

STATEMENT OF HERBERT H. KAISER, JR., DEPUTY ASSISTANT SECRETARY FOR ENVIRONMENT, SAFETY AND CONSUMER AFFAIRS, U. S. DEPARTMENT OF TRANSPORTATION, BEFORE THE GOVERNMENT ACTIVITIES AND TRANSPORTATION SUBCOMMITTEE OF THE HOUSE COMMITTEE ON GOVERNMENT OPERATIONS, REGARDING PROPOSALS TO DETER THEFT OF AUTOMOBILES, WEDNESDAY, AUGUST 4, 1976

Mr. Chairman and Members of the Subcommittee:

My name is Herbert H. Kaiser, Jr. I serve in the Department of Transportation as Deputy Assistant Secretary for Environment, Safety, and Consumer Affairs. I also serve as CoChairman of the Interagency Committee on Auto Theft Prevention.

At the outset, I would like to express my thanks to you and your staffs for the interest and time you have taken to arrange for this overview briefing concerning the problem of auto theft prevention. I wish to state also that I fully support the testimony given by my counterpart in the Department of Justice, Assistant Attorney General Richard Thornburgh. We welcome with enthusiasm the support you have given to the Interagency Committee on Auto Theft Prevention. We look forward also to working in the future with you, your staff and counsel for the Committee.

It is altogether appropriate, given the context of this overview briefing and the initiative you have taken, to provide to you a special perspective on the work of this Interagency Committee. Although Mr. Thornburgh has already presented much information about the

Committee, I would like to mention that the Department of Justice, to its great credit, took the lead in establishing the Interagency Committee in March of 1975. The Department of Transportation likewise has responded with effectiveness and enthusiasm in undertaking its portion of these joint responsibilities. The other agencies represented on this interagency committee have responded in similar fashion and the committee as a whole, I believe it is fair to say, has worked together with singular effectiveness and in an outstanding spirit of cooperation.

The primary reason for this undertaking, I respectfully submit, is that the impact upon all citizens of this country of the effects of auto theft and the criminal activity it supports is perhaps greater and more immediate than many other forms of criminal activity. The volume of auto theft, as Mr. Thornburgh has discussed in detail, is great and has increased in recent years. The scope of the impact of auto theft is very broad, and reaches the entire population. Similarly, there is a common desire to devise suitable means to eliminate the problem of auto theft. Finally, the traffic in stolen automobiles and automobile parts constitutes an unacceptable threat to the solvency and enterprise of the many

legitimate businessmen and businesswomen who have chosen as their livelihood the distribution and sale of used or salvaged vehicles and used automobile parts.

The members of the Interagency Committee and their supporting staffs represent a unique group of highly qualified persons who have combined their joint experience in a common voluntary effort to reduce auto theft. I would like to call to your attention the dedication and special attention which has been devoted to the problem of auto theft by our CoChairman, Mr. Thornburgh; by Mr. Ralph Culver and his assistants in the Department of Justice including the FBI; and also by the Department of Transportation's Office of Safety Affairs and more recently, our Office of Facilitation. I also would like to mention the efforts and dedication of DOT's National Highway Traffic Safety Administration (NHTSA), the details of which will be discussed later in my testimony.

A number of years before the Interagency Committee was established, NHTSA had addressed the problem of auto theft because of related vehicle safety implications. In 1968, the National Highway Safety Bureau, NHTSA's predecessor agency, issued Federal Motor Vehicle Safety Standard No. 114, Theft Protection, which applies only to passenger cars and which prescribes certain requirements for a vehicle's ignition-locking

system to make unauthorized use considerably more difficult. This safety standard on theft protection, issued under the authority of the National Traffic and Motor Vehicle Safety Act of 1966, was supported by data from the Department of Justice indicating that stolen vehicles had an accident rate about 200 times greater than that for vehicles which were not stolen. This accident data also served to support Federal Motor Vehicle Safety Standard No. 115, Vehicle Identification Number, issued in 1968. This standard requires motor vehicle manufacturers to provide a unique identifier, called a VIN number, for each passenger car. This VIN number must be permanently attached to the vehicle and readable from outside the vehicle, which can be useful for identification in case the vehicle is stolen.

Last year NHTSA initiated a review of these two vehicle safety standards to determine how they might be improved. On March 4 of this year, an Advance Notice of Proposed Rulemaking on Standard No. 114, Theft Protection, was issued. Public comments were solicited with respect to vehicle security systems such as the ignition, steering, and transmission locking systems, and hood and trunk locking release mechanisms operable from outside the vehicle. Comments were also requested regarding the extension

of the standard to all motor vehicles. These comments are presently being evaluated.

The VIN number concept embodied in Standard No. 115 has proven very helpful in many areas and has motivated a number of organizations to propose its standardization in various ways. The International Standards Organization, a multi-national group, has adopted a standard to provide for a unique, world-wide vehicle identification number. The Vehicle Equipment Safety Commission, a United States organization established by compact of 41 States and the District of Columbia, has also established a similar vehicle identification numbering system for all vehicles operated in their respective jurisdictions. The European Economic Community and the U. S. Society of Automotive Engineers have likewise considered VIN proposals.

In view of this proliferation of VIN systems, NHTSA is planning to issue an Advance Notice of Proposed Rulemaking seeking comments on the advantages and disadvantages of each of these VIN systems and for suggestions for resolving their differences. The goal of such a notice would be the development of a proposed amendment to the NHTSA standard.

As I have stated, Standard Nos. 114 and 115 were issued under the vehicle safety standards setting authority of the National

Traffic and Motor Vehicle Safety Act of 1966. A statistically significant correlation between vehicle theft and stolen vehicle accidents supported the issuance of both standards and any revision of the standards must have comparable justification on the grounds of vehicle safety under the Vehicle Safety Act. An expansion of NHTSA's legislative authority would be required before the agency could issue vehicle standards directed solely at reducing vehicle theft.

The problem of vehicle theft is also approachable under the Highway Safety Act of 1966 which is administered by NHTSA. Under the Highway Safety Act, NHTSA has authority to propose uniform State Highway Safety Program Standards to be implemented by the States, and for coordinating the uniform State programs. Pursuant to its authority under this Act, NHTSA issued, in June 1967, Highway Safety Program Standard No. 2, Motor Vehicle Registration. One element of this standard provides that each State shall have a registration program, providing for rapid identification of each vehicle and its owner. The recovery of many stolen vehicles is often accomplished by State authorities within 48 hours, thereby avoiding many accidents.

To complement this registration standard, NHTSA is planning to issue in the near future a Notice of Proposed Rulemaking for

a State Highway Safety Program Standard which would have the States adopt certain uniform elements in their vehicle titling systems. Such uniformity is essential, in our view, to strengthen owner identification and facilitate the recovery of stolen vehicles. Since this proposal would be a key element in DOT's effort to reduce the vehicle theft problem, I would now like to discuss the draft version of its contents point by point.

The draft proposal would require each State to adopt a motor vehicle titling law requiring each motor vehicle to have a certificate of title before it can be registered for operation in the State. Since all States but Kentucky now have titling laws, this requirement would not be controversial or difficult to implement. This uniform program, moreover, would be required to include seven specific elements.

The first element in the proposal would require the issuance of a certificate of title to each owner of a motor vehicle upon proof of purchase. The certificate of title would provide for recording the vehicle's VIN number and for an affidavit or other declaration by the seller as to whether the vehicle is being sold as a salvage vehicle. A salvage vehicle would be defined as a vehicle which is sold to be scrapped, dismantled, destroyed, or

salvaged for parts.

The second program element would require each owner of a motor vehicle to present the certificate of title to the appropriate State agency for cancellation when the vehicle is sold for salvage. This requirement should be especially helpful in reducing one of the major methods of vehicle theft, previously described in the Department of Justice's statement, whereby car thieves substitute the title and VIN of a salvage vehicle for the title and VIN of a stolen vehicle.

The third element of the proposal requires the issuance by the States of a special certificate of title for each reconstructed vehicle. A reconstructed vehicle would be defined as a salvage vehicle presented for retitling. This procedure would provide an opportunity to examine the safety of reconstructed vehicles before allowing them to be registered for operation on public roads.

The fourth program element would provide that no reconstructed vehicle may be registered for highway use unless it passed a safety inspection in accordance with criteria of Highway Safety Program Standard No. 1, Periodic Motor Vehicle Inspection, which is presently in effect.

The fifth element would require each State to keep a record

of the VIN number for each vehicle for which the State has issued a title, and for each vehicle for which a title is submitted for cancellation. Recording the VIN number of salvaged vehicles could be useful in preventing fraudulent titling and in identifying counterfeit or fraudulent titles.

The sixth element would require each State to carry out an annual evaluation of its titling program to determine the success of its program in dealing with vehicle theft and the relationship between such theft and vehicle and highway safety.

The seventh and last required program element would provide that each State return any certificates of title obtained in its retitling process which have been issued by other States to the issuing State.

In addition to these seven required elements, the standard would also contain five supplementary provisions or program countermeasures designed to support a State's titling and theft program. The optional provisions would be negotiated between the State and NHTSA based upon the State's program needs. The first supplementary provision concerns the transmission by the

States of VIN numbers of stolen vehicles to the National Crime Information Center (NCIC), a computer-generated data base operated by the FBI, which maintains records of stolen vehicles.

The second supplementary provision, which is directly related to the first, would provide a State program for querying the NCIC to determine if an out-of-State vehicle has been stolen or has had its title cancelled.

A third provision would propose that a State consider requiring that its vehicle license plates be retained by the former vehicle owner and not be transferred along with the transfer of the ownership of the vehicle. Such a State requirement would help to prevent individuals from obtaining a valid license from a junked vehicle and then using it for a stolen vehicle.

The fourth optional provision addresses the problem of control of salvage vehicle transactions. In this regard, the issuance of salvage certificates or other documents evidencing ownership of salvage vehicles could allow the development of an audit trail where such an examination may be justified.

Finally, the optional provisions would also address the need for safeguarding the issuance of replacement or special VIN number plates. Many States supply replacement VIN number plates when

the original is damaged or removed, and supply special plates when a new vehicle is constructed by an individual. Steps should be taken to ensure that the plates so issued actually meet legitimate requests.

I would now like to explain briefly the rulemaking stages NHTSA will be going through before the vehicle safety and the highway safety proposals I have discussed can be promulgated.

The comment closing date for amendments to Federal Motor Vehicle Safety Standard No. 114 Advance Notice of Proposed Rulemaking was June 2, 1976. We are currently reviewing the comments received and, if appropriate, we will be issuing a Notice of Proposed Rulemaking in response. The public will then be given a second opportunity to comment before the final rule is issued. Standard No. 115, Vehicle Identification Number, will also go through an Advance Notice and Notice stage with public comment at each step prior to the issuance of the final rule.

The Highway Safety Program Standard promulgation procedures are somewhat more complicated. Under an amendment to the Highway Safety Act in 1973, any draft final rule must be submitted to the Congress for its enactment. Hence, after the proposed standard is issued and after an analysis of the comments is

completed, if NHTSA decides to continue the rulemaking procedure, a draft final rule will be prepared for congressional review.

At this point, I would like to introduce in the record the standards I have discussed and the proposed amendments thereto.

In conclusion, Mr. Chairman, although we all realize that there is no final solution to the problem of theft of any kind, it is clear that successful countermeasures with respect to vehicle theft will require a combined Federal, State and local effort to a much greater extent than we have previously experienced. If we can make such an effort and thereby make vehicle theft much more difficult than it has been, we may have a good chance to reduce it to manageable proportions.

Mr. Chairman, this concludes my prepared testimony. My colleagues and I will be happy to respond to any questions that you or the members of the Subcommittee may have.