance Institute for Highway Safety.

The five 1989-91 cars with the highest frequencies of insurance claims for theft are all Volkswagen models: GTI, two- and four-door Jetta, two-door Golf, and Cabriolet. The GTI's frequency of theft claims is more than 100 times that of the car model with the lowest frequency, the four-door Ford Tempo four wheel drive. However most Volkswagen models don't have especially high insurance payouts per individual theft claim.

Average loss payments per theft claim vary from less than \$600 for Toyota Corolla and Ford Escort station wagons to nearly \$23,000 for the BMW 735iL/750iL.

"These results reflect two very different patterns of theft claims," explains HLDI Senior Vice President Richard O. Elder. "The high claim frequencies but low average payments per individual claim for most Volkswagens indicate theft of vehicle components like radios. On the other hand, some BMW models plus the Infiniti Q45 and Chevrolet Corvette have higher loss payments per claim because the complete vehicle more frequently is stolen."

Is this variation in theft of models recognized in the pending legislation? Please explain.

Title III of the bill establishes a new parts marking program at the Justice Department and does not amend the 1984 law originating in this Committee. The discussion draft re-writes the 1984 law. Please provide your comments on the two approaches and the need for either proposal. To what extent is either proposal consistent with each of the NHTSA recommendations of 1991? Do we have enough experience with the 1984 law to require changes at this time in the law? Please explain.

I understand that about 8.2 million new cars were sold in 1991. There are, however, many more cars on the road that would not be covered by this bill. How long will it take for this bill to affect all vehicles on the road?

Answer. Data are not readily available on motor vehicle thefts and recoveries by vehicle category and by State. To obtain national data for the March 1991 report, NHTSA required the services of a contractor to decode the 1984 through 1988 FBI data tapes. To obtain these data for each state, and for 1989 through 1991 (the most recent year available) would cost the agency about \$100,000 and take

several months to obtain. From the March 1991 Report the national statistics since 1984 are as follows:

MOTOR VEHICLE THEFTS/RECOVERIES

Vehicle type	1984	1985	1986	1987	1988
Cars:					
Thefts.....	655,225	681,507	752,690	786,641	882,676
Recovery rate percent).....	84	86	88	88	81
Light trucks, vans, et cetera:					
Thefts.....	129,475	141,326	162,889	186,577	222,273
Recovery rate percent.....	74	77	77	77	75
Motorcycles:					
Thefts.....	72,030	75,356	75,414	70,746	64,801
Recovery rate (percent).....	61	63	61	60	53
Heavy Trucks and buses:					
Theft.....	39,651	37,753	37,649	37,671	36,949
Recovery rate (percent).....	81	81	82	82	76
Total:					
Thefts.....	896,381	935,942	1,028,642	1,081,635	1,206,699
Recovery rate (percent).....	81	83	84	84	78

The parts marking standard is intended to deter professional thieves from stealing cars. Estimates vary widely, but in the report it is estimated that 23 to 71 percent of auto thefts are done for profit. Joy riders and persons seeking transportation make up the remainder of the theft problem. It is unlikely that the theft standard will deter these persons from stealing cars. As the March 1991 report states, no meaningful statement on the effectiveness of parts marking can be made using the available national data sets.

The annual economic loss discussed in the report includes all theft motives. The report shows that between one half and one billion dollars in annual economic loss comes from thefts for chop shops.

The economic loss value of \$5.4 billion dollars does not include recovery estimates. While recovery rates are high, the vehicle condition varies considerably. The report shows that up to 60 percent of recovered vehicles had major parts missing, and for another ten percent, the vehicle condition is unknown. Since no estimate of the value of recovered vehicles could be obtained for the report, the economic loss figure is a gross estimate only.

H.R. 4542 calls for extending parts marking to all new passenger cars and light trucks. It would require marking the same parts as in the current theft prevention standard, plus permanently marking both frames or supporting structure and major windows.

Auto manufacturers already voluntarily mark, in a secret location, the frame or supporting structure; hence there would be no improvement to the economic loss of vehicles thefts because of marking frames. In fact, it could be argued that regulating the marking of frames would be

detrimental to law enforcement identifying and recovering stolen vehicles. Manufacturers provide law enforcement and insurance officials with these secret locations, so they can look for this number when checking likely stolen vehicles. Regulation would necessarily require the disclosure of the numbers' location for standard enforcement purposes.

The marking of major windows does have some theft deterrence potential. In the Auto Theft-Resistance Study submitted by NHTSA to Congress in April 1992, mention is made of the window etching program done by the Kentucky State Police, implemented in 1981. They claim to have marked 150,000 vehicles, and from 1981 to 1985 the State Police were aware of only four of these vehicles being stolen. While this program may have potential, its actual effectiveness is not known and its cost may be significant.

The costs to manufacturers and consumers for the current parts marking standard are on average \$2.77 and \$4.53, respectively, in 1992 dollars. The cost of marking windows, based on some preliminary estimates in the Theft Prevention Standard Regulatory Impact Analysis would probably be about \$5.50 for manufacturers and \$9.60 for consumers, in 1992 dollars. In other words, the total cost to consumers is over \$14 (\$4.53 + \$9.60) or close to the \$15 limitation called for in the bill, before considering the cost of replacement parts.

While replacing the major parts in the current standard may be an infrequent occurrence, windows are another matter. Since windows are to have the VIN permanently inscribed, any replacement windows would have to be similarly inscribed, which would probably cost more to do than original equipment windows. Thus, when the annual cost for inscribing replacement windows over the life of a vehicle is considered, the total cost of the proposed statute would exceed its \$15 limit. In addition, the total cost to the public would be substantial, with some 14 million new vehicles affected each year—the total annual cost even at \$15 per vehicle would be \$210 million.

The HLDI report is based on theft claims where equipment is stolen from a vehicle as well as the theft of the entire vehicle. Volkswagen models are usually equipped with radios and sound systems that are very attractive to thieves because of their high quality. The theft prevention standard, while aimed at chop shops, has as its premise that the entire vehicle is stolen. This results in the HLDI data having a much lower average claim value and with a very different list of popular models stolen than NHTSA's list of most frequently stolen vehicles. Since H.R. 4542 would apply to *all* new cars and light trucks, it would apply to all models discussed in HLDI's report as well as to those on NHTSA's list.

Title III of the bill ("Illicit Trafficking in Stolen Auto Parts") would make major revisions to Title VI of the Motor Vehicle Information and Cost Savings Act. Under

the existing statute, DOT implements a program requiring the marking of parts on certain passenger cars determined to be at high risk for being stolen. Title III would significantly broaden this authority, requiring motor vehicle and motor vehicle parts manufacturers to inscribe or affix vehicle identification numbers or markings on the major parts (including, for the first time, vehicle frames and major windows) and the major replacement parts of *all* new passenger cars and light trucks. A price-indexed cost limit of \$15 per automobile on the manufacturers (the cost limit contained in the current statute) would be set for labeling parts other than engines, vehicle frames, and transmissions. Manufacturers would be subject to recordkeeping, reporting, and inspection requirements, as prescribed by the Secretary.

The manufacture, sale, or introduction into commerce of passenger cars and light trucks and replacement parts that do not meet the parts-marking standard would be prohibited, and civil penalties would be provided for persons who violate the standard. Civil penalties also would be applicable to violations of the recordkeeping, reporting, and inspection provisions.

By January 1, 1993, the Attorney General would be required to enter into an agreement for the operation of a "National Stolen Auto Part Information System" (NSAPIS). The NSAPIS would contain the identification numbers of stolen passenger cars and light trucks and stolen replacement parts for these vehicles. With certain exceptions, any person who sells, transfers, or installs a major part marked with an identification number would be required to check with the NSAPIS to determine whether the part has been reported as stolen, and then provide the transferee with a written certificate describing the major part and its identification number. A person violating this provision would be subject to a civil penalty.

The NSAPIS data would be available, upon request, to sellers of automobile parts, auto repair shops, and insurance companies that pay for the repair of insured automobiles.

The Department strongly opposes Title III. The proposed increase in the coverage of the parts-marking standard would impose costly new administrative requirements without evidence that these measures will be effective. The existing law applies only to passenger cars in designated high-theft lines; the proposal requires parts-marking for *all* automobiles, including light trucks. The current theft prevention standard, limited to likely high theft car lines and covering about 3.6 million cars of the 8.7 million manufactured in 1990, costs consumers about \$4.53 per car for a total annual cost to the public of \$16.3 million. A parts-marking standard that applies to all cars and light trucks and that requires windows to be marked would cost in excess of \$15 per vehicle, with a projected annual cost of \$210 million or 14 times more than the current standard.

In fact, there is no conclusive evidence that the existing program is effective. In our comprehensive March 1991 report to Congress on the effects of the 1984 Theft Act, we stated that:

“[E]xisting data are inadequate and inconclusive for determining whether the parts-marking standard is effective in reducing theft. Therefore, we believe it would be premature and costly at this time to extend parts marking to cover other classes of motor vehicles or to cover more passenger motor vehicles * * * .” (p. vii)

We continue to support his conclusion. The Department's more recent April 1992 “Auto Theft-Resistance Study,” a report to Congress on the effectiveness of specific auto theft-resistance measures, again concluded that “additional data are still insufficient to reach a firm conclusion on the effectiveness of parts marking in reducing theft.”

Concerning the proposed National Stolen Auto Part Information System (NSAPIS), it is unclear who would be required to provide data to the NSAPIS. Also, the requirements placed on sellers, transferors, and on persons who install a major part marked with an identification number (checking with the system's operator and then providing the transferee with a written certificate describing the major part and its identification number) seem cumbersome and costly. We do not support an untested program of this magnitude on a national basis.

With regard to the question concerning how long it would take before H.R. 4542 would affect all vehicles on the road, we estimate approximately 20 years.

Question 8. The new section 601 of H.R. 4542 and the discussion draft changes the definitions in existing law. It deletes some and adds new definitions.

(a) What vehicles are covered under section 601(1) of the 1984 law? What vehicles would be covered by section 130(4) of H.R. 4542 and section 601 of the discussion draft? What should passenger vans be covered?

Answer. Section 2(1) of the Motor Vehicle Information and Cost Savings Act defines “passenger motor vehicle” as “a motor vehicle with motive power, designed for carrying twelve persons or less, except (A) a motorcycle or (B) a truck not designed primarily to carry its operator or passengers.” The Motor Vehicle Theft Law Enforcement Act of 1984 expressly limited the definition for purposes of Title VI by excluding multipurpose passenger vehicles. In consequence, Title VI applies only to passenger cars.

Section 601 of H.R. 4542 as reported by the Subcommittee would apply the parts marking requirements to “automobile[s]” as defined in Section 501(1) of the Cost Savings Act. In effect, the use of “automobile” would extend the parts-marking requirements to all multipurpose passenger vehicles, including passenger vans, and to

trucks with a gross vehicle weight of less than 10,000 pounds.

We do not know why the bill's sponsors propose to mark multipurpose passenger vehicles and light trucks. As we have stated elsewhere, we do not believe the available data establish the effectiveness of parts marking even for high theft passenger cars. We have no grounds to conclude that parts marking would be effective for other passenger cars or other vehicle categories, and therefore oppose making the parts-marking requirements applicable to them.

Question 8(b). The new versions delete the terms "line" and "existing line." The deletion apparently is relevant to the bill's expansion of the requirements beyond "high theft lines." What is the need or basis for that expansion? Is that expansion justified by chop shop data? Will it cover subcompacts, compacts, and large vehicles, as well as high theft vehicles? What is theft data and chop shop data regarding such non-high-theft vehicles?

Answer. As pointed out in our March 1991 and April 1992 reports to Congress, there is no conclusive evidence that thefts will actually be reduced as a consequence of parts marking. Therefore, we do not recommend extending the theft prevention requirements to other vehicles. Since we do not believe expansion of the program is presently justified, we cannot respond to this second question. In our view the proposed bill would cover subcompacts, compacts, and large vehicles, as well as high theft vehicles. In responding to your question regarding "theft data and chop shop data," we do not possess theft data segregated into such categories. The data we have do not distinguish "theft data" from "chop shop" data. We believe that the Department of Justice would be able to respond to this question.

Question 8(c). In the case of the term "major part," the list includes "each window" in the case of the bill and "each major window" in the case of the discussion draft. Why are any windows included for any vehicle? What is a "major" window for the various classes of vehicles? Who decides that? How can windows be effectively marked?

Answer. We are unsure as to why "windows" should be considered as a "major part" to be marked. The legislative history of the Theft Act indicates that crash-involved parts are the ones which will be in high demand from chop shops. Further, there is no Federal law which currently prohibits the etching of windows, as long as the marking does not block the view of the operators. We are unable to answer what a "major" window is for the various classes of vehicles.

Question 8(d). In the case of the definition of a "major replacement part" in the discussion draft, please explain the need for subparagraph (ii) and its impact. Please comment on the entire definition.

Answer. We are unable to explain either the intent or the impact of subparagraph (ii).

Question 8(e). I request your comments on new sections 601 (2), (3) and (5) in the discussion draft and the deletion of the term “covered major part.”

Answer. We are unsure of the intended effect of new sections 601 (2), (3), and (5).

Question 8(f). The discussion draft includes section 601(8). Why is that needed? Does it change the standard to a design standard? (See section 602(c).)

Answer. Section 601(8) defines the term “vehicle identification number” (VIN) as a unique 17-character identification number assigned by the manufacturer in compliance with applicable regulations. The subsequent section 602(c) mandates the use of the full VIN to identify all marked parts including the engine, transmission, and windows. In the current statute, manufacturers are allowed to mark the engine and transmission with the VIN derivative in lieu of the full VIN.

Thus, section 602(c) imposes a more restrictive standard than the current statute. In the absence of information suggesting that the VIN derivatives used under the current statute are inadequate, we see no need to mandate use of the full VIN.

Question 9. Section 602(a) requires that a theft prevention standard must be proposed within three months after enactment and finalized within six months after enactment. It also requires that the standard be effective 12 months after the rule is finalized. Please explain why there is such a hurry. Does this afford adequate public participation? What problems does this create for the agencies? Do the agencies have funds and personnel?

Answer. The Department believes that this timeframe is unreasonable. This timeframe does not provide adequate time for the public to comment and the agency to respond. It would place this rulemaking at the top of the priority list for regulatory action in lieu of safety regulations, and would require the Department to divert scarce resources from its safety activities.

Question 9 (cont.). In the case of the manufacturers, this imposes new duties and costs in the middle of a recession and as they are devoting resources to meet safety and emission requirements. What is the impact on the manufacturers? What are the costs?

Answer. The requirements to mark all cars and light trucks and to permanently mark windows would place an estimated burden on manufacturers in excess of \$130 million. Without proof of the effectiveness of parts marking, the agency recommends continuing with the present standard.

Question 10. I request your comments on the deletion of each of the provisions of section 603 of the law. Please identify and compare the “cost limitation” changes.

Answer. Section 603(a)(1) of the current law specifies the three different groups of car lines that are designated as high-theft lines for the purpose of the theft prevention

standard. Sections 603(a) (2) and (4) require that the Department prescribe selection procedures for selecting car lines, and permit the Department to select car lines if the manufacturer disagrees. Section 603(a)(3) specifies that no more than 14 of a manufacturer's lines introduced before the effective date (April 24, 1986) of the theft prevention standard can be selected under Sections 603(a)(1) (A) and (B). Section 603(b) (1) and (2) set forth the steps that the Department has to follow in making its determination of the median theft rate for 1983 and 1984 car lines. Additionally, Section 603(b)(3) provides that the Department shall "periodically" publish later calendar years' theft data for public review and comment. Section 603(c) requires that each manufacturer provide the information necessary to select likely high-theft car lines and the major parts to be subject to the standard. Section 603(d) does not allow for any exemption from the marking requirements for a designated high-theft car line, with the exception as provided in section 605 of the statute.

The proposed bill and discussion draft are intended to cover *all* new passenger motor vehicles except heavy trucks and motorcycles. Furthermore, since there are no provisions for designating likely high-theft lines, the theft rate analysis is not required. Additionally, publication of such data is not dictated.

However, as previously stated, the agency disagrees with the basic premise of including all motor vehicles, on the basis that cost-benefit advantage has not been demonstrated to date.

On your question regarding "cost limitation," the bill requires the stamping or inscribing of the engines, transmissions, and windows. The bill does not address the expense of replacing windows should the inscribing process go awry. Furthermore, the present Theft Act allows for stamping and labelling of engines and transmissions so long as the markings meet the performance criteria. To further reduce the cost burdens, the present Act allows manufacturers to use a vehicle identification number derivative when stamping the engines and transmissions, if the manufacturer was using such identification before the effective date of the theft standard.

Question 11. Please provide comments on the deletion of section 605 of the law, "Exemption for Vehicles Equipped with Anti-theft Devices."

Please identify, compare, and comment on changes to section 605 of the law regarding compliance.

Answer. Section 605 of the present statute permits manufacturers to petition the Department to allow high-theft lines to be exempted from the theft prevention standard. To be exempted, a high-theft line must satisfy two conditions. First, a line must be equipped with an antitheft device as standard equipment. Second, the Department must determine that such antitheft device is likely to be as

effective as parts marking in reducing and deterring motor vehicle theft.

The legislative intent underlying this section was to encourage the use of antitheft devices that can be shown to be at least as effective as parts marking in deterring theft. Presently, no empirical data is available in sufficient quantity for analytical purposes to provide clear evidence of the effectiveness of parts marking. However, there is evidence, as experienced by at least one manufacturer, that antitheft devices can be extremely effective in reducing theft.

We believe the deletion of section 605 removes the incentive for manufacturers to develop and install effective antitheft devices.

We do not understand your request (in the second part of this question) to identify, compare, and comment on changes to section 605 of the law regarding compliance. Section 605 deals with the exemption described above and does not appear to be related to compliance.

Question 12. Please explain the need for new section 134 of the bill and section 302 of the draft. What are the costs, timing, and administration problems?

Answer. The Department defers to the Department of Justice.

Question 13. Please provide comments on new section 135 (c) and (d) of H.R. 4542 and new section 604 (c) and (d) of the discussion draft. What is the impact of this provision on parts suppliers and retailers, including service stations? Who is included by the word "person"? Does it include employees? How does such a person prove in an enforcement action under section 136 and 604 that he or she complied with section 135(c)(1)? How does new section 604(b) of the discussion draft adequately mitigate the provisions of section 605(a)? What is the effective date of these subsections?

Answer. Under this section, it appears that parts suppliers and retailers (including service stations) who do not get automotive parts from a manufacturer, or who have been informed by an insurance company that the part has not been reported as stolen, would violate section 605(c) if they failed to: (1) make a request of the National Stolen Part Information System to determine that the part has not been reported as stolen; and (2) provide the transferee with a written statement describing the part and its identification number.

Since the title does not define the term "person," we are uncertain what limits, if any, should apply to that term. The title does not provide for a means to monitor requests of the National Stolen Part Information System or to evaluate determinations, based on such requests, that parts have not been reported as stolen. It is therefore unclear how a "person" would prove, in an enforcement action, that he or she made a request of the National

Stolen Part Information System to determine that the part had not been reported as stolen.

Section 605(b) provides that certain acts by certain persons would not be prohibited acts. The Department is uncertain as to the scope of these exemptions. For example, it is unclear whether a person who converts vans for recreational use would be exempt.

The bill provides that the requirements of this section would take effect on the date the standard issued under section 602 takes effect. Under the provisions of that section, the standard would be issued within six months of enactment and would take effect within 12 months thereafter. In the absence of transitional provisions, it appears that the parts marking standard under present law would lapse upon the bill's enactment, creating a period in which no standard would be applicable.

Question 14. The Committee is concerned that the bill and draft appear to have deleted section 612 of the 1994 law which requires reports and information from insurer firms about vehicles thefts and recoveries, premiums, and other pertinent matters. What is the status of implementation of this section? Please provide a sample summary of the reports and information. Please provide a copy of the latest publication of the information under section 612(b).

Answer. Section 612 of the Motor Vehicle Information and Cost Savings Act of 1984 (the Act) requires certain passenger motor vehicle insurers to file an annual report with NHTSA unless the agency exempts them from filing such reports. The information obtained in these reports are to be periodically compiled and published in a form that will be helpful to the public, including Federal, State, and local police and Congress. There are three categories of insurers required to report:

- (1) Issuers of motor vehicle insurance policies whose total premiums account for more than one percent or more of the total premiums of motor vehicle insurance issued within the United States;
- (2) Issuers of motor vehicle insurance policies whose premiums account for 10 percent or more of total premiums written within any one State; and
- (3) Rental or leasing companies with a fleet of 20 or more vehicles not covered by theft insurance policies issued by insurers of motor vehicles, other than a governmental entity.

Section 612 was implemented on January 2, 1987, by the issuance of 49 CFR Part 544, Insurer Reporting Requirements. This rule requires insurance companies and rental and leasing companies to submit reports to the NHTSA annually. Subsequent rules have been issued updating the list of subject insurers.

On June 22, 1990, the agency issued a final rule granting a class exemption to all rental and leasing companies

with fewer than 50,000 units in its fleet and are not self-insured.

In response to your request for a sample summary of the insurers' reports, we provide the following summary: The first insurer report was issued January 2, 1987, for the 1985 reporting year. The report included information about thefts and recoveries of motor vehicles, the rating rules used by the insurers to establish premiums for comprehensive coverage, the actions taken by insurers to reduce such premiums, and the actions taken by insurers to reduce or deter theft. It covered vehicles produced for Model Years 1983 through 1985. For this reporting period, 27 insurance companies were subject to report and all rental and leasing companies that were self-insured and had a fleet of 25 or more units were required to report. All 27 insurance companies reported (2 claimed confidential treatment), as did 33 rental and leasing companies. Of the 25 insurance companies that submitted public information, approximately 641,000 claims were filed during 1987 as a result of motor vehicle theft. These claims resulted in insurer payments to policyholders in excess of 1.19 billion dollars. Over 114,650 insurer MY 1985-1988 vehicles were stolen during calendar year 1987. Approximately 69,300 vehicles—69 percent of the vehicles stolen—were recovered during 1987; 42 percent of the stolen vehicles were either not recovered during 1987 or were recovered with some of their marked parts missing. The first annual report was published in February 1991 and is attached for your information.

Question 14 (cont). I am concerned that the insurance industry, which apparently supports this legislation, seems to want to impose requirements on vehicle manufacturers, but also wants to exempt itself from any obligations. That is troubling. When the 1984 law was enacted, the insurance industry resisted these provisions. Yet this industry possess important information about these matters and it has a vital role in helping to deal with the problem. They have never come to this Committee about the section since enactment.

Answer. The agency is concerned that section 612 does not appear in the bill. To analyze the effects of the theft prevention standard the agency believes it is vital that section 612 not be deleted. Insurers need to provide the Department with the information in section 612 so that insurer premiums and other information can be analyzed to assist in the determination of the effectiveness of the program.

Question 15. Please comment on the new study provisions in the bill and draft.

Answer. The original bill proposed two studies, one due after three years and the other after five. The data and information requested by the three and five-year studies were similar to those required by the current statute. The three-year study requested that the Department determine

whether the theft prevention standard be extended to other types of motor vehicles, and the five year study requested recommendations as to whether to continue, modify, extend or terminate the standard.

In the bill reported by the Subcommittee, only one study is required, which would be due not later than six years after the title is enacted. This study requests essentially the same information as that required in the original bill's five-year study, except that it does not require the Department to include the recommendations as to whether to continue or modify the standard. Instead it requests the Department to evaluate the beneficial impact of the new theft prevention standard on law enforcement, consumers, and manufacturers.

We believe that the study required in the reported bill is basically the same as the studies required in the current statute. However, the area of most concern is that the bill requires data and information to be included in the study that can only be provided by insurance and rental and leasing companies. With the deletion of section 612, the Department would lack the statutory authority to require the insurers to provide the data and information needed to respond to the study's requirements. A significant portion of the information and data required by the study is only obtainable from insurance companies and rental and leasing companies.

Question 16. I particularly request the views of the Customs Department on the amendments to the Tariff Act of 1930. How are these amendments helpful and effective? What new authority or mandates are provided?

In the case of the new section 646A, do Custom inspectors have to have some suspicion to inspect? In the case of section 646B, is 72 hours adequate if it concludes weekends and holidays? How up-to-date is information about stolen vehicles at the mentioned Center? What are the problems, if any, in making such checks of identification numbers? What can Customs do under the bill or draft or existing law if upon checking the identification numbers they do not check out?

Answer. The Department defers to Customs.

Question 17. I request comments on new sections 402 and 403.

Answer. The Department defers to Customs.

Question 18. In its April 1992 report to Congress, NHTSA made legislative recommendations. When will the Administration submit such legislation? I request your comments on NHTSA's other recommendations to manufacturers, dealers, insurers, and enforcement groups. Also, I note NHTSA's comments that Federal and State law enforcement "is not giving a high priority" to insurance fraud and theft. The excuse is that there are "higher priority" crimes. That is hard to accept in light of the testimony on this legislation. Is such fraud a Federal crime? To what extent has the Insurance industry lobbied the Ad-

ministration and the States for more resources to combat this fraud and theft? Is the Federal Government not cooperating with the insurance industry?

Answer. The legislative recommendations in NHTSA's April 1992 report are being considered for the next session of Congress. However, it should be noted that these recommendations only address minor problems in the parts-marking program.

The Department has no additional comments on NHTSA's other recommendations to manufacturers, dealers, insurers, and enforcement groups concerning antitheft actions (pages 60-63 of the April 1992 report).

Auto insurance fraud is a State, not a Federal, crime. However, in 1971, the insurance industry formed the Insurance Crime Prevention Institute (ICPI) to pursue investigations of fraudulent claims nationwide in cooperation with Federal, State, and local law enforcement agencies.

We have no way of estimating the extent to which the insurance industry has lobbied the Administration and the States for more resources to combat auto fraud and theft. However, the legislation to combat auto insurance fraud. In addition, since some State fraud bureaus are funded by insurance companies, the industry is able and willing to use some of its own resources to combat auto fraud and theft.

With regard to Federal cooperation with the insurance industry, this Department has had and will continue to have good working relations with this industry.

SUPPLEMENTAL VIEWS OF HON. FRED UPTON

The fact that car theft is a major problem in our society is an undisputed fact. Traditional car thefts, whether for "joy riding" or for the purpose of cannibalizing an automobile for its parts, and the more recent development of "carjackings," pose tremendous threats not only to our property, but our personal safety as well. Everyone is affected by the rising tide of car thefts through increased automobile insurance premiums and other costs associated with protecting our vehicles from theft. The question is not whether we need to do something about carjackings and auto theft. The question is what course of action will be most effective.

The hearing held by the Subcommittee on Commerce, Consumer Protection, and Competitiveness on September 10, 1992, identified a number of questions regarding the effectiveness of the parts marking provisions of H.R. 4542. By and large, the evidence supporting the effectiveness of the current parts marking program was anecdotal in nature. The statistical studies done by the National Highway Traffic Safety Administration (NHTSA) seemed to cast doubt on the effectiveness of parts marking. At best, it could be concluded that studies of the effectiveness of parts marking are inconclusive; at worst, it could be said that parts marking is ineffective.

The substitute adopted by the Full Committee during its markup of H.R. 4542 takes these questions into consideration in its approach. The Committee's substitute also increased the penalty for "carjackings" when serious bodily injury occurs over and above the penalties in the bill reported by the Judiciary Committee. However, the substitute does not reduce the current car marking program as some would assert, but in fact expands it to cover specialty vehicles such as sport-utility vehicles and minivans. At the same time, the substitute recognizes the substantial contribution made to auto theft reduction by anti-theft devices, which has been documented statistically by both the automobile manufacturers and NHTSA. Finally, the substitute addresses the problem of title reform by creating a task-force to study the feasibility of uniform nationwide titling standards, a reform which everyone admits is necessary before widespread car marking will be feasible.

In sum, the version of the legislation reported by the Committee is much improved over the original. It recognizes the controversy over parts marking and the associated issues, and attempts to deal with them in a manner which will continue to provide a mechanism for tracking high-theft line automobiles, the ones most likely to be stolen for their parts, while encouraging automobile manufacturers to install anti-theft devices, which have been proven to be effective against auto theft. If, in our zeal to reduce the problem of car theft, we ignore the facts about parts marking, in the end we will do little to curb auto theft and only impose more burdensome

requirements on manufacturers, small business people, and consumers.

FRED UPTON.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 18, UNITED STATES CODE

PART I—CRIMES

* * * * *

CHAPTER 27—CUSTOMS

* * * * *

§ 553. Importation or exportation of stolen motor vehicles, off-highway mobile equipment, vessels, or aircraft

(a) Whoever knowingly imports, exports, or attempts to import or export—

(1) any motor vehicle, off-highway mobile equipment, vessel, aircraft, or part of any motor vehicle, off-highway mobile equipment, vessel, or aircraft, knowing the same to have been stolen; or

(2) any motor vehicle or off-highway mobile equipment or part of any motor vehicle or off-highway mobile equipment, knowing that the identification number of such motor vehicle, equipment, or part has been removed, obliterated, tampered with, or altered;

shall be [fined not more than \$15,000 or imprisoned not more than five years] *fined under this title or imprisoned not more than 10 years, or both.*

* * * * *

CHAPTER 46—FORFEITURE

* * * * *

§ 981. Civil forfeiture

(a)(1) Except as provided in paragraph (2), the following property is subject to forfeiture to the United States:

(A) * * *

* * * * *

(F) Any property, real or personal, which represents or is traceable to the gross proceeds obtained, directly or indirectly, from a violation of—

(i) section 511 (altering or removing motor vehicle identification numbers);

(ii) section 553 (importing or exporting stolen motor vehicles);

(iii) section 2119 (armed robbery of automobiles);

(iv) section 2132 (transporting stolen motor vehicles in interstate commerce); or

(v) section 2313 (possessing or selling a stolen motor vehicle that has moved in interstate commerce).

§ 982. Criminal forfeiture

(a)(1) * * *

* * * * *

(5) The court, in imposing sentence on a person convicted of a violation or conspiracy to violate—

(A) section 511 (altering or removing motor vehicle identification numbers);

(B) section 553 (importing or exporting stolen motor vehicles);

(C) section 2119 (armed robbery of automobiles);

(D) section 2132 (transporting stolen motor vehicles in interstate commerce); or

(E) section 2313 (possessing or selling a stolen motor vehicle that has moved in interstate commerce);

shall order that the person forfeit to the United States any property, real or personal, which represents or is traceable to the gross proceeds obtained, directly or indirectly, as a result of such violation.

* * * * *

CHAPTER 103—ROBBERY AND BURGLARY

Sec.

2111. Special maritime and territorial jurisdiction.

* * * * *

2119. Motor vehicles.

* * * * *

§ 2119. Motor vehicles

Whoever, possessing a firearm as defined in section 921 of this title, takes a motor vehicle that has been transported, shipped, or received in interstate or foreign commerce from the person or presence of another by force and violence or by intimidation, or attempts to do so, shall—

(1) be fined under this title or imprisoned not more than 15 years, or both,

(2) if serious bodily injury (as defined in section 1365 of this title) results, be fined under this title or imprisoned not more than 25 years, or both, and

(3) if death results, be fined under this title or imprisoned for any number of years up to life, or both.

* * * * *

CHAPTER 113—STOLEN PROPERTY

* * * * *

§ 2312. Transportation of stolen vehicles

Whoever transports in interstate or foreign commerce a motor vehicle or aircraft, knowing the same to have been stolen, shall be **[fined not more than \$5,000 or imprisoned not more than five years]** *fined under this title or imprisoned not more than 10 years, or both.*

§ 2313. Sale or receipt of stolen vehicles

(a) Whoever receives, possesses, conceals, stores, barter, sells, or disposes of any motor vehicle or aircraft, which has crossed a State or United States boundary after being stolen, knowing the same to have been stolen, shall be **[fined not more than \$5,000 or imprisoned not more than five years]** *fined under this title or imprisoned not more than 10 years, or both.*

* * * * *

MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT

* * * * *

TITLE VI—THEFT PREVENTION

DEFINITIONS

SEC. 601. For purposes of this title:

[(1) The term "passenger motor vehicle" does not include any multipurpose passenger vehicle (including any vehicle commonly known as a "passenger van").]

(1) The term "passenger motor vehicle" includes any multipurpose passenger vehicle and light-duty truck that is rated at 6,000 pounds gross vehicle weight or less.

* * * * *

(11) The term "chop shop" means any building, lot, facility, or other structure or premise where one or more persons engage in receiving, concealing, destroying, disassembling, dismantling, reassembling, or storing any passenger motor vehicle or passenger motor vehicle part which has been unlawfully obtained in order to alter, counterfeit, deface, destroy, disguise, falsify, forge, obliterate, or remove the identity, including the vehicle identification number or derivative thereof, of such vehicle or vehicle part and to distribute, sell, or dispose of such vehicle or vehicle part in interstate or foreign commerce.

THEFT PREVENTION STANDARD

SEC. 602. (a) * * *

* * * * *

[(d)(1) In the case of major parts installed by the motor vehicle manufacturer, the standard under this section may not require—

[(A) any part to have more than a single identification, and

[(B) any motor vehicle to have identification of more than 14 of its major parts.]

(d)(1) In the case of major parts installed by the motor vehicle manufacturer, the standard under this section may not require any part to have more than a single identification.

* * * * *

(e) Nothing in this title shall be construed to grant authority to require any person to keep records or make reports, except as expressly provided in sections 603(c), 605(b), 606(a), and [612] 615.

(f) Not earlier than 3 years after the date of enactment of this subsection, the Secretary may by rule require the marking of parts of one or more other passenger motor vehicle lines of all manufacturers that do not exceed the median theft rate standard under this section if the Secretary determines that requiring such marking would thwart chop shop operations using the information collected and analyzed under section 615 and taking into account the additional cost, effectiveness, competition, and available alternatives. The Secretary is authorized to periodically redetermine and establish by rule the median theft rate under subsection (a)(1), but not more often than every 2 years.

DESIGNATION OF HIGH THEFT VEHICLE LINES AND PARTS

SEC. 603. (a)(1) For purposes of the standard under section 602, the following motor vehicle lines are high theft lines:

(A) passenger motor vehicles of any line which is determined under subsection (b) to have had a new passenger motor vehicle theft rate in the 2 calendar years immediately preceding the year [in which the final standard is promulgated] in which the *Anti Car Theft Act of 1992* is enacted which exceeds the median theft rate for all new passenger motor vehicle thefts in such 2-year period;

* * * * *

[(3) Notwithstanding paragraph (1), of those passenger motor vehicle lines initially introduced by a manufacturer into commerce in the United States before the effective date of the standard, no more than 14 of the lines of any manufacturer shall be selected as high theft lines under paragraph (1) (A) and (B). Any such selection shall be made under paragraph (2) within one year after the date of the enactment of the Motor Vehicle Theft Law Enforcement Act of 1984.

[(4) (3) The Secretary shall prescribe reasonable procedures designed to assure that, to the maximum extent practicable, any selection under paragraph (2) [or (3)] is made at least 6 months before the first applicable model year beginning after such selection.

[(5)] (4) A manufacturer shall not be required to begin to comply with the standard pursuant to any selection made under paragraph (2) [or (3)] for a model year beginning earlier than 6 months after the date of selection.

(b)(1) * * *

* * * * *

[(4) In calculating the median theft rate, the Secretary shall take into account the theft rate of lines which are exempted by reason of the 14-line limitation in subsection (a)(3).

[(5)] (4) As used in this section, the term "new passenger motor vehicle thefts", when used with respect to any calendar year, refers to those thefts in the United States in such year which are of passenger motor vehicles with the same model-year designation as that calendar year.

* * * * *

EXEMPTION FOR VEHICLES EQUIPPED WITH ANTITHEFT DEVICES

SEC. 605. (a)(1) * * *

[(2) For the initial model year to which such standard applies, the Secretary may not grant an exemption for more than 2 lines of any manufacturer. For each subsequent model year, the Secretary may grant exemption for not more than 2 additional lines of any manufacturer, and such exemption shall not affect the validity of the exemption of any line previously exempted under this paragraph.

[(3)] (2) For purposes of paragraph (1), the term "standard equipment" means equipment which is installed in a vehicle at the time it is delivered from the manufacturer and which is not an accessory or other item which the first purchaser customarily has the option to have installed.

* * * * *

VERIFICATION OF VEHICLE AS LEGAL SALVAGE OR JUNK VEHICLE

SEC. 607. (a) Any person engaged in business as an insurance carrier to sell comprehensive insurance coverage for motor vehicles shall—

(1) verify, in accordance with procedures established by rule under section 609 by the Attorney General and in consultation with the Secretary of Transportation, that any passenger motor vehicle, as well as the major parts of any such vehicle, which such carrier has obtained possession of and determined to be a salvage or junk passenger motor vehicle, is not reported as stolen, and

(2) provide a certificate to whomever such carrier transfers or sells any such salvage or junk passenger motor vehicle identifying the vehicle identification number or derivative thereof of such vehicle and its major parts and verifying that such vehicle and its major parts have not been reported as stolen.

For purposes of paragraph (2), the term "vehicle identification number" means a unique identification number assigned to a pas-

senger motor vehicle by a manufacturer in compliance with applicable regulations or a derivative thereof.

(b) The Attorney General, in consultation with the Secretary, shall promulgate such regulations as are needed to ensure that certificates provided under subsection (a)(2) and issued by insurance carriers are uniform, of a sufficient number to meet the needs of a purchaser of a vehicle to which such certificate may apply, and in a form that cannot be fraudulently duplicated.

PARTS

SEC. 608. (a) No person engaged in the business of salvaging, dismantling, recycling, or repairing passenger motor vehicles shall knowingly sell or distribute in commerce or transfer or install a major part marked with an identification number without—

(1) first determining, through a procedure established by rule by the Attorney General in consultation with the Secretary of Transportation under section 609 that such major part has not been reported as stolen; and

(2) providing the purchaser or transferee with a certificate identifying the vehicle identification number or derivative thereof of such major part, and verifying that such major part has not been reported as stolen.

(b) The Attorney General, in consultation with the Secretary of Transportation, shall promulgate such regulations as are needed to ensure that certificates provided by persons under subsection (a)(2) are uniform, of a sufficient number to meet the needs of the purchaser or transferee of such vehicle or such parts to which such certificate may apply, and in a form that cannot be fraudulently duplicated.

(c) Subsection (a) shall not apply to a person who is the manufacturer of the major part, who has purchased the major part directly from the manufacturer, who has been informed by an insurance carrier pursuant to section 607 that the major part has not been reported as stolen, or who has received a certificate from an insurance carrier that the vehicle and the major parts of such vehicle have not been reported as stolen. A person engaged in the business of salvaging, dismantling, recycling, or repairing passenger motor vehicles shall be required to provide such certificate to any person to whom such vehicle, or any major part of such vehicle, is thereafter transferred or sold in commerce. The Attorney General shall promulgate regulations to implement this section.

NATIONAL STOLEN AUTO PART INFORMATION SYSTEM

SEC. 609. (a) The Attorney General shall, within 9 months of the date of the enactment of the Anti Car Theft Act of 1992, maintain in the National Crime Information Center an information system containing the identification numbers of stolen passenger motor vehicles and stolen passenger motor vehicle parts. The Attorney General shall also consult with State and local law enforcement agencies in the establishment of such system. The Attorney General shall also consult with the National Crime Information Center Policy Advisory Board to ensure the security of the information in such system and that such system will not compromise the security of

stolen vehicle and vehicle parts information in such information system.

(b) The Attorney General shall specify procedures by rule by which individuals or entities seeking to transfer a vehicle or vehicle parts may obtain a determination whether a part is listed in the system as stolen. If the Attorney General determines that the National Crime Information Center is not able to perform the functions of the information system required under subsection (a), the Attorney General shall enter into an agreement for the operation of such a system separate from the National Crime Information Center.

(c) The information system under subsection (a) shall, at a minimum, include the following information pertaining to each passenger motor vehicle reported to a law enforcement authority as stolen and not recovered:

(1) The vehicle identification number of such passenger motor vehicle.

(2) The make and model year of such passenger motor vehicle.

(3) The date on which the passenger motor vehicle was reported as stolen.

(4) The location of the law enforcement authority that received the reports of the passenger motor vehicle's theft.

(5) If the passenger motor vehicle at the time of its theft contained parts bearing identification numbers or the derivative thereof different from the vehicle identification number of the stolen passenger motor vehicle, the identification numbers of such parts.

(d) Upon request by an insurance carrier, a person lawfully selling or distributing in interstate commerce passenger motor vehicle parts, or an individual or enterprise engaged in the business of repairing passenger motor vehicles, the Attorney General, or the entity or entities designated by the Attorney General, shall immediately provide such insurance carrier or person with a determination as to whether the information system under subsection (a) contains a record of a passenger motor vehicle or a passenger motor vehicle part bearing a particular vehicle identification number or derivative thereof having been reported stolen. The Attorney General may require such verification as the Attorney General deems appropriate to ensure that the request is legitimate and will not compromise the security of the system.

(e) There are authorized to be appropriated such sums as may be necessary to carry out this section. The information system established under subsection (a) shall be effective as provided in the rules promulgated by the Attorney General.

PROHIBITED ACTS

SEC. [607.] 610. (a) No person shall—

(1) manufacture for sale, sell, offer for sale, or introduce or deliver for introduction in interstate commerce, or import into the United States—

* * * * *

(2) fail to comply with any rule prescribed by the Secretary or Attorney General under this title;

* * * * *

(c)(1) It shall be unlawful for any person to knowingly own, operate, maintain, or control a chop shop or conduct operations in a chop shop of any kind or transport by any means any passenger motor vehicle or passenger motor vehicle part to or from a chop shop and, upon conviction, such person shall be punished by a fine under title 18 of the United States Code or by imprisonment for not more than 15 years, or both. If a conviction of a person under this paragraph is for a violation committed after the first conviction of such person under this paragraph, the maximum punishment shall be doubled with respect to any fine and imprisonment.

(2) The Secretary shall, as appropriate, in the case of any person who violates paragraph (1), commence a civil action for permanent or temporary injunction to restrain such violation or the Secretary shall assess and recover a civil penalty of not more than \$100,000 per day for each such violation, or both.

ENFORCEMENT PROVISIONS

SEC. [608.] 611. (a)(1) Whoever violates section 607(a) may be assessed a civil penalty of not to exceed \$1,000 for each violation. The failure of more than one part of a single motor vehicle to conform to an applicable motor vehicle theft prevention standard shall constitute only a single violation.

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CONFIDENTIALITY OF INFORMATION

SEC. [609.] 612. All information reported to, or otherwise obtained by, the Secretary or the Secretary's representative under this title which contains or relates to a trade secret or other matter referred to in section 1905 of title 18, United States Code, or in section 552(b)(4) of title 5, United States Code, shall be considered confidential for the purpose of the applicable section of this title, except that such information may be disclosed to other officers or employees concerned with carrying out this title or when relevant in any proceeding under this title (other than a proceeding under section 603(a) (2) or (3) of this title). Nothing in this section shall authorize the withholding of information by the Secretary or any officer or employee under the Secretary's control from any committee of the Congress.

JUDICIAL REVIEW

SEC. [610.] 613. Any person who may be adversely affected by any provision of any standard or other rule under this title may obtain judicial review of such standard or rule in accordance with section 504. Nothing in this section shall preclude the availability to any person of other remedies provided by law in the case of any standard, rule, or other action under this title.

COORDINATION WITH STATE AND LOCAL LAW

SEC. [611.] 614. Whenever a vehicle theft prevention standard established under section 602 is in effect, no State or political subdivision of a State shall have any authority either to establish, or to continue in effect, with respect to any motor vehicle, or major replacement part, any vehicle theft prevention standard which is not identical to such vehicle theft prevention standard.

INSURANCE REPORTS AND INFORMATION

SEC. [612.] 615. (a)(1) In order to—

(A) prevent or discourage the theft of motor vehicles, particularly those vehicles which are stolen for the removal of certain parts,

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VOLUNTARY VEHICLE IDENTIFICATION STANDARDS

SEC. [613.] 616. (a) The Secretary may, by rule, promulgate a vehicle theft prevention standard under which any person may elect to inscribe or affix an identifying number or symbol on major parts of any motor vehicle manufactured or owned by such person for purposes of section 511 of title 18, United States Code and related provisions. Such standard may include provisions for registration of such identification with the Secretary or any person designated by the Secretary.

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3-YEAR AND 5-YEAR STUDIES REGARDING MOTOR VEHICLE THEFT

SEC. [614.] 617. (a)(1) Not later than 3 years [after the date of the enactment of this title] *after the date of the enactment of the Anti Car Theft Act of 1992*, the Secretary shall submit a report to the Congress which includes the information and legislative recommendations required under paragraphs (2) and (3).

* * * * *

(b)(1) Not later than 5 years [after the promulgation of the standard required by this title] *after the date of the enactment of the Anti Car Theft Act of 1992*, the Secretary shall submit a report to the Congress which includes the information and legislative recommendations required under paragraphs (2) and (3).

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TARIFF ACT OF 1930

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TITLE IV—ADMINISTRATIVE PROVISIONS

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Part VI—Miscellaneous Provisions

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SEC. 646A. RANDOM CUSTOMS INSPECTIONS FOR STOLEN AUTOMOBILES BEING EXPORTED.

The Commissioner of Customs shall direct customs officers to conduct at random inspections of automobiles, and of shipping containers that may contain automobiles that are being exported, for purposes of determining whether such automobiles were stolen.

SEC. 646B. EXPORT REPORTING REQUIREMENT.

The Commissioner of Customs shall require all persons or entities exporting used automobiles, including automobiles exported for personal use, by air or ship to provide to the Customs Service, at least 72 hours before the export, the vehicle identification number of each such automobile and proof of ownership of such automobile. The Commissioner shall check all vehicle identification numbers obtained under this section against the information in the National Crime Information Center to determine whether any automobile intended for export has been reported stolen. At the request of the Director of the Federal Bureau of Investigation, the Commissioner shall make available to the Director all vehicle identification numbers obtained under this section.

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