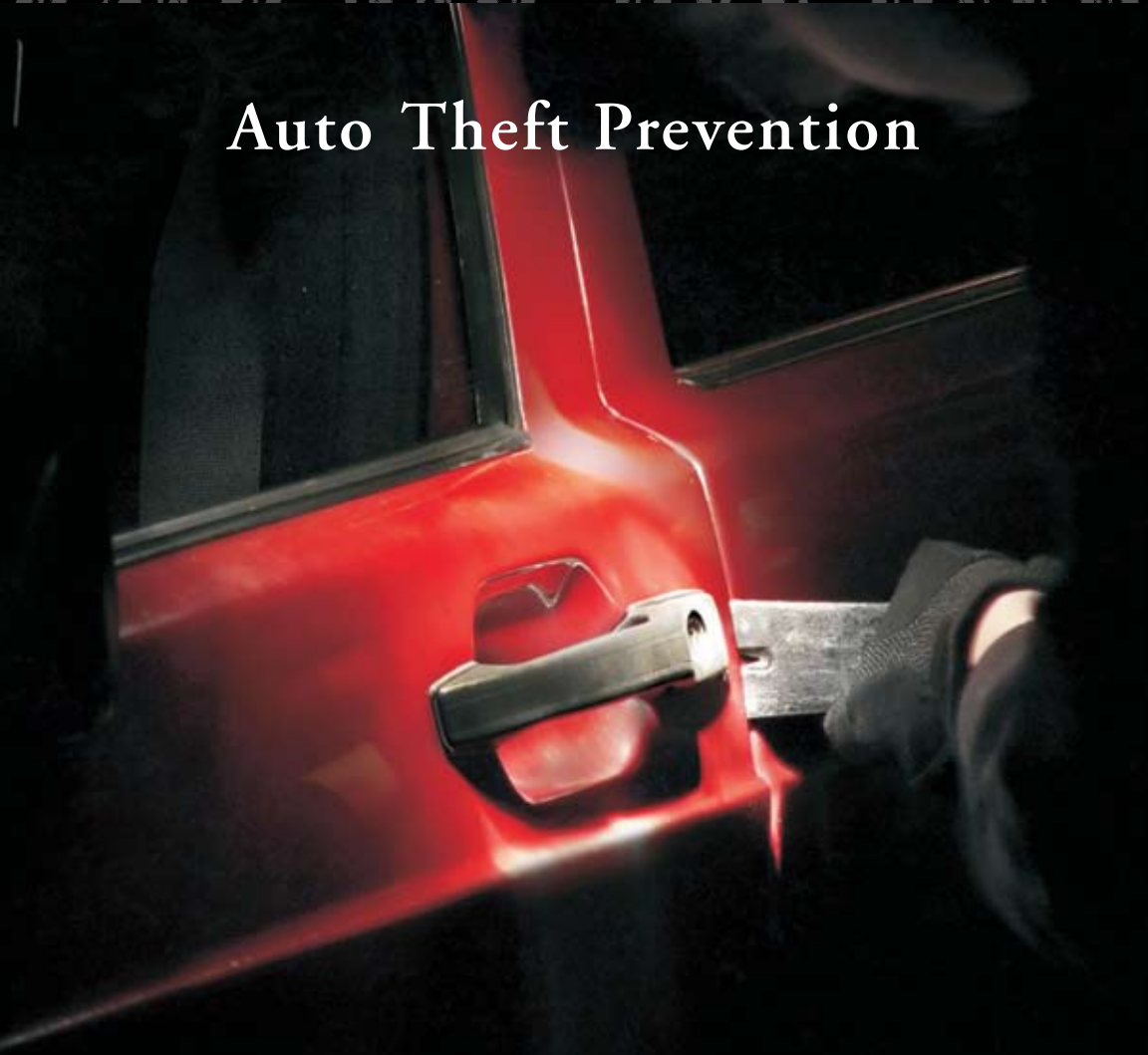




NATIONAL CONFERENCE
of STATE LEGISLATURES

The Forum for America's Ideas

Auto Theft Prevention





The National Conference of State Legislatures is the bipartisan organization that serves the legislators and staffs of the states, commonwealths and territories.

NCSL provides research, technical assistance and opportunities for policymakers to exchange ideas on the most pressing state issues and is an effective and respected advocate for the interests of the states in the American federal system. Its objectives are:

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- To promote policy innovation and communication among state legislatures.
- To ensure state legislatures a strong, cohesive voice in the federal system.

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Auto Theft Prevention

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PREFACE AND ACKNOWLEDGEMENTS

In 2007, the National Conference of State Legislatures Foundation for State Legislatures joined with the NCSL Criminal Justice and Transportation programs in an Auto Theft Prevention Partner's Project. Like other Foundation for State Legislatures' projects, it was designed as a partnership between selected state lawmakers, legislative staff and Foundation members. The work group assembled for the project learned from federal, state and local government officials and the insurance and auto industries to identify and discuss best practices.

The Auto Theft Prevention Partner's Project expands NCSL's capacity for providing information and assistance to state legislatures on auto theft. This project report includes discussion of the problem of auto theft; the role of various partners in addressing theft; and a summary of principles of sound auto theft prevention.

NCSL Foundation for State Legislatures Auto Theft Prevention Partners Project Work Group

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INTRODUCTION

More than 93 percent of car thefts occur in metropolitan areas where motor vehicle theft remains a pervasive problem. Western states, in particular, experience high rates of motor vehicle theft, while nationally a car or truck was stolen every 28.8 seconds in 2007. The FBI Uniform Crime Reports released in September 2008 estimate 1.1 million motor vehicle thefts in 2007, with an estimated value of \$7.4 billion. The most costly property crime in the United States, auto theft results in monetary losses to victims and affects auto insurance costs for the driving public and public safety costs for state and local governments.

Casual car theft, such as those committed by joyriding juveniles, still exists but has become a lesser part of the auto theft problem. Increasingly, car theft is a sophisticated criminal enterprise that involves title fraud, vehicle identification cloning, and stripping cars for parts in “chop shops.” The domestic and international black market for stolen vehicles and their parts is a profitable business.

Vehicle identification cloning helps facilitate the crime of dealing in stolen vehicles. A thief copies a Vehicle Identification Number from a legally owned and documented vehicle and uses it to create counterfeit VIN tags for a similar vehicle, making it easier to sell the “cloned” vehicle without detection. Thieves also create phantom or paper vehicles by obtaining insurance on a car that does not exist or that they do not own, reporting it as stolen and collecting on the claim. Antique and luxury vehicles often are used for these schemes because they yield large insurance settlements.

The parts from popular older models often are collectively worth more than the intact vehicle. Many of these stolen cars end up in “chop shops,” where they are disassembled for parts sold to unscrupulous or unsuspecting repair shops or parts dealers. Some stolen vehicles are sold on the export market. Older, “classic” American cars are among those most valued overseas.

It is estimated that at least 10 percent of automobile theft is a false report of a stolen car; that is, the vehicle has been given up or disposed of to pursue a fraudulent insurance claim. Some of these cars are simply abandoned, and some may end up at illegitimate chop shops and be fraudulently re-tagged and resold. Insurers estimate

that one in six stolen cars in the United States is shipped overseas or driven across state or international borders.

Some vehicles that are fraudulently reported as stolen instead may have been traded for drugs. Stolen cars also are sometimes used in drug trafficking, drive-by shootings and armed robberies. These cars, often abandoned after they serve their purpose, help the perpetrator elude authorities, since he has no legal tie to the car involved.

Partners in Preventing Auto Theft

Insurance incentives and education; state and federal initiatives, including information systems that track and identify vehicles; and improved car technology have contributed to the decline in auto theft in many cities and states.

Insurance Incentives and Education

The insurance industry provides leadership in several key areas to address auto theft. Information provided to customers creates awareness and prompts practices that deter and prevent auto theft. Some companies offer discounts for car alarms and tracking and disabling devices. According to the National Association of Insurance Commissioners, laws in nine states require insurers to provide discounts on base rates for comprehensive insurance for antitheft devices.

Some insurers have research units and can advise manufacturers and other organizations of theft trends and vulnerabilities of various vehicles to theft. The Coalition Against Insurance Fraud's public awareness campaign includes airbag theft and works with legislators to address insurance fraud issues.

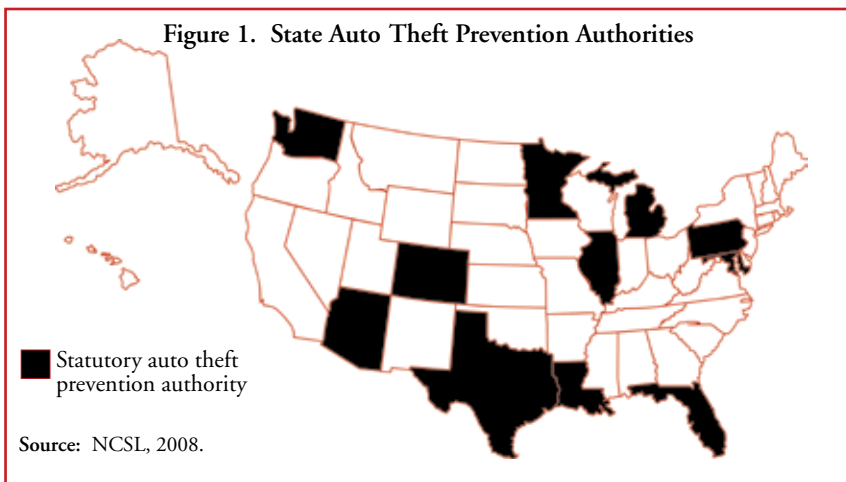
The National Insurance Crime Bureau has brought together insurers and law enforcement agencies to facilitate identification, detection and prosecution of auto theft-related insurance fraud. Under a voluntary program, insurers advise the bureau of vehicle thefts and the NICB makes available to consumers an online system for checking the status of a motor vehicle they own or are interested in purchasing. The system now includes flood and salvage vehicles.

Insurance companies provide other expertise to policymakers, agency and law enforcement officials to address auto theft. Insurers are strong partners in state auto theft prevention authorities which typically are created by legislation.

State Initiatives

Auto theft prevention authorities

In at least 11 states, legislatures have created auto theft prevention authorities to help combat auto theft (Figure 1). The purpose of these multi-jurisdictional groups is to deter auto theft by integrating prosecution, prevention and education. In many states, they provide funding for focused efforts in areas that have the highest rates of auto theft.



Pennsylvania. Pennsylvania’s long-standing, successful Auto Theft Prevention Authority was created by the legislature in 1994. Its primary goal is to combat auto theft through “tough laws, improved enforcement and administration, effective prosecution, and public education.” The authority uses no tax dollars. Instead, assessments required of the nearly 400 insurance companies that write automobile insurance policies in the state completely fund the authority.

The authority’s seven members—the attorney general, three representatives of insurers and three at-large members—are appointed by the governor. It grants funds to local law enforcement and investigative units and the Pennsylvania State Police. The Allegheny County District Attorney’s Office receives money from the authority to pay for an Auto Theft Unit consisting of one deputy district attorney and two paralegals. Other county district attorney’s offices in the state receive funds from the authority to pay for prosecutors and staff who deal solely with auto theft cases.

The Philadelphia Police Department operates a Major Crimes Auto Theft Unit with authority funds of more than \$2.9 million through 2008. One section concentrates on chop shop and salvage yard investigations, while the another investigates all other auto theft cases. Authority funding doubled available resources by adding eight police officers and four detectives.

Pennsylvania's Auto Theft Prevention Authority also provides important training for law enforcement personnel. The authority offers six auto theft identification courses that teach officers what to look for during traffic stops, methods of theft, VIN identification, and how to identify stolen motorcycles and semi-trailers.

In the Commonwealth of Pennsylvania, the authority also develops programs to educate the public about reducing the risk of becoming a victim of auto theft. In cooperation with the Philadelphia Eagles National Football League team, the authority launched a print, radio and online campaign that educates the public about auto theft prevention.

Uniform Crime Report Data from the Pennsylvania State Police showed that, since the authority's inception in 1995, annual auto theft rates have declined by nearly 50 percent. Law enforcement officials in the state recovered stolen vehicles worth \$42.2 million and parts estimated at \$1.3 million in 2007.

Funding auto theft prevention authorities. Dedicated, continuous funding of auto theft prevention authorities contributes to their success. Most states fund them with a small sum per vehicle collected from insurance companies that issue coverage in the state. The Washington Auto Theft Prevention Authority receives its revenue from a \$10 surcharge on traffic infraction fees.

In Maryland, legislation to establish the Vehicle Theft Prevention Council also created a Vehicle Theft Prevention Fund that consists, in part, of approximately \$2 million from penalties collected for terminated or lapsed automobile insurance, and of appropriated state funds. The fund is used for Council expenses and has provided more than \$20 million for vehicle theft prevention programs consistent with a statewide strategy. According to the 2007 annual report of the Maryland Vehicle Theft Prevention Council, effectiveness correlates to funding levels over the 13 years it has operated. Overall, auto thefts in Maryland in 2007 remained below the 1994

base year. The most significant success occurred in and around Baltimore, where the Baltimore Regional Auto Theft Team, (RATT), a multi-jurisdictional task force, has seen a 50 percent drop in motor vehicle theft rates since 1995.

The Michigan Auto Theft Prevention Board requires all grantees to provide matching funds for anti-theft efforts. Police departments and other grant fund recipients must provide 25 percent of total program costs.

Most state statutes require the governing board of the auto theft prevention authority to ensure that grant money is dedicated solely to auto theft prevention activities. Washington's statute provides that: "Expenditures from the account may be used only for activities relating to motor vehicle theft, including education, prevention, law enforcement, investigation, prosecution and confinement."

Vehicle titling and branding laws

State laws address how car titles and title branding are handled. A certificate of title for a vehicle provides definitive proof of ownership. The title brand is the official state record of information on the vehicle, including any damage. Title brands—indicators, symbols or other notations—are printed on the certificate of title to indicate the history or condition of a vehicle. A title brand will indicate significant damage to the vehicle and brand it as "junk" or "salvage." Ideally, a title brand remains on record for the life of the vehicle.

Some states, such as Illinois, have only a few branding designations, while Virginia has nearly 20. Montana's 15 title branding designations provide a typical example (Table 1).

Table 1. Montana Motor Vehicle Title Brands

Bonded	B	Kit Vehicle	K	Street Rod	D
Flood Damage	F	Original	O	Unrecovered Theft	U
Non USA (foreign)	N	Salvage	S	Recovered Theft	Y
Title Rebuilt	C	Total Loss	T	Reconstructed	X
Custom Vehicle	A	Rebuilt Salvage	R	Special Constructed	E

Source: Montana Department of Justice Motor Vehicle Division, 2008.

Definitions and brands differ significantly from state to state. A salvage brand is required in Georgia, for example, if restoration would require replacement of two or more component parts. In Kentucky, a salvage brand is required if the cost to repair exceeds 75 percent of the vehicle's value. Vermont requires a salvage brand on any vehicle that an insurer declares a total loss. Varying thresholds exist for other brands such as "junk" or "flood." In Virginia, a vehicle receives a flood brand if there is more than \$1,000 in water damage, while in Wyoming a vehicle receives a flood brand if water reached over the door and into the passenger or trunk compartment. Risk of flood is greater in some states than others; at least half the states do not have a motor vehicle title flood brand.

The variety of brands and descriptions of what constitutes a brand creates opportunities for auto theft and fraud. Differences in title branding laws make it easier to sell stolen vehicles through title washing and VIN cloning.

The practice of moving a salvage-branded vehicle to a state that requires different title brands or definitions to obtain a clear title is referred to as "title washing." A person in one state, for example, repairs a damaged and salvage-branded vehicle, then moves it to another state to obtain an unbranded title. The new title does not provide notice to a subsequent buyer of the previous damage, thereby obscuring the vehicle's past. Hurricane Katrina damaged thousands of vehicles, including many on new and used car lots. Many of these vehicles were marked by insurers for destruction and disposed of properly, but some flood-damaged vehicles were taken to states that have no "flood" brand in titling law. This essentially washes the vehicle of the "flood" brand that almost certainly would reduce its value. Instances of title washing that occurred as a result of Katrina illustrate how natural disasters and disparities in title laws can cause problems for consumers.

Auto thieves also take advantage of the differences in state vehicle branding laws to "clone" vehicles. VIN cloning occurs when a VIN from a legally owned and documented vehicle—often one sitting in a parking lot or dealership lot—is illegally copied. The VIN then is used to make counterfeit tags. The perpetrator typically steals a vehicle similar to the one from which the legitimate VIN was taken. The stolen vehicle's actual VIN tag then is replaced with the counterfeit tag. The vehicle now is a "clone" of the legitimate vehicle parked in the lot. With the counterfeit VIN, the stolen vehicle can easily be sold without detection.

Legislatures are considering this issue. In 2008, the Maryland legislature amended its title laws to include brands for flood and cosmetic damage to the definition of salvage vehicles. The new law redefines the term “salvage” to mean that cost to repair the damaged vehicle is greater than 75 percent of the vehicle’s pre-damage fair market value. The fiscal note on the bill indicated it will prevent vehicles involved in accidents from being rebuilt and resold under false brands.

State criminal codes and law enforcement approaches

State criminal codes address auto theft. About half of states distinguish motor vehicle theft as a felony property crime, while a few designate it as grand theft or larceny. In other states, auto theft can be charged under more general theft criminal statutes. Many states cover unauthorized use of a motor vehicle in criminal law, often with misdemeanor or lower felony penalties. About half the states include in criminal codes failure to return a rented motor vehicle, while others use more general rental theft or theft by conversion provisions, with a mix of misdemeanor and felony penalties.

At least 20 states have felony laws specific to carjacking, hijacking an occupied motor vehicle, or robbery of an occupied motor vehicle by force or threat. Some of these laws require display or use of a weapon in the commission of this dangerous, violent crime. Such crimes usually occur in urban areas and represent only a small portion of auto thefts.

Law enforcement officials and agencies provide information to the driving public on practices that help prevent auto theft, such as locking the car; keeping keys out of the ignition, and not leaving an unattended vehicle idling, even in the driveway. In some jurisdictions, law enforcement agencies actively contact car owners with crime prevention tips and may target owners of specific, desirable vehicles in specific zip codes to advise them to be especially cautious.

Some law enforcement agencies are involved in a national education program, “Watch Your Car,” which resulted from 1994 federal auto theft legislation. It allows vehicle owners to voluntarily register their car so law enforcement officers may stop and check the car between the hours of 1 am and 5 am, when many are stolen.

Specialized units. Law enforcement agencies in some cities and counties have responded to pervasive auto theft with specialized units and technologies. Bait

vehicles equipped with Global Positioning System (GPS) or other detection technologies are used to catch car thieves in some jurisdictions. Some include video cameras and the ability to remotely disable the car's engine. Bait vehicles often are used in conjunction with agency efforts to provide media reports of bait vehicles and arrests made using these decoys. This reportedly has served as a deterrent and helped reduce auto theft. Bait technology also makes good use of personnel and helps avoid auto-theft-related vehicle pursuits. Other technology includes license plate readers that can identify the state and plate number of all vehicles that pass through a traffic lane. These systems, routinely used on toll roads and for red light enforcement, also can alert law enforcement officials to vehicles at-large and interface with various data bases. Some border states have found them of value to apprehend criminals who are attempting to take stolen vehicles out of the country.

Reporting. Specialized auto theft units have improved the ability of law enforcement officials to follow up on reports of title handling that may suggest auto theft or fraud. State laws that regulate salvage yards often provide that property be kept a set number of days, which helps law enforcement officials investigate stolen cars that may have been sold for salvage. Focused law enforcement efforts also help determine actual from fraudulent reports of a stolen vehicle, including requiring in-person reports. Laws in at least three states—Arizona, Louisiana and Massachusetts—require that anyone who reports a vehicle stolen must provide an affidavit of auto theft. This practice helps deter fraud and assists prosecutors in pursuing charges. Some local jurisdictions also have implemented affidavit requirements. Since 2000, unincorporated Miami-Dade County, Fla., has required in-person auto theft reports that include an affidavit of theft. The jurisdiction reportedly has since seen a 6.5 percent drop in reported thefts, and other Florida counties have adopted this fraud reduction practice.

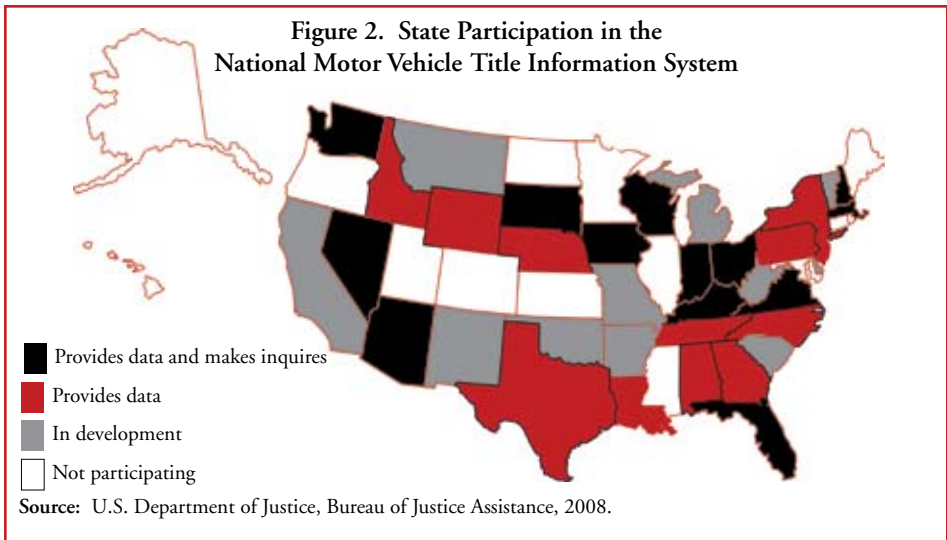
Prosecution. Specialized units also are at work to prosecute auto theft. In Arizona—ranked fourth in the United States in actual vehicles stolen according to the National Insurance Crime Bureau—the Arizona Automobile Theft Authority provides funding for enforcement and prosecution. The authority's 2007 annual report identified "vertical prosecution" as an important vehicle theft reduction strategy. Vertical prosecution uses dedicated, specially trained deputy county attorneys to address all phases of the criminal justice process regarding vehicle theft and associated crimes. Authority funding to county attorney offices for vertical prosecution focuses on those with the highest theft rates or border counties that report a significant number of stolen vehicles.

Federal Initiatives

National Motor Vehicle Title Information System

The Anti-Car Theft Act of 1992 (Section 202b of P.L. 102-519) established the National Motor Vehicle Title Information System (NMVTIS) as a useful tool to help prevent auto theft and fraud. The information system designed allows states to share vehicle title information, including brand information.

As of July 2008, title information from 25 states is available in the NMVTIS system (Figure 2). Thirteen states are fully online, and 12 provide data to the system but currently are not technologically capable to make inquiries. Eleven states currently are developing a connection to the NMVTIS system.



State departments of motor vehicles use the system to reliably determine validity of a title document; whether the VIN is titled in a state; whether a titled vehicle has once been a junked or salvage vehicle; and odometer information, as required under federal law.

NMVTIS can check a vehicle's theft status and alert motor vehicle departments. The NMVTIS "Theft File" provides participating states with information from the FBI's National Crime Information Center. If someone goes to department of motor vehicles to title a vehicle, the clerk can enter the title number or VIN and, within

seconds, will know if the vehicle has been reported stolen in another state. If the system indicates “possible theft,” officials follow protocol to involve law enforcement personnel.

The American Association of Motor Vehicle Administrators (AAMVA) works with the U.S. Department of Justice to operate the NMVTIS system. Information is available to state motor vehicle titling officials; federal, state and local law enforcement agencies; insurance carriers; and prospective automobile purchasers. AAMVA is restricted by law from releasing certain personal information. Junk yards, salvage yards and insurance carriers must report monthly to NMVTIS on all junk and salvage vehicles obtained. With access to this information, law enforcement agencies can use NMVTIS to assist vehicle theft or fraud investigations.

Funding for NMVTIS has been approximately \$18 million to date. This includes nearly \$3 million in user fees generated and more than \$15 million in Bureau of Justice Assistance grant funds. The federal act does not mandate state participation in NMVTIS, but as more states participate and additional funding is provided, NMVTIS will become increasingly effective.

PRINCIPLES OF SOUND AUTO THEFT PREVENTION

The above interests and strategies represent principles of sound auto theft prevention.

- Local, state and regional distinctions in the amount and kind of auto theft are suitably reflected in policy and practice. The role of state legislatures is valuable in responding to auto theft in the contexts in which it occurs. Federal leadership should accommodate tailored state approaches in line with NCSL federalism policy.
- Categories and classifications of auto theft in state criminal codes vary widely. Policymakers can review auto theft criminal provisions in the context of modern issues and needs in their state. This is especially true in states where active theft rings and enterprises are suitably distinguished from unauthorized use crimes that often involve juveniles.
- Automobile title branding designations are diverse across the states. Policymakers can examine branding laws to determine if gaps exist in brand definitions and if additional brands – that perhaps are more consistent with other states – are needed.
- Policymakers can consider how the National Motor Vehicle Title Information System might serve their state’s objectives in reducing auto theft and title fraud. State information technology upgrades to motor vehicle titling systems can facilitate participation, and Bureau of Justice Assistance grants to states have helped with some needed improvements.
- The education, prevention and information sharing role of auto insurance companies is valuable to state efforts to address auto theft. Policymakers can use the research and expertise of insurers on auto theft-related issues. Consumers benefit from a ready source on crime prevention practices and from customer incentives to use car security systems. The strong relationship of the insurance industry to state auto theft prevention authorities is important to their success. States also can continue to use insurance industry-developed systems to address auto theft-related title and insurance fraud.

- State auto theft prevention authorities have demonstrated their usefulness. They create statewide umbrellas that can focus resources and expertise in jurisdictions in the state that experience the highest incidence of auto theft. Policymakers can consider whether an auto theft prevention authority can help address auto theft and determine what funding mechanisms will provide for effective implementation and operation of a new or existing auto theft prevention authority.
- Auto theft prevention authorities and other state initiatives can contribute to funding and training for specialized law enforcement units, technologies, and related efforts to combat auto theft and motor vehicle fraud.

RESOURCES

American Association of Motor Vehicle Administrators
www.aamva.org/

Arizona Automobile Theft Authority, *2007 Annual Report*
www.azwatchyourcar.com/pdfs/ANNUAL%20REPORTS/2007%20ANNUAL%20REPORT.pdf

Coalition Against Insurance Fraud
www.insurancefraud.org/

FBI Uniform Crime Reports, Crime in the United States 2007; Motor Vehicle Theft
www.fbi.gov/ucr/cius2007/offenses/property_crime/motor_vehicle_theft.html

Maryland 2008 title legislation (Senate Bill 0568)
<http://mlis.state.md.us/2008rs/billfile/sb0568.htm>

Maryland Vehicle Theft Prevention Council
www.mdautotheft.org/

National Insurance Crime Bureau
www.nicb.org/cps/rde/xchg/nicb/hs.xsl/index.htm

National Motor Vehicle Title Information System, Bureau of Justice Assistance,
Office of Justice Programs, U.S. Department of Justice
www.ojp.usdoj.gov/BJA/grant/nmvtis.html

NCSL federalism policy
www.ncsl.org/statefed/LAWANDJ.HTM

NCSL report on NMVTIS

www.ncsl.org/programs/cj/FSLautotheftpartners.htm

Pennsylvania Auto Theft Prevention Authority

<http://www.watchyourcar.org/content/?/>

Washington State auto theft prevention authority account statute

Wash. Rev. Code §46.66.080)

<http://apps.leg.wa.gov/RCW/default.aspx?cite=46.66.080>

The NCSL FSL Auto Theft Prevention Partner's Project website is at www.ncsl.org/programs/cj/FSLautotheftpartners.htm. It includes charts on auto theft in state criminal codes; information on laws related to affidavit requirements in auto theft reporting; summaries of and citations to state statutes enabling auto theft prevention authorities; and other project-related resources. Contact project staff at cj-info@ncsl.org.

This report was prepared by NCSL staff to the NCSL Foundation for State Legislatures Auto Theft Prevention Partner's Project: Donna Lyons, Criminal Justice Program, and Anne Teigen, Transportation Program, in NCSL's Denver, Colorado office. Jeffrey Armour, in NCSL's Criminal Justice Program, provided substantial research; and Vicky McPheron provided administrative support. The project director was Caroline Carlson for the NCSL Foundation for State Legislatures.

Auto Theft Prevention

The most costly property crime in the United States, auto theft results in monetary losses to victims. It also affects auto insurance costs for the driving public and public safety costs for state and local governments. Strategies such as insurance incentives and education; state and federal initiatives; and improved car technology are helping to prevent auto theft.

Auto Theft Prevention discusses these strategies and offers principles to guide states as they work to deter and prevent such crimes.



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