

SUPPORTING STATEMENT
FOR
CONSOLIDATED LABELING REQUIREMENTS FOR 49 CFR
PARTS 541, 565, and 567 (OMB Clearance Number 2127-0510)

A. JUSTIFICATION

1. Explain the circumstances that make the collection of information necessary. Attach a copy of the appropriate statute or regulation mandating or authorizing the collection of information.

This information collection supports the Department's goal of safety. This program gives law enforcement personnel tools to deter thefts, trace stolen vehicles and parts, and apprehend and convict thieves.

49 CFR Part 541

The Motor Vehicle Information and Cost Savings Act was amended by the Anti Car Theft Act of 1992 (P.L. 102- 519). The enacted Theft Act states that passenger motor vehicles, multipurpose passenger vehicles, and light-duty trucks with a gross vehicle weight rating of 6,000 pounds or less be covered under the Federal Motor Vehicle Theft Prevention Standard.

Each major component part must be either labeled or affixed with the VIN and its replacement component part. It must be marked with the “DOT” symbol, the letter “R” and the manufacturers’ logo.

Pursuant to a statutory mandate, in a FEDERAL REGISTER notice published on April 6, 2004 (69 FR 17960), NHTSA issued a final rule that the Federal Motor Vehicle Theft Prevention Standard be extended from high-theft vehicles to include all passenger cars and multipurpose passenger vehicles with a gross vehicle weight rating of 6,000 pounds or less, and to light duty trucks with major parts that are interchangeable with a majority of the covered major parts of multipurpose passenger vehicles.

On May 19, 2005, in response to petitions for reconsideration (70 FR 28843), NHTSA amended the final rule to make the following changes and clarifications to the expanded parts-marking requirements: (1) manufacturers are no longer required to submit “likely theft rate determinations” for vehicle lines introduced prior to the September 1, 2006, effective date, if the manufacturers choose to voluntarily mark the new vehicle lines immediately after their introduction; (2) manufacturers are permitted to petition the agency to exempt low-theft vehicle lines equipped with antitheft devices from the parts-marking requirements beginning with model year 2006; (3) vehicle lines with annual production of not more than 3,500 vehicles are excluded from the parts-marking requirements; and (4) the agency adopted a phase-in of the new parts-marking requirements over a two-year period.

49 CFR Part 565

Under the authority granted to the National Highway Traffic Safety Administration (NHTSA) by the National Traffic and Motor Vehicle Safety Act of 1966, NHTSA issued the Federal Motor Vehicle Safety Standards (FMVSSs) and the collections of information that support their implementation. One FMVSS was Standard No. 115, "Vehicle Identification Number," specifying requirements for vehicle identification numbers to aid the agency in achieving many of its safety goals. The standard was amended in August 1978 by extending its applicability to additional classes of motor vehicles and by specifying the use of a 30-year, 17-character Vehicle Identification Number (VIN). The standard was amended in May 1983 by deleting portions of FMVSS No. 115 and reissuing those portions as a general agency regulation, 49 CFR Part 565, "Vehicle Identification Number Requirements".

Subsequently, in a final rule published on June 7, 1996, the text of the FMVSS No. 115 was transferred to Part 565 without making any substantive changes to the VIN requirements. The final rule also abolished FMVSS No. 115. Part 565 as amended requires vehicle manufacturers to assign a unique VIN to each new vehicle and to inform the National Highway Traffic Safety Administration (NHTSA) of the code used in forming the VIN. These regulations apply to all vehicles: passenger cars, multipurpose passenger vehicles, trucks, buses, trailers, incomplete vehicles, and motorcycles.

A final rule, published in the Federal Register on April 30, 2008 (73 FR 23367), makes certain minor modifications to Part 565. The final rule also adds low speed vehicles to the list of vehicles covered by Part 565. This step resolves an anomaly that had previously existed. FMVSS No. 500 specifies various requirements for low speed vehicles, including that each low speed vehicle shall have a VIN that conforms to the requirements of Part 565. Prior to the final rule published on April 30, 2008, Part 565 was silent as to the fact that low speed vehicles are required to have a VIN.

49 CFR Part 567

This part specifies the content and location of, and other requirements for, the certification label or tag to be affixed to motor vehicles and motor vehicle equipment. Specifically, the VIN is required to appear on the certification label. Additionally, this certification provides the consumer with information to assist him or her in determining which of the Federal Motor Vehicle Safety Standards are applicable to the vehicle or equipment, and its date of manufacture.

2. Indicate how, by whom, and for what purpose the information is to be used. Indicate actual use of information received from the current collection.

a. 49 CFR Part 541.

The identification of major parts of high-theft motor vehicle lines is designed to decrease automobile theft by making it more difficult for criminals to "chop" vehicles into component parts and then fence such parts. The information would aid law enforcement officials at all levels of Government in the investigation of "chop shops" by creating evidence for prosecution of the operators for possession of stolen motor vehicle parts. Officials have great difficulty in establishing that particular parts in the possession of a "chop shop" are in fact stolen when the parts are not marked. Major parts are marked on high-theft vehicle lines. If a vehicle is stolen and "chopped" into its components, the parts are normally fenced to auto body shops for either a specific repair or general stock. Operators of both "chop shops" and auto body repair shops would avoid possession of parts bearing identification that links the parts to a stolen vehicle. Thus, Congress intends for major parts identification to decrease the market for stolen parts and therefore, decrease the incentive for motor vehicle theft.

NHTSA has issued a final rule that the Federal Motor Vehicle Theft Prevention Standard, be extended from high-theft vehicles to include all passenger cars and multipurpose passenger vehicles with a gross vehicle weight rating of 6,000 pounds or less, and to light duty trucks with major parts that are interchangeable with a majority of the covered major parts of multipurpose passenger vehicles.

If this information were not available, the legislative goal of a comprehensive scheme against automobile theft would be frustrated. The Theft Prevention Standard would not effectively deter "chop shop" operators because law enforcement officials could not readily identify parts in the operators' possession as stolen. Also, stolen parts, when recovered, could not easily be traced back to the proper owner and returned to the owner or insurer. Further, failure to require parts' identification would violate the Theft Prevention Standard.

b. 49 CFR Part 565.

State motor vehicle administrations, law enforcement organizations, and other agencies utilize this unique VIN as a means of identifying motor vehicles that are registered within their state. NHTSA utilizes this vehicle identification number to identify motor vehicles that are subject to defect notices. NHTSA also uses these VINs to calculate motor vehicle theft rates by model year/calendar year as required by Chapter 331 of Title 49, United States Code.

NHTSA has amended Part 565 to revise certain sections in order to extend the existing VIN system for another thirty years, and to ensure a sufficient supply of unique available VINs and manufacturer identifiers for that time period. As a result of this,

although the agency may require information to be provided in a slightly different way (e.g., vehicle make being transferred from the first to the second section of the VIN), the scope of the overall reporting requirement of Part 565 will not change. There will be no increase or decrease in the collection of information because of this rulemaking.

The explicit inclusion of low speed vehicles in the vehicles in Part 565 that must comply with the VIN regulation merely corrects an anomaly that previously existed. FMVSS No. 500, which sets forth various requirements for low speed vehicles, specifically indicates that low speed vehicles must have a VIN that conforms to the requirements of Part 565. Part 565, however, has not, until the regulation was revised in a final rule published in the Federal Register April 30, 2008, reflected the language in FMVSS No. 500 requiring that low speed vehicles have a VIN that conforms to Part 565.

Under Part 565, Vehicle Identification Number Requirements, vehicle manufacturers are required to identify the restraint system type in the VIN for passenger. If this information were not available, NHTSA would not be able to determine if passenger car vehicles equipped with an air bag or an automatic safety belt are being certified as being in compliance with Federal Standard 208. This lack of information would seriously hinder the agency's efforts to select vehicles for purchase on the open market for the purposes of conducting crash tests to "spot check" a manufacturer's compliance. If each vehicle were not labeled with a VIN and if the VIN information were not collected by NHTSA, these programs which require vehicle identification would not be possible.

c. 49 CFR Part 567.

A manufacturer or distributor of a motor vehicle certifies to the distributor or dealer at delivery that the vehicle complies with applicable motor vehicle safety standards. Registered importers must affix a label after the vehicle has been brought into conformity with the Federal Motor Vehicle Safety Standards, the Bumper Standards, and the Federal Theft Prevention Standards.

If this information were not available, the consumer would not be able to determine if the applicable Safety, Bumper and Theft Prevention Standards are applicable to the vehicle.

3. Describe whether the collection of information involves the use of technological collection techniques or other forms of information technology.

49 CFR Parts 541, 565, and 567 do not impose any obstacles for automobile manufacturers to use technological collection techniques or other forms of information technology for transmission and storage of the information. The manufacturer may use any form of improved information technology it deems necessary that minimizes the burden as long as the required reports are provided. Manufacturers have chosen to submit this information to NHTSA in hard copy form. However, to increase information technology, the agency will

continue to encourage manufacturers to submit this information electronically by using computer disks (NHTSA-approved format), by email format or by the internet. Five percent (5%) of Part 565 submissions come in electronically and is 100% complete. Zero percent (0%) of Part 541 and 567 submissions come in electronically.

4. Describe efforts to identify duplication.

a. 49 CFR Part 565.

To ensure that motor vehicle manufacturers do not submit duplicate “unique” motor vehicle identifiers, the agency has a contract with the Society of Automotive Engineers (SAE), to be sole source assigner of the first three digits of the unique number. NHTSA retains final authority over the assignment process. SAE Recommended Practice J1044a, World Manufacturer Identifiers, is used in the assignment of the first three digits. The agency receives a copy of the numbers assigned by SAE.

Since only the SAE has procedures to assign the first three digits of unique motor vehicle identifiers, similar information is not available. Therefore, no other information can be used or modified for the purposes described.

b. 49 CFR Parts 541 and 567.

This information is not required by any other law or regulation and would not be available without the regulation. Congress expressly addressed the issue of duplication by prohibiting any requirement that a part have more than a single identification, i.e., Cost Savings Act Section 602(d)(1). Also, this standard avoids any duplication with the safety standard certification process, Part 567, by amending Part 567 so that the manufacturer's certification label includes theft prevention compliance. This avoids duplication in general of an identifier by requiring use of the VIN, which is already required for vehicle identification purposes. Without Part 541, information of this sort would not be available to law enforcement officials or the general public.

5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.

a. 49 CFR Part 565.

The labeling requirements apply to all manufacturers of motor vehicles specified in Part 565. This includes both large and small motor vehicle manufacturers. There is no way to minimize the burden to the small manufacturer or entity as all motor vehicles covered by this standard must have the vehicle identification number applied.

The amount of time necessary to comply with the requirements for submission of coding information to NHTSA varies with the amount of material submitted, which is a

product of the number of makes and models of vehicles a company produces. Therefore, a small company with a limited production of motor vehicles will incur relatively little burden.

b. 49 CFR Parts 541 and 567.

This regulation may affect small businesses because some motor vehicle manufacturers and manufacturers of major replacement parts might be classified as small businesses. This Theft Prevention Standard does not distinguish between manufacturers on the basis of size. The agency believes that the burden is so minor that small businesses should not have any difficulty with compliance. Manufacturers of replacement parts, who often will be smaller than motor vehicle manufacturers, may have a lighter burden because Section 602(d)(2)(B) prohibits any requirement of more identification on a replacement part than a symbol identifying the manufacturer and a common symbol identifying the part as a major replacement part.

6. Describe the consequence to Federal program or policy activities if the collection is not collected or collected less frequently.

a. 49 CFR Part 565, and 567

The information is collected once, when the vehicle identification number is placed on the motor vehicle. If vehicle identification numbers are not placed on motor vehicles, the agency would be unable to identify motor vehicles that do not comply with the Federal Motor Vehicle Safety Standards or that have safety-related defects. NHTSA and vehicle manufacturers would also be unable to identify current owners of vehicles to advise them of recall campaigns for safety problems. Continuing to drive vehicles with safety-related problems may thus endanger vehicle owners.

b. 49 CFR Part 541

The most important feature of the Theft Prevention Standard is that the manufacturer must mark all vehicles of a line throughout the production period of the line. If the manufacturer marked all vehicles, finding an unmarked major part is strong evidence that the identification has been removed from the part in violation of the law. If some vehicles are not marked, however, the evidentiary value is lost.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.6.

The procedures specified for these data collections are fully consistent with the guidelines set forth in 5 CFR 1320.6.

8. Provide a copy of the FEDERAL REGISTER document soliciting comments on extending the collection of information, a summary of all public comments responding to the notice, and a description of the agency's actions in response to the comments. Describe efforts to consult with persons outside the agency to obtain their views.

The agency solicited public comment on the reinstatement of a previously approved collection of information in the Federal Register (76 FR 35270, June 16, 2011) (copy attached). No public comments were received in response to this request.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No payment or gift will be given to any respondent.

10. Describe any assurance of confidentiality provided to respondents.

For confidentiality purposes, the respondents will provide this information directly to NHTSA's Chief Counsel. This information will be used internally only on a need-to-know basis.

11. Provide additional justification for any questions on matters that are commonly considered private.

No questions of a sensitive nature are involved in these data collections.

12. Provide estimates of the hour burden of the collection of information on the respondents.

- a. 49 CFR Part 565 and 567.

The estimated yearly burden to place the vehicle identification number on approximately 14.2 million motor vehicles, at a rate of 1 minute per vehicle (because these labels are riveted in place), is estimated at 236,668 burden hours. The yearly burden of reporting requirements to register the vehicle identification number for 1,104 respondents, at a rate of 10 hours per response is estimated at 11,040 burden hours. Therefore, the total burden placed on the manufacturer for labeling is estimated to be 247,708 burden hours.

The respondents submit reports once to NHTSA to disclose the VIN of new vehicle lines and certification information. We estimate a total of 800 reports to be submitted annually by the respondents for Part 565 and Part 567.

b. 49 CFR Parts 541.

Approximately, 11 million vehicles are required to have their major parts marked. For the antitheft requirement, the cost of labeling the major parts (i.e., a paper label with the VIN is placed on each major part) is less than the cost of stamping the VIN on each major part with a stamping machine.

To meet the Theft Prevention Standard, the agency estimates that the time to number and affix 14 labels to each vehicle is approximately 2 minutes. If 11 million vehicles are covered, the hourly burden for labeling 11 million motor vehicles would be 366,666 hours (11 million cars x 2 minutes per car / 60 minutes in an hour).

The agency estimates that the time to stamp both the engine and transmission will take approximately 1 minute. If 11 million vehicles are covered, the total burden for stamping is estimated to total 183,333 hours (10 million cars x 1 minute per car / 60 minutes in an hour). Please note that in this analysis each vehicle would either have its major parts labeled or stamped but not both.

Each manufacturer of vehicles that are required to be parts-marked must submit reports of the target area locations for the labels or stamping. The target area designated for a part on a line shall be maintained for the duration of the production of the line, unless a restyling of the part makes it no longer practicable to mark within the original target area. If there is such a restyling, the vehicle manufacturer shall inform NHTSA of that fact and provide a new target area submission. Historical research found that, prior to the new regulation requiring all vehicles to be parts-marked, there was an average of 17 target area submissions per year for all manufacturers. The agency estimates that because of the new regulation, an average of approximately 51 target area submissions per year for all manufacturers were reported for model years (MY) 2007 through 2009. Target area submissions for the following years returned to an average of 17 submissions per year for all manufacturers. Based on the historical data, the agency estimates that there will be approximately 17 target area submissions per year for all manufacturers. The average time to prepare and submit the target area submissions will 20 hours for each submission. The burden hour for submissions will be 340 hours (17 submissions x 20 hours).

c. Combined Estimates (49 CFR Parts 565, 567, and 541)

The combined estimated hourly burden to fulfill Parts 565, 567, and 541 is as follows:

Estimated respondents	1,104
Total number of responses	14,200,000
Total Hours (Parts 565 and 567)	247,708
Total Hours (Part 541)	<u>550,339</u>
Record keeping hours	798,047

Current OMB Inventory	0
Total Requested	798,047
Program Change	798,047

The estimated average cost associated with the burden hours is \$52,671,102.00 (798,047 x \$66.00/hr).

13. Provide estimates of the total annual cost to the respondents or recordkeepers.

a. 49 CFR Parts 565 and 567

NHTSA estimates the average cost to prepare and affix labels to motor vehicles is approximately \$13,348,000 (14,200,000 vehicles x \$.94 per vehicle).

b. 49 CFR Part 541

NHTSA assumes that most manufacturers will use the less expensive method of labeling the major parts on vehicles, and not stamp the VINs onto major parts. NHTSA estimates that the average cost in calendar year 2010 dollars to label the 14 parts is \$9.89 per vehicle, broken down into \$5.15 for material and \$4.74 for labor. At present, 11 million motor vehicles annually must have its major parts marked. At present, the total annual fleet costs are estimated at \$108,790,000 million for label identifiers (\$9.89 x 11 million vehicles).

c. Total costs of 49 CFR Parts 541, 565, and 567

NHTSA estimates the total annual cost of meeting Part 565 and 567 will be \$13,348,000.

NHTSA estimates the total annual cost of meeting Part 541 will be \$108,790,000 million.

NHTSA estimates the grand total for the three Parts will be \$122,138,000 million (\$13,348,000 plus \$108,790,000 million equals \$122,138,000 (\$122.14 million)).

14. Provide estimates of annualized cost to the Federal Government.

a. 49 CFR Parts 565 and 567.

There is no annualized cost to the Federal Government as the motor vehicle manufacturers certify the labeling requirements information and reporting requirements and there is no exchange of correspondence, tabulation of data or response necessary from the agency.

b. 49 CFR Parts 541 and 567.

Congress estimated that the required activities of the Department of Transportation under the Theft Prevention Standard will cost the Department approximately \$200,000 annually.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

49 CFR Parts 541, 565 and 567

This is a reinstatement of a previously approved information collection request. This clearance request is a program change due to an estimated total annual increase of 798,047 record keeping hours and an estimated total annual cost burden increase of \$122,138,000 million for the three Parts.

16. For collections of information whose results are planned to be published for statistical use. etc.

This collection of data will not have the results published for statistical use.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

Approval is not sought to not display the expiration date for OMB approval.

18. Explain each exception to the certification statement identified in Item 19, "Certification for paperwork reduction act submissions," of OMB Form 83-I.

No exceptions to the certification statement are made.

