

SUPPORTING STATEMENT
for
CONSOLIDATED LABELING REQUIREMENTS for
49 CFR PART 541 and PROCEDURES for SELECTING LINES to be COVERED by the
THEFT PREVENTION STANDARD for 49 CFR PART 542
(OMB Clearance Number 2127-0539)

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 requires specified parts of high theft vehicles to be marked with vehicle identification numbers. In a final rule published on April 6, 2004 (69 FR 17960), the Federal Motor Vehicle Theft Prevention Standard was extended to include all passenger cars and, multipurpose passenger vehicles with a gross vehicle weight rating of 6,000 pounds or less, all light-duty trucks (LDTs) determined to be high-theft (with a gross vehicle weight rating of 6,000 pounds or less and all low-theft LDTs with major parts that are interchangeable with a majority of the covered major parts of those passenger motor vehicle lines subject to the theft prevention standard. Each major component part must be either labeled or affixed with the VIN and its replacement component part must be marked with the “DOT” symbol, the letter “R” and the manufacturers’ logo. The final rule became effective on September 1, 2006.

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 542

In 1984, Congress enacted the Motor Vehicle Theft Law Enforcement Act (the 1984 Theft Act). The Anti Car Theft Act of 1992 amended the Motor Vehicle Theft Law Enforcement Act of 1984 (P.L.98-547). In a final rule published on April 6, 2004 (69 FR 17960), the Federal Motor Vehicle Theft Prevention Standard was extended to include all passenger cars and , multipurpose passenger vehicles with a gross vehicle weight rating of 6,000 pounds or less, all LTDs determined to be high-theft (with a gross vehicle weight rating of 6,000 pounds or less and all low-theft LTDs with major parts that are interchangeable with a majority of the covered major parts of those passenger motor vehicle lines subject to the theft prevention standard. The final rule which became effective September 1, 2006 requires manufacturers to identify new LDT introductions that are likely to have a theft rate above or below the 1990/91 median theft rate. Therefore, a determination of high theft status is required only for LTDs manufactured on or after the effective date. Since this final rule became effective, this collection of information is necessary and all manufacturers affected by this rule are required to submit its vehicle information.

For each new LDT line, the manufacturer must submit its evaluations and conclusions together with any supporting data on the new light duty truck to NHTSA at least 15 months before introduction of the vehicle into U.S. commerce. The procedures, contained in Parts 542.1 and 542.2 will be applied to those new LDT lines introduced in the United States on or after September 1, 2006.

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 issued a final rule extending the Federal Motor Vehicle Theft Prevention Standard to include all passenger cars and multipurpose passenger vehicles with a gross vehicle weight rating of 6,000 pounds or less, to light duty trucks determined to be high-theft and all low-theft, LDT with a majority of its major parts interchangeable with those of a passenger motor vehicle line subject to the theft prevention standard.

If this information were not available, the legislative goal of a comprehensive scheme against automobile theft would be complicated. 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 542

These procedures require (statutorily mandated) that manufacturers apply the relevant criteria to its currently produced and planned vehicles, and submit an initial determination of which of its LDT lines and low-theft truck lines having a majority of its major component parts interchangeable with those of a high-theft passenger motor vehicle line should be selected as likely high-theft vehicle lines, together with the factual information considered in reaching that determination. These procedures are required. The statute mandates that manufacturers submit information on new vehicles prior to introduction into commerce. For MY 1997 and subsequent model year vehicles, it is required that this information and supporting data is submitted at least 15 months before introduction into U.S. commerce. Section 33104 states that the selection of lines as high-theft should be accomplished by agreement between the agency and the manufacturers. If an agreement is not reached on the selection, then the agency shall unilaterally select the covered lines.

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

49 CFR Parts 541 and 542

Does 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. Approximately one percent (1%) of Part 541 and 542 submissions come in electronically.

4. Describe efforts to identify duplication.

a. 49 CFR Part 541

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). No other agency is responsible for collecting information on the theft prevention standard. Without Part 541, information of this sort would not be available to law enforcement officials or the general public. Without Part 542, the agency would not be able to fulfill the statutory requirements of selecting likely high-theft LDT lines. The information needed is not available elsewhere.

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

a. 49 CFR Part 541

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.

b. 49 CFR Part 542

There were no small businesses or small entities affected by this rule.

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

a. 49 CFR Part 541 and 542

The most important feature of the Theft Prevention Standard (49 CFR Part 541) 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. The submittal of the information requested by 49 CFR Part 542.1 and Part 542.2 will be a one-time-only

submission. If this information is not submitted or an agreement is not met between the agency and the manufacturers, the agency, in accordance with §33104 shall unilaterally select the lines and parts after notice to the manufacturer and an opportunity for written comment.

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 previously revised approved collection of information in the Federal Register (79 FR 25984, May 6, 2014) (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.

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 Parts 541

Historical research found that approximately 5 million vehicles were required to have their major parts marked for model year (MY) 2011. Based on current information indicating an increase in new vehicle introductions and current vehicle redesigns, the agency estimates an increase in vehicle productions of approximately 3 million vehicles for all manufacturers. 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 8 million vehicles are covered, the hourly burden for labeling 8 million motor vehicles would be 266,666 hours (8 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 8 million vehicles are covered, the total burden for stamping is estimated to total 133,333 hours (8 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. We will use the highest hour number in the hour burden estimate.

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 an average of 69 submissions per year for all manufacturers for MYs 2012 through 2014 (18 for model year MY 2012, 29 for MY 2013 and 22 for MY 2014). Based on current information indicating an increase in new vehicle introductions and current vehicle redesigns, the agency estimates that there will be approximately 30 target areas 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 600 hours (30 submissions x 20 hours).

The estimated average cost associated with the burden hours is \$16,035,960 (267,266 x \$60.00/hr).

b. 49 CFR Part 542

A breakdown of revised Parts 542.1 and Part 542.2 is listed below showing frequency of response burden, and how the burden has been estimated. Currently there are seven manufacturers who produce LTDs that could be subject to the parts-marking requirements. All seven are still active in the U.S. market. On the average, we estimate two responses on an annual basis.

Part 542.1 specifies procedures for motor vehicle manufacturers and the agency to follow in the determination of new lines that are likely to have a theft rate above the median rate. This section also provides the manufacturers with notice of their rights and

responsibilities during the selection and appeals process.

Estimated annual submittal	2
Average hours per submittal	45

Part 542.2 specifies procedures for motor vehicle manufacturers and NHTSA to follow in the determinations of new lines that will be likely to have a low-theft rate and have major parts interchangeable with a majority of the major parts of a line having, or likely to have, a high-theft rate. This section also provides the manufacturers with notice of their rights and responsibilities during the selection and appeal process.

Estimated annual submittal	0
Average hours per submittal	0_

In a final rule published on April 6, 2004, the Federal Motor Vehicle Theft Prevention Standard extended the motor vehicle parts-marking requirements. All passenger cars and multipurpose passenger vehicles (including sport utility vehicles) with a gross vehicle weight rating of 6,000 pounds or less, and LDTs with major parts that are interchangeable with a majority of the covered major parts of multipurpose passenger vehicles are subject to the parts-marking requirements.

We estimate that Part 542.1 and Part 542.2 will impose an annual reporting burden of 90 burden-hours at an estimated cost of \$3,234 per manufacturer. \$3,234 divided by 90 burden-hours equals \$36.00 per hour.

This is a summary of the reporting burden:

Reporting Burden (hours)

Part 542.1	Procedures for selecting new lines that are likely to have high theft rates.	90 hours
Part 542.2	Procedures for selecting low theft new lines with a majority of parts that are interchangeable with those of a high-theft line.	<u>0</u>
	Total reporting hours:	90
	Reporting total for two responses : (2 responses x 45 hrs.)	<u>90</u>

The cost associated with the burden hours endured by the manufacturers affected is \$3,234.00 (90 x \$36.00).

c. Combined Estimates (49 CFR Parts 541 and 542)

The combined estimated hourly burden to fulfill Parts 541 and 542 is as follows:

Estimated respondents (21 + 2)	23
Total number of responses (30 + 2)	32
Total Hours (Part 542)	90
Total Hours (Part 541) (266,666 + 600)	<u>267,266</u>
Record keeping hours	267,356

The estimated average cost associated with the burden hours is \$16,035,960 (267,266 x \$60/hr) + \$3,234 (90 x \$36) = \$16,039,194 (approximately \$16 million).

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

a. 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 to label the 14 parts is \$10.24 per vehicle, broken down into \$5.33 for material and \$4.91 for labor. At present, 8 million motor vehicles annually must have its major parts marked. At present, the total annual fleet costs are estimated at \$81,920,000 for label identifiers (\$10.24 x 8 million vehicles).

NHTSA estimates that the average cost for target area submittal is \$60.00 per hour for target area submittals. The annual estimated cost burden is \$36,000 (\$60 x 20 hours x 30 submissions).

NHTSA estimates the total annual cost of meeting Part 541 will be \$81,920,000 + \$36,000 = \$81,956,000. (approximately \$82 million)

b. 49 CFR Parts 542.

NHTSA estimates the total annual cost of meeting Part 542 require no additional costs to the respondents.

c. Total costs of 49 CFR Parts 541 and 542

NHTSA estimates the grand total for Part 541 and Part 542 will be \$81,956,000 (Approximately \$82 million).

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

49 CFR Parts 541 and 542.

NHTSA records and maintains information on 49 CFR Parts 541 and 542. The annualized cost to the Federal Government to review the respondents' reports for compliance, to analyze the information, to distribute reports to NHTSA users, and to control and to store the information is 300 hours annually at \$48 per hour, for a cost of \$14,400.

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

49 CFR Part 541 and 542

This is a revision of a previously approved information collection request. This clearance request is an adjustment due to an estimated total annual increase of 267,041 burden hours and an estimated total annual cost burden increase of \$82 million for the two Parts. This increase is due to the addition of Part 541 and Part 542 (which were not a part of the previous submission).

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.

