

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT

National Motor Vehicle Title Information System (NMVTIS)

A. Justification

1. Necessity of Information: The reporting of certain information by junk yard and salvage yard operators and insurance carriers is expressly required by 49 U.S.C. 30504. Each state is required to make its titling information available to the National Motor Vehicle Title Information System (NMVTIS) (49 U.S.C. 30503(a)). States that participate fully in the system provide data to the system on a daily or real-time basis and make NMVTIS inquiries before issuing a new title on a vehicle from out of state and preferably before every title verification, regardless of its origin or reason.

2. Purpose for Use: The purpose of NMVTIS is to prevent various types of theft and fraud by providing an electronic means for verifying and exchanging title, brand, theft, and other data among motor vehicle administrators, law enforcement officials, prospective and current purchasers (individual or commercial), and insurance carriers. This information helps state titling agencies by verifying motor vehicle and title information, information on brands applied to motor vehicles, and information regarding whether motor vehicles have been reported stolen. NMVTIS data allows law enforcement agencies to make inquiries to further their investigations of motor vehicle theft and fraud. The information also helps insurance carriers and prospective purchasers to identify fraud.

3. Use of Information Technology: Information reported to NMVTIS is submitted electronically. A link to the reporting entities section of the NMVTIS website is available at: http://www.vehiclehistory.gov/nmvtis_auto.html

4. Identification of Duplication: This is the only Federal system to which all junk yards, salvage yards, and insurance carriers have a reporting requirement. Businesses submit the required information to a third party who reports the information to NMVTIS.

5. Impact on Small Businesses or Other Entities: The information that must be reported has been limited to data expressly required by statute and limited other information determined necessary to carry out the purpose of the statute. The reporting requirements are prescribed by 49 U.S.C. 30501-30505.

6. Consequences if Collection is not Conducted: By no later than March 31, 2009, all junk and salvage yards and insurance carriers were required to fully comply with NMVTIS reporting requirements as established by the Anti Car Theft Act of 1992 (Public Law 102-519), the Anti-Car Theft Improvements Act of 1996) Public Law 104-152), and its implementing regulations (28 C.F.R. part 25). All junk and salvage yards handling five or more junk or salvage motor vehicles per year are required to report those vehicles to NMVTIS. Insurance carriers are only required to report on vehicles determined to be a "total loss." Any entity that meets the NMVTIS definition of junk yard, salvage yard, or insurance carrier is required to report specific information to NMVTIS and failure to report is punishable by a civil penalty of \$1,000 per

violation. For example, a failure to report 100 junk or salvage automobiles could result in a civil fine of up to \$100,000.

7. Special Circumstances: None.

8. Publication: The collection of information will not be published.

9. Payment to Respondents: No payments or gifts are made to respondents.

10. Assurance of Confidentiality: Personal identifying information will be protected, as required under the Privacy Act as well as other relevant federal statutes, and the collector will establish a privacy policy that will be approved by the Department of Justice. Confidential business information will also be made available only to law enforcement and state or other government agencies for governmental purposes.

11. Questions of a Sensitive Nature: The required information does not involve questions of a sensitive nature.

12. Estimate of the Hour Burden: Annual Hour Burden

It is assumed that all junk and salvage yard operators already collect much of the information required under the rule, and therefore, it is only the transmission of this data to NMVTIS that will result in costs.

a. Number of Respondents: 8,000 (estimated)

b. Frequency of Response: 12 times per year (junk/salvage yards and insurance carriers)

c. Total Annual Responses: 96,000

d. Hours per Response: 30-60 minutes (varies). The states and insurance companies already are capturing most of the data needed to be reported, and the reporting consists of electronic, batch uploaded information. So, for those automated companies the reporting time is negligible. For smaller junk and salvage yard operators who would enter the data manually, it is estimated that it will take respondents an average of 30-60 minutes per month to respond.

e. Total Annual Reporting Burden: 48,000-96,000 hours

13. Estimated Annual Cost Burden: It is difficult to estimate the total annual cost burden to respondents associated with this information collection. This is primarily due to the fact that many smaller reporting entities manually enter the required information, while other, larger companies utilize automated processes. The difference in the cost burden associated with each varies widely. Assuming that 10.5 million cars become junk or salvage vehicles each year and that insurance carriers and junk and salvage yards report on all of these vehicles and assuming

that small junk and salvage yards handle approximately 170,000 vehicles annually (at \$1.00 per vehicle annual labor costs) and that the remaining junk and salvage yards handle 10,330,000 vehicles annually (at an average labor cost of \$.01 cent per vehicle), then a base line estimate of the annual reporting costs for the industry would be approximately \$273,330.

$$\begin{array}{r} 10,330,000 \text{ vehicles annually} \times \text{avg. labor cost } \$0.01 \text{ per vehicle} = \$103,330 \\ \underline{170,000 \text{ vehicles annually} \times \text{avg. labor cost } \$1.00 \text{ per vehicle} = \$170,000} \\ \$273,330 \end{array}$$

14. Estimate of Annualized Cost to the Federal Government: The information collected for NMVTIS will be collected by the operator and not the federal government.

15. Program Changes or Adjustments: This request is for an update of a previously approved collection for which approval will expire in 2015.

16. Publishing Information: The information collected will not be published.

17. Approval to not Display the OMB Approval: The information collected is supplied electronically by the respondents and may be automated. Therefore, display of a valid OMB control number may not be possible.

18. Certification for Paperwork Reduction Act Submission: See attached Certification Statement.

B. STATISTICAL METHODS

This information collection does not require the employment of statistical methods.