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104TH CONGRESS, 2d Session | HOUSE OF REPRESENTATIVES | REPORT 104–618

# ANTI-CAR THEFT IMPROVEMENTS ACT OF 1995

JUNE 12, 1996.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MCCOLLUM, from the Committee on the Judiciary, submitted the following

# REPORT

[To accompany H.R. 2803]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Judiciary, to whom was referred the bill (H.R. 2803) to amend the anti-car theft provisions of title 49, United States Code, to increase the utility of motor vehicle title information to State and Federal law enforcement officials, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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29–006

## PURPOSE AND SUMMARY

H.R. 2803 amends the anti-car theft provisions of title 49, United States Code, to increase the utility of motor vehicle title information to State and Federal law enforcement officials.

Under current law, established in the Anti-Car Theft Act of 1992 (Public Law 102–519), the Department of Transportation was required to establish, by January 31, 1996, the National Automobile Titling Information System which would provide access for States to automobile titling information maintained by other States. The system would allow a State motor vehicle titling authority to check instantly whether a vehicle had been stolen before it issues a new title for that vehicle. The Act also established a federal grant program to help States modify computer software for this purpose. The Act gave the Secretary of Transportation authority to make grants of no more than $300,000 per State or 25 percent of that State's cost of setting up the system, whichever is less. To date, no grants have been awarded.

H.R. 2803 makes several changes to federal law. The bill transfers responsibility for establishing the title information system from the Secretary of Transportation to the Attorney General and extends the deadlines for the system's implementation date and related reports from January 31, 1996 to October 1, 1997. The bill also grants limited immunity from civil action to entities operating the information systems. In addition, the bill expands the titling system to include non-commercial trucks and light vans and authorizes appropriations for the grant program to enable States to make necessary software changes.

## BACKGROUND AND NEED FOR THE LEGISLATION

Last year over 1.5 million vehicles were reported stolen in the United States. Because there is no automated way to verify the validity of records from other States, almost 140,000 new titles for stolen vehicles are issued each year. The costs imposed on society by car-jackings and other auto thefts remain unacceptably high, due in part to the failure to implement one of the major components of the "Anti-Car Theft Act of 1992," (Public Law 102–519) the National Motor Vehicle Titling Information System. H.R. 2803, the "Anti-Car Theft Improvements Act of 1995," fills gaps in existing law to expedite implementation of the motor vehicle titling information system.

The "Anti-Car Theft Act of 1992" directed the Secretary of Transportation to establish, by January 31, 1996, an electronic information system that would allow a State motor vehicle titling authority to check instantly whether a vehicle had been stolen before it issues a new title for that vehicle. The 1992 Act also established a federal grant program to help States modify computer software for this purpose. Once established, the title information system would enable state motor vehicle departments, law enforcement officials, prospective auto purchasers, and insurance carriers to check the validity of purported ownership documents, thereby preventing thieves from using ostensibly valid titles for stolen cars.

Responsibility for implementing the Act has been delegated between the Department of Justice (DOJ) and the Department of

Transportation (DOT). To date, DOJ has set up a designated system for stolen parts information, but DOT has failed to meet its statutory deadline for establishing the related stolen vehicle information system.

H.R. 2803 transfers primary responsibility for the operation of the National Motor Vehicle Titling Information System from the Secretary of Transportation to the Attorney General. Both the stolen parts system and the title information system would be operated by or under the auspices of the Department of Justice.

With the enactment of the Anti-Car Theft Act of 1992, Congress identified motor vehicle theft as a major public concern and provided law enforcement officials and motor vehicle administrators with useful tools with which to address this problem. H.R. 2803 would provide for the implementation of the much needed national titling information system which would prevent thieves from obtaining legitimate vehicle ownership documentation and deter other serious consumer fraud related to the transfer of motor vehicle ownership.

## HEARINGS

The Committee's Subcommittee on Crime a hearing on H.R. 2803 on March 7, 1996. Testimony was received from one witness, Kevin V. DiGregory, Deputy Assistant Attorney General of the Criminal Division, representing the Department of Justice. Additional material was Submitted by Fred Dickenson, Executive Director of the Department of Highway Safety and Motor Vehicles for the State of Florida on behalf of the American Association of Motor Vehicle Administrators and Judith M. Fitzgerald, Director of Government Affairs, National Insurance Crime Bureau.

## COMMITTEE CONSIDERATION

On March 2, 1996, the Subcommittee on Crime met in open session and ordered reported the bill H.R. 2803, without amendment, by voice vote, a quorum being present. On April 24, 1996, the full Judiciary Committee met in open session and ordered reported the bill H.R. 2803 without amendment by a voice vote, a quorum being present.

## VOTE OF THE COMMITTEE

There were no recorded votes.

## COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

## COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT FINDINGS

No findings or recommendations of the Committee on Government Reform and Oversight were received as referred to in clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives.

## NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 2(l)(3)(B) of House Rule XI is inapplicable because this legislation does not provide new budgetary authority or increased tax expenditures.

## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

In compliance with clause 2(l)(C)(3) of rule XI of the Rules of the House of Representatives, the Committee sets forth, with respect to the bill, H.R. 2803, the following estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, DC, May 3, 1996.*

Hon. HENRY J. HYDE,
*Chairman, Committee on the Judiciary,*
*House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 2803, the Anti-Car Theft Improvements Act of 1995, as ordered reported by the House Committee on the Judiciary on April 24, 1996. CBO estimates that enacting this legislation could result in costs to the federal government of as much as $50 million over the fiscal years 1996 and 1997, subject to the availability of appropriated funds. Enacting H.R. 2803 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. The bill contains no intergovernmental or private sector mandates as defined in Public Law 104–4.

The Anti-Car Theft Act of 1992 (Public Law 102–519) directed the Secretary of Transportation to establish a National Automobile Title Information System by January 31, 1996. This system, which is not yet operational, would provide access to automobile titling information maintained by the states. Public Law 102–519 gave the Secretary of Transportation authority to make grants of no more than $300,000 per state or 25 percent of their cost, whichever is less, for use in setting up the system. No grants have been made thus far.

H.R. 2803 would make several changes to current law. The bill would transfer federal authority over the title information system from the Secretary of Transportation to the Attorney General and would extend deadlines for the system's completion (to October 1, 1997) and for related reports to the Congress. In addition, it would expand the titling system to include non-commercial light trucks and vans. Finally, H.R. 2803 would remove the limits on federal grants to states.

According to a survey commissioned by the Department of Transportation (DOT) in 1993, 37 states collectively estimated costs of roughly $50 million to implement the title system. Based on the

median cost reported by survey respondents, this projects to about $60 million for all 50 states. With the $300,000 and 25 percent limits in place, however, the federal government would pay only about $10 million to states. Thus, relative to current law, enacting H.R. 2803 could result in additional costs to the federal government—and benefits to the states—of as much as $50 million, if the necessary funds are appropriated.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Mark Grabowicz (for federal costs), Karen McVey (for the state and local government impact), and Matthew Eyles (for the private sector impact).

Sincerely,

JUNE E. O'NEILL, *Director.*

## INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that H.R. 2803 will have no significant inflationary impact on prices and costs in the national economy.

## EXCHANGES OF COMMITTEE CORRESPONDENCE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON COMMERCE,
*Washington, DC, April 29, 1996.*

Hon. HENRY J. HYDE,
*Chairman, Committee on the Judiciary, House of Representatives, Rayburn House Office Building, Washington, DC.*

DEAR HENRY: Thank you for your efforts in addressing our concerns regarding H.R. 2803, the Anti-Car Theft Improvements Act of 1995. As you know, our committees share jurisdiction over the Anti-Car Theft Act of 1992 (P.L. 102–519, codified in scattered sections of 49 U.S.C.), particularly those provisions that would be amended by H.R. 2803 creating a National Motor Vehicle Titling Information System ("NMVTIS"). I appreciate your willingness to work with the Commerce Committee to improve this legislation so that this important tool is available to our nation's law enforcement officers.

Our respective committees have a long history of working together on this issue. The predecessor to the modern Commerce Committee, the Committee on Interstate and Foreign Commerce, began its efforts to address national concerns in the area of motor vehicle safety and information as early as 1956 when it began hearings on the subject. After enactment of several bills dealing specifically with the issue of automobile safety, the Motor Vehicle Information and Cost Savings Act (P.L. 92–513, codified at 49 U.S.C. 32101 et seq.) was reported by this Committee in 1972.

In 1984, the Energy and Commerce Committee directly addressed the growing problem of vehicle theft. The Committee reported an amended version of the Motor Vehicle Theft Law Enforcement Act (P.L. 98–547) in H.Rpt. 98–1087. Among other things, the bill amended the Motor Vehicle Information and Cost Savings Act by: (1) requiring identification numbers for certain motor vehicle parts; (2) instituting civil penalties for violations of

the Act by manufacturers; and (3) prescribing penalties for dealing in stolen vehicles, including the import or export of such vehicles. Although the legislation was referred to the Foreign Affairs, Judiciary, Energy and Commerce, and Ways and Means Committees, the Energy and Commerce Committee was the only committee to act.

More recently, as so-called "carjackings" became more prevalent, the Energy and Commerce Committee and the Judiciary Committee worked closely together to address this and other vehicle theft problems in the Anti-Car Theft Act of 1992. In addition to establishing a fifteen year federal penalty for carjacking, the bill amended portions of the 1984 Act. Through our substantial work together, we were able to bring our Committees' respective expertise to bear on addressing the difficult issue of motor vehicle theft.

I am pleased to see that the amendments offered by the Committee will address the substantive concerns we identified shortly after the introduction of H.R. 2803. As you know, Secretary of Transportation Federico Peña identified similar concerns in his March 19, 1995, correspondence responding to my questions on H.R. 2803. I have attached a copy of this letter and would appreciate its inclusion in the Committee Report. In that letter, he raised concerns regarding possible delays in implementation caused by a shift in authority to the Department of Justice and some possible impediments to the implementation of the NMVTIS due to a lack of national uniform titling definitions. While I believe that the questions regarding the feasibility of the system without uniform titling can be answered through the ongoing pilot program, the Commerce Committee had concerns regarding the possible confusion created by a new definition of the term "motor vehicle" contained in H.R. 2803 and the scope of the immunity provisions.

The amendments that will be offered by the Judiciary Committee address these concerns and with these changes, I have no objection to the consideration of this legislation by the House. In view of your Committee's acceptance of amendments addressing the concerns described above, I would agree not to seek a sequential referral of H.R. 2803 with the further understanding that this waiver would be without prejudice to this Committee's jurisdictional claims over this bill and similar bills that may be offered in the future. Furthermore, I would request that this Committee's jurisdiction be protected through the appointment of conferees should H.R. 2803 go to conference.

Thank you for your attention to our concerns. I would appreciate it if you would include a copy of this letter in your Committee's report on H.R. 2803.

I remain,

Sincerely,

THOMAS J. BLILEY, Jr., *Chairman.*

Attachment.

THE SECRETARY OF TRANSPORTATION,
*Washington, DC, March 19, 1996.*

Hon. THOMAS J. BLILEY, Jr.,
*Chairman, Committee on Commerce,*
*House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: This is in reply to your request for our answers to a number of questions on issues raised by H.R. 2803, the Anti-Car Theft Improvements Act of 1995. I am enclosing answers to each of your questions.

Thank you for the opportunity to comment on this important legislation. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to providing these views for the consideration of Congress.

Sincerely,

FEDERICO PEÑA.

Enclosure.

*Question 1:* The proponents of H.R. 2803 blame DOT for failing to implement the system by the statutory deadline of January 31, 1996. They argue that it is a lack of commitment on the part of DOT and the National Highway Traffic Safety Administration ("NHTSA") which has prevented the system from coming on line in time to meet the deadline. Why has DOT failed to implement the system within the statutory period?

Answer: It has not been possible to establish a national title information system because many issues have not been resolved: the key issues are state uniformity, states' ability to participate, and funding. In 1992, when Congress passed the Anti Car Theft Act, it set January 1996 as the date for the establishment of the National Automobile Title Information System. The purpose of the time period provided was to allow Congress sufficient time to consider and act on recommendations pertaining to titling uniformity among the states, among other issues. To obtain this information, Congress established the Motor Vehicle Titling, Registration and Salvage Task Force (section 140 of the Act), and mandated that the Task Force submit recommendations by April 1994 on Federal and state actions needed to address uniformity in state laws or motor vehicle titling, registration, and salvage. It was anticipated that Congress would review these recommendations and pass implementing legislation so that DOT would be able to establish the title information system by January 1996. Congress recognized that achieving titling uniformity among the states is a prerequisite to the establishment of an effective titling information system. Without consistent or uniform definitions of terms such as "salvage vehicle," a multistate titling system simply cannot work. However, Congress has yet to resolve these issues.

The Task Force submitted its report by the April 1994 deadline. Shortly thereafter, the American Association of Motor Vehicle Administrators (AAMVA) announced plans to conduct a pilot test of a title information system, using only state and private sector funds and resources. In the belief that this pilot test would provide information vital to the development of the national system, DOT submitted a legislative proposal to Congress in May 1994 to defer the January 1996 date for establishment of the national system.

DOT urged enactment of this change at a September 1994 hearing, before the House Energy and Commerce Committee's Subcommittee on Commerce, Consumer Protection, and Competitiveness.

A 1994 survey by AAMVA found that fewer than half the states believed they would be able to participate in a national title information system by January 1996. Section 203(b) of the 1992 Theft Act required that DOT review, in cooperation with the states, the motor vehicle titling systems used by the states, to determine each state's costs of providing its titling information to a national motor vehicle title information system. AAMVA, under contract with DOT, surveyed the 50 states and the District of Columbia to obtain their estimated costs for providing this information. On January 31, 1994, AAMVA reported that 38 states had responded to this survey, with estimated costs (on that date) ranging as high as $12.2 million per state. Only 17 of the 38 states (45%) responding to AAMVA's survey indicated that they could participate in a national title information system by January 1996. The Congress has not addressed how the cost to the states of implementing this system would be funded.

In November 1995, the DOT Appropriations Act for FY 1996 (P.L. 104–50, Nov. 15, 1995) ("Act") directed NHTSA to conduct a pilot study in conjunction with an organization representing the states to advance the development of a titling system. The Act provided $890,000 for the study. DOT views such a pilot study as a necessary first step in the development of a national system. For example, the technology required for such an interactive computer network, which must provide instantaneous responses to inquiries from state offices and the general public across the country, has never before been attempted.

*Question 2:* It is the Committee's understanding that the Motor Vehicle Titling, Registration, and Salvage Advisory Committee, convened by NHTSA pursuant to the Act, reported concerns with the feasibility of a nationwide automobile title information system in its report and recommendations.

a. What were those concerns?

Answer: Contrary to the premise of the question, the advisory committee assumed that a title information system would be implemented and did not consider whether or not such a system would be feasible.The committee's mandate was to study problems related to multistate uniformity with respect to motor vehicle titling, registration, and motor vehicle salvage, not the feasibility of a title information system.

b. If those concerns were not addressed, would the system be able to meet all of the minimum requirements of the system as described at 49 U.S.C. 30502(b)?

Answer: The information requirements are in fact enumerated in subsection (*d*) of 49 U.S.C. 30502. DOT believes that the uniform definitions and motor vehicle titling procedures outlined in the advisory committee's recommendations would need to be implemented in all states before the minimum requirements of the title information system described in section 30502(d) could be met effectively.

*Question 3:* The Committee understands that NHTSA received an appropriation in their fiscal year 1996 appropriations bill for a pilot program to begin implementation of the system.

a. Please describe this pilot program, including the number of states involved, scope of the program, and its anticipated costs.

Answer: NHTSA's FY 96 appropriation provides $890,000 for the development of a pilot test of a titling information system. We are in the preliminary stages of the pilot test development and have not yet determined the details. The number of pilot states needed has not been determined and the total anticipated costs are not yet projected. We envision that the scope of the pilot will test information exchanges among participating states by the use of several central site operators, housing various files such as the central pointer file, a title brand file, and a stolen vehicle file.

b. How were the states chosen to participate in the program? Were they chosen at random or were there specific criteria used?

Answer: We have not yet made these decisions.

c. What does NHTSA expect to learn from this pilot program?

Answer: Many factors need to be considered before a national system can be designed, developed, and implemented. Some factors include the characteristics and extent of uniformity in title definitions among states; costs associated to all parties; development time for a national system; system design and development issues; and the feasibility of a national system.

The pilot program should assist in determining the feasibility of a national system. It will also assist in determining, from an operational perspective, what uniform titling requirements are needed for an efficient and cost-effective system. We also expect the pilot test to help us determine the estimated costs for full implementation, assess the current status of titling information exchange among states, and identify what barriers might impede states in participating in a national system. The evaluations of the pilot test should also provide information on an estimated time frame for implementation of a titling system on a nationwide basis. The pilot system should be able to test the minimum functional capabilities required by section 202(b) of the Theft Act (49 U.S.C. 30502(d)).

d. Why is a pilot program necessary? Why did NHTSA not simply proceed with the complete implementation of this system?

Answer: The pilot program is necessary because the system called for by the Act would be extraordinarily complex. The technology required for an interactive computer network of the scope needed to implement the large-scale, instantaneous responses to inquiries of the system, as the Act requires, appears never before to have been attempted. This complexity may very well take additional time or call for additional resources above those currently estimated NHTSA believes it would be impractical to attempt the complete implementation of a system of this magnitude without first testing and evaluating the conceptual framework in ways designed to determine optimal designs for such a system.

Finally, as we explained in our answer to Question 1, NHTSA could not proceed with the complete implementation of the system because of the absence of titling uniformity among the states.

*Question 4:* Section 2 of H.R. 2803 changes the definition used in implementing the system from "automobile" as defined at 49 U.S.C. 32901(a) to "motor vehicle," which is given the same meaning as "passenger motor vehicle" as defined at 49 U.S.C. 32101(10). In DOT's opinion.

a. What are the differences between the two definitions?

Answer: The differences between the definitions cited here for "automobile" and "motor vehicle" are, practically speaking, very minor. Both definitions include passenger motor vehicles and light trucks, the former by using gross vehicle weight as the defining factor, and the latter by using design for a maximum number of passengers as the defining factor.

"Automobile," as defined by section 32901(a), means: "a 4-wheeled vehicle that is propelled by fuel, or by alternative fuel, manufactured primarily for use on public streets, roads, and highways (except a vehicle operated only on a rail line), and rated at—

"(A) not more than 6,000 pounds gross vehicle weight; or

"(B) more than 6,000, but less than 10,000, pounds gross vehicle weight, if the Secretary decides by regulation that—

"(i) an average fuel economy standard under this chapter for the vehicle is feasible; and

"(ii) an average fuel economy standard under this chapter for the vehicle will result in significant energy conservation or the vehicle is substantially used for the same purposes as a vehicle rated at nor more than 6,000 pounds gross vehicle weight."

"Motor vehicle," which has the same meaning as "passenger motor vehicle" as defined by section 32101(10) means: "a motor vehicle with motive power designed to carry not more than 12 individuals, but does not include—

"(A) a motorcycle, or

"(B) a truck not designed primarily to carry its operator or passengers."

b. What are the possible effects on the system should this change be adopted?

Answer: If this change were adopted, there would be no effect on the system.

c. Is this definitional change necessary to meet any real or perceived need in implementing the provisions of the Act?

Answer: No.

*Question 5:* Section 4 of H.R. 2803 moves authority for implementing the system from DOT to the Department of Justice ("DOJ").

a. Do you believe that DOJ is better qualified to implement a system designed to track automobile title information than DOT?

Answer: We do not believe either Department is necessarily better qualified to implement a title information system. Section 4 of H.R. 2803 would put the responsibility for both the stolen passenger motor vehicle information system and the title information system under the management of one agency. Current law gives responsibility for the former system to the Department of Justice and the latter system to Department of Transportation. We do not object to the concept of a transfer of primary responsibility for operating the title information system from the Department of Transportation to the Department of Justice.

b. What expertise and resources has DOT developed that might be lost if authority for implementing the system were moved to DOJ?

Answer: Very little, if any, expertise and resources that DOT has developed in furtherance of the establishment of a national motor

vehicle title information system would be lost. Any information NHTSA receives from the pilot test, discussed in our answer to Question 3, could be transferred to another agency, although such a transfer could cause delays in implementation of the title system.

*Question 6:* Sections 5 and 6 of H.R. 2803 provide a broad immunity to civil liability for "any person" involved in the implementation of the system.

a. What is DOT's opinion of the effect of this provision?

Answer: Sections 5 and 56 of bill provide for immunity from civil liability for any person performing any activity in good faith and with the reasonable belief that such activity was in accordance with 49 U.S.C. Sections 30502–30504 and 33109–33111. We do not object to these immunity provisions.

b. Are you aware of similar immunity provisions in other statutes? Under what circumstances are they used?

Answer: We are not aware of any similar immunity provisions with respect to information systems managed by DOT. The National Driver Register (NDR) statute (chapter 303 of title 49, U.S.C.), however, does protect the Secretary against any action related to the transmission of inaccurate information, in relaying the NDR's problem driver information to an inquiring state. Section 30302(b), "Accuracy of Information," states:

> The Secretary is not responsible for the accuracy of information relayed to the chief driver licensing official of a participating State. However, the Secretary shall maintain the Register in a way that ensures against inadvertent alteration of information during a relay.

c. Does DOT believe that an immunity provision is necessary to proceed with implementation of the system?

Answer: We believe it would be appropriate to include a provision protecting the operator of the system against any action related to the transmission of inaccurate information. That language would be similar to the provision of the National Driver Register statute, cited above in answer to Question 6b.

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HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
*Washington, DC, June 12, 1996.*

Hon. THOMAS J. BLILEY, Jr.,
*Chairman, Committee on Commerce, House of Representatives, Rayburn House Office Building, Washington, DC.*

DEAR TOM: I am in receipt of your letter dated April 29, 1996, regarding amendments to H.R. 2803, the Anti-Car Theft Improvements Act of 1996, which was ordered by the Committee on the Judiciary on April 24, 1996.

Our committees have had a history of working together on automobile titling issues, such as those included in H.R. 2803, and I appreciate your cooperation in expediting the consideration of H.R. 2803 by the full House. Your letter, and this response, will be included as part of the Committee's report on H.R. 2803.

Thank you for your assistance in bringing forward this important legislation.

Sincerely,

HENRY J. HYDE, *Chairman.*

## SECTION-BY-SECTION ANALYSIS

### SECTION 1. SHORT TITLE

This section states that the short title of the bill is the "Anti-Car Theft Improvements Act of 1995."

### SECTION 2. DEFINITIONS

This section amends section 30501(1) of title 49, United States Code, to change the term "motor vehicle" to have the same meaning as the term "passenger motor vehicle" as defined in section 32101(10). This definition would apply only to the system name and the general description of its purpose in 49 U.S.C. 30502(a)(1). The definition clarifies that the system would not be required to include heavy trucks, but would include light trucks and vans.

### SECTION 3. SYSTEM NAME AND IMPLEMENTATION DATE

This section postpones the new system implementation date from January 31, 1996 to October 1, 1997. The section also strikes the term "Automobile" as it appears in Section 30502(a)(1) and replaces it with the term "Motor Vehicle." This change restores the name that Congress gave the system in the 1992 Anti-Car Theft Act. It changes the name from the "National Automobile Title Information System" (which was a non-substantive change made in the 1994 recodification of Title 49, Public Law 103–272) back to the "National Motor Vehicle Title Information System" (the name provided in Public Law 102–519). This definition would apply only to the system name and the general description of its purpose in section 30502(a)(1) of title 49, United States Code.

### SECTION 4. DELEGATION OF AUTHORITY

This section transfers federal authority to implement the vehicle titling system from the Secretary of Transportation to the Attorney General. The Attorney General is to consult with the Secretary of Transportation in promulgating regulations and implementing the system.

### SECTION 5. TITLE INFORMATION SYSTEM

This section grants limited immunity from civil action to persons responsible for operating the National Motor Vehicle Titling Information System.

### SECTION 6. STOLEN VEHICLE INFORMATION SYSTEM

This section grants limited immunity from civil action persons responsible for operating the Stolen Vehicle Information System.

### SECTION 7. GRANTS TO STATES

This section removes limits established in the 1992 Act on federal grants to States to enable States to make necessary software

changes. This section also authorizes appropriations for the grant program.

## AGENCY VIEWS

The Committee received a letter from the U.S. Department of Justice providing Administration views on H.R. 2803, the "Anti-Car Theft Improvements Act of 1995," and other bills. This letter addressed the pertinent issues presented as follows:

DEPARTMENT OF JUSTICE,
OFFICE OF LEGISLATIVE AFFAIRS,
*Washington, DC, March 6, 1996.*

Hon. BILL MCCOLLUM,
*Chairman, Subcommittee on Crime, Committee on the Judiciary, House of Representatives Washington, DC.*

DEAR MR. CHAIRMAN: I am pleased to respond to your request for the Department of Justice's views on a number of bills the Subcommittee will soon consider. Our views are provided below.

### H.R. 2803—ANTI-CAR THEFT IMPROVEMENTS ACT

This bill would amend 49 U.S.C. §§ 30501–30505 so as to transfer primary responsibility for the operation of the National Automobile Title Information System (NATIS) from the Secretary of Transportation to the Attorney General. The bill also would expand the scope of the system to include "passenger motor vehicles" as defined in 49 U.S.C. § 32101(10), as well as "automobiles" as defined in 49 U.S.C. § 32901(a). Accordingly, the bill would change the name of the system to the National Motor Vehicle Title Information System.

In our view, an effective motor vehicle titling information system would deter auto theft by reducing the opportunity for car thieves to buy the "junk," "salvage," "rebuilt" or other branded titles to wrecked automobiles, switch the VIN plates from the wrecks to similar make/model stolen automobiles, and then obtain apparently clean or "washed" titles to the stolen vehicles in other jurisdictions. The system also would deter consumer fraud by preventing unscrupulous auto-rebuilders from obtaining clean or "washed" titles to rebuilt wrecks.

The Department of Justice does not object to the concept of a transfer of primary responsibility for operating NATIS from the Secretary of Transportation to the Attorney General. However, we understand that the Department of Transportation, in cooperation with the American Association of Motor Vehicle Administrators, is conducting a pilot study of the system. In view of the ongoing pilot study, a transfer of primary responsibility for operating the system at this time may be counterproductive and could cause delays in implementation. We further understand that implementation of the system has been impeded by lack of funding. We assume that a transfer of primary responsibility for the operation of NATIS to the Attorney General will include funding adequate to establish an effective system.

Sections 5 and 6 of the bill provide for immunity from civil liability for any person performing any activity in good faith and with

the reasonable belief that such activity was in accordance with 49 U.S.C. §§ 30502–30504 and 33109–33111. We support these immunity provisions.

Sincerely yours,

ANDREW FOIS,
*Assistant Attorney General.*

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 49, UNITED STATES CODE

* * * * * * *

## PART A—GENERAL

* * * * * * *

### CHAPTER 305—NATIONAL AUTOMOBILE TITLE INFORMATION SYSTEM

* * * * * * *

**§ 30501. Definitions**

In this chapter—

(1) "automobile" has the same meaning given that term in section 32901(a) of this title *and "motor vehicle" has the same meaning as the term "passenger motor vehicle" has in section 32101(10)*.

(2) "certificate of title" means a document issued by a State showing ownership of an automobile.

(3) "insurance carrier" means an individual or entity engaged in the business of underwriting automobile insurance.

(4) "junk automobile" means an automobile that—

(A) is incapable of operating on public streets, roads, and highways; and

(B) has no value except as a source of parts or scrap.

(5) "junk yard" means an individual or entity engaged in the business of acquiring or owning junk automobiles for—

(A) resale in their entirety or as spare parts; or

(B) rebuilding, restoration, or crushing.

(6) "operator" means the individual or entity authorized or designated as the operator of the National Automobile Title Information System under section 30502(b) of this title, or the [Secretary of Transportation] *Attorney General*, if there is no authorized or designated individual or entity.

(7) "salvage automobile" means an automobile that is damaged by collision, fire, flood, accident, trespass, or other event, to the extent that its fair salvage value plus the cost of repairing the automobile for legal operation on public streets, roads,

and highways would be more than the fair market value of the automobile immediately before the event that caused the damage.

(8) "salvage yard" means an individual or entity engaged in the business of acquiring or owning salvage automobiles for—

(A) resale in their entirety or as spare parts; or

(B) rebuilding, restoration, or crushing.

(9) "State" means a State of the United States or the District of Columbia.

**§ 30502. National Automobile Title Information System**

(a) ESTABLISHMENT OR DESIGNATION.—(1) In cooperation with the States and not later than [January 31, 1996] *October 1, 1997*, the [Secretary of Transportation] *Attorney General* shall establish a National [Automobile] *Motor Vehicle* Title Information System that will provide individuals and entities referred to in subsection (e) of this section with instant and reliable access to information maintained by the States related to automobile titling described in subsection (d) of this section. However, if the [Secretary] *Attorney General* decides that the existing information system meets the requirements of subsections (d) and (e) of this section and will permit the [Secretary] *Attorney General* to carry out this chapter as early as possible, the [Secretary] *Attorney General*, in consultation with the [Attorney General] *Secretary of Transportation*, may designate an existing information system as the National [Automobile] *Motor Vehicle* Title Information System.

(2) In cooperation with the [Attorney General] *Secretary of Transportation* and the States, the [Secretary] *Attorney General* shall ascertain the extent to which title and related information to be included in the system established under paragraph (1) of this subsection will be adequate, timely, reliable, uniform, and capable of assisting in efforts to prevent the introduction or reintroduction of stolen vehicles and parts into interstate commerce.

(b) OPERATION.—The [Secretary] *Attorney General* may authorize the operation of the System established or designated under subsection (a)(1) of this section by agreement with one or more States, or by designating, after consulting with the States, a third party that represents the interests of the States.

(c) USER FEES.—Operation of the System established or designated under subsection (a)(1) of this section shall be paid for by user fees and should be self-sufficient and not be dependent on amounts from the United States Government. The amount of fees the operator collects and keeps under this subsection subject to annual appropriation laws, excluding fees the operator collects and pays to an entity providing information to the operator, may be not more than the costs of operating the System.

(d) INFORMATION REQUIREMENTS.—The System established or designated under subsection (a)(1) of this section shall permit a user of the System at least to establish instantly and reliably—

(1) the validity and status of a document purporting to be a certificate 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 automobile or a salvage automobile;

(4) for an automobile known to be titled in a particular State, the odometer mileage disclosure required under section 32705 of this title for that automobile on the date the certificate of title for that automobile was issued and any later mileage information, if noted by the State; and

(5) whether an automobile bearing a known vehicle identification number has been reported as a junk automobile or a salvage automobile under section 30504 of this title.

(e) AVAILABILITY OF INFORMATION.—(1) The operator shall make available—

(A) to a participating State on request of that State, information in the System about any automobile;

(B) to a Government, State, or local law enforcement official on request of that official, information in the System about a particular automobile, junk yard, or salvage yard;

(C) to a prospective purchaser of an automobile on request of that purchaser, including an auction company or entity engaged in the business of purchasing used automobiles, information in the System about that automobile; and

(D) to a prospective or current insurer of an automobile on request of that insurer, information in the System about that automobile.

(2) The operator may release only the information reasonably necessary to satisfy the requirements of paragraph (1) of this subsection. The operator may not collect an individual's social security account number or permit users of the System to obtain an individual's address or social security account number.

*(f) IMMUNITY.—Any person performing any activity under this section or sections 30503 or 30504 in good faith and with the reasonable belief that such activity was in accordance with this section or section 30503 or 30504, as the case may be, shall be immune from any civil action seeking money damages or equitable relief in any court of the United States or a State.*

**§ 30503. State participation**

(a) STATE INFORMATION.—Each State shall make titling information maintained by that State available for use in operating the National Automobile Title Information System established or designated under section 30502 of this title.

(b) VERIFICATION CHECKS.—Each State shall establish a practice of performing 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. The check shall consist of—

(1) communicating to the operator—

(A) the vehicle identification number of the automobile for which the certificate of title is sought;

(B) the name of the State that issued the most recent certificate of title for the automobile; and

(C) the name of the individual or entity to whom the certificate of title was issued; and

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

(c) GRANTS TO STATES.—(1) In cooperation with the States and not later than January 1, 1994, the [Secretary of Transportation] *Attorney General* shall—

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

(B) determine for each State the cost of making titling information maintained by that State available to the operator to meet the requirements of section 30502(d) of this title.

[(2) The Secretary may make grants to participating States to be used in making titling information maintained by those States available to the operator if—

[(A) the grant to a State is not more than the lesser of—

[(i) 25 percent of the cost of making titling information maintained by that State available to the operator as determined by the Secretary under paragraph (1)(B) of this subsection; or

[(ii) $300,000; and

[(B) the Secretary decides that the grants are reasonable and necessary to establish the System.]

*(2) The Attorney General may make reasonable and necessary grants to participating States to be used in making titling information maintained by those States available to the operator.*

(d) REPORT TO CONGRESS.—Not later than [January 1, 1997] *October 1, 1998*, the [Secretary] *Attorney General* shall report to Congress on which States have met the requirements of this section. If a State has not met the requirements, the [Secretary] *Attorney General* shall describe the impediments that have resulted in the State's failure to meet the requirements.

**§ 30504. Reporting requirements**

(a) JUNK YARD AND SALVAGE YARD OPERATORS.—(1) Beginning at a time established by the [Secretary of Transportation] *Attorney General* that is not sooner than the 3d month before the establishment or designation of the National Automobile Title Information System under section 30502 of this title, an individual or entity engaged in the business of operating a junk yard or salvage yard shall file a monthly report with the operator of the System. The report shall contain an inventory of all junk automobiles or salvage automobiles obtained by the junk yard or salvage yard during the prior month. The inventory shall contain—

(A) the vehicle identification number of each automobile obtained;

(B) the date on which the automobile was obtained;

(C) the name of the individual or entity from whom the automobile was obtained; and

(D) a statement of whether the automobile was crushed or disposed of for sale or other purposes.

(2) Paragraph (1) of this subsection does not apply to an individual or entity—

(A) required by State law to report the acquisition of junk automobiles or salvage automobiles to State or local authorities

if those authorities make that information available to the operator; or

(B) issued a verification under section 33110 of this title stating that the automobile or parts from the automobile are not reported as stolen.

(b) INSURANCE CARRIERS.—Beginning at a time established by the [Secretary] *Attorney General* that is not sooner than the 3d month before the establishment or designation of the System, an individual or entity engaged in business as an insurance carrier shall file a monthly report with the operator. The report may be filed directly or through a designated agent. The report shall contain an inventory of all automobiles of the current model year or any of the 4 prior model years that the carrier, during the prior month, has obtained possession of and has decided are junk automobiles or salvage automobiles. The inventory shall contain—

(1) the vehicle identification number of each automobile obtained;

(2) the date on which the automobile was obtained;

(3) the name of the individual or entity from whom the automobile was obtained; and

(4) the name of the owner of the automobile at the time of the filing of the report.

(c) PROCEDURES AND PRACTICES.—The [Secretary] *Attorney General* shall establish by regulation procedures and practices to facilitate reporting in the least burdensome and costly fashion.

### § 30505. Penalties and enforcement

(a) PENALTY.—An individual or entity violating this chapter is liable to the United States Government for a civil penalty of not more than $1,000 for each violation.

(b) COLLECTION AND COMPROMISE.—(1) The [Secretary of Transportation] *Attorney General* shall impose a civil penalty under this section. The Attorney General shall bring a civil action to collect the penalty. The [Secretary] *Attorney General* may compromise the amount of the penalty. In determining the amount of the penalty or compromise, the [Secretary] *Attorney General* shall consider the appropriateness of the penalty to the size of the business of the individual or entity charged and the gravity of the violation.

(2) The Government may deduct the amount of a civil penalty imposed or compromised under this section from amounts it owes the individual or entity liable for the penalty.

## PART B—COMMERCIAL

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## CHAPTER 331—THEFT PREVENTION

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### § 33109. National Stolen Passenger Motor Vehicle Information System

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*(d) IMMUNITY.—Any person performing any activity under this section or section 33110 or 33111 in good faith and with the reasonable belief that such activity was in accordance with such section shall be immune from any civil action seeking money damages or equitable relief in any court of the United States or a State.*

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