

National Motor Vehicle Title Information System

2016 Annual Report

For Period: October 1, 2015 through September 30, 2016





This material is based upon work pursuant to a Cooperative Agreement between the U.S. Department of Justice/Office of Justice Programs and the American Association of Motor Vehicle Administrators. Any opinions, findings, conclusions or recommendations expressed in this publication are those of the Author(s) and do not necessarily reflect the view of the U.S. Department of Justice.

Preface..... 4

Message from the NMVTIS Operator 5

Executive Summary 6

Highlights During Reporting Period 7

Key NMVTIS Stakeholders..... 9

Section 1: OVERVIEW..... 12

 Background 13

 System Operator and Responsibilities 15

 Funding 15

 Governance..... 16

Section 2: PROGRAM AREAS..... 18

 State Program..... 19

 Benefits 28

 Paying User Fees..... 34

 Junk Yard, Salvage Yard, and Insurance Carrier Reporting Program 36

 States and JSI Reporting 40

 State Legislative Efforts 43

 Benefits 47

 Compliance Efforts 47

 Consumer Access Program 48

 Program Review 49

 Other 50

 Benefits 51

 Law Enforcement Access Program 53

 Benefits 55

Section 3: OTHER AREAS..... 56

 Outreach and Awareness of NMVTIS 57

 Fraud Detection and Remediation..... 58

 State Awareness Efforts 58

 Stakeholder Collaboration 59

Section 4: FINANCIAL REPORTS 60

 NMVTIS Revenue 61

 NMVTIS Expenses 62

Section 5: LOOKING AHEAD 64

Section 6: NMVTIS MILESTONES..... 68

Section 7: EXHIBITS 70

Section 8: ACRONYMS KEY 76

Section 9: APPENDIX..... 77

The National Motor Vehicle Title Information System (NMVTIS) Final Rule (28 CFR part 25, published January 30, 2009, 74 FR 5740), requires the system operator, the American Association of Motor Vehicle Administrators (AAMVA), to prepare and publish an annual report and procure an independent financial audit. This NMVTIS 2016 Annual Report is the eighth publication, covering **October 1, 2015, through September 30, 2016** (“reporting period”). This reporting period was agreed upon between the system operator and the U.S. Department of Justice (DOJ), Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA); it corresponds with the federal fiscal year and AAMVA’s audit cycle.

Published in August 2017, this report details the performance of NMVTIS during the 12-month reporting period. Future annual reports will also cover 12-month periods—October 1 to September 30—and be published the following August. Each annual report is intended to stand alone, giving an overview of activity from the system’s inception, as well as a detailed look at operations and accomplishments in the specific fiscal year.

For the current status of the system, please visit DOJ’s website at www.vehiclehistory.gov.

INTERACTIVITY OF THIS REPORT When reading this report online, click on the [blue hyperlinks](#) to go to the referenced websites and pages in the report.

Greetings,

On behalf of the American Association of Motor Vehicle Administrators Board of Directors, I am pleased to present the eighth annual report for the National Motor Vehicle Title Information System. I am proud to share this report with the system's stakeholders and look forward to the future of NMVTIS and the continued realization of the benefits envisioned in the Anti Car Theft Act of 1992.

Publication of an annual report describing the system's performance during the preceding year is required by the NMVTIS Final Rule. This report highlights the system's performance and accomplishments, along with the program's revenue and expenses.

The end of FY2016 marked my second anniversary as AAMVA's President and CEO. As with my first year, FY2016 continued to show how NMVTIS provides key benefits to its many stakeholders. AAMVA continued its strong commitment to its role as system operator, as reflected in decisions made by AAMVA's Board of Directors. FY2016 was also the second year of operation under the Cooperative Agreement with the Bureau of Justice Assistance.

I am pleased to report on the progress during the year as NMVTIS continued to fulfill its purposes of: protecting both states and individual and commercial consumers from fraud; providing consumers with protection from unsafe vehicles; and reducing the use of stolen vehicles for illicit purposes including funding of criminal enterprises.

Three primary factors impacted the financial performance of NMVTIS in FY2016. First, the Consumer Access Program again saw strong growth, built on significant gains in the previous year. The program's increase in transaction volume resulted in higher revenue and clearly indicates that NMVTIS Vehicle History Reports provide value to consumers. Second, state user fees totaled a higher percentage of system operating costs compared to the previous year. The third factor impacting the system's financial performance continued to be the increase in NMVTIS' operating costs due to a reallocation of AAMVA Information Technology expenses as directed from AAMVA's FY2014 audit.

Many individuals and organizations took the time to respond to our requests for information and guidance in preparing this annual report. I truly appreciate all their valuable contributions.

I know you will find the report informative.

Sincerely,



Anne Ferro, President & CEO



“FY2016 continued to show how NMVTIS provides key benefits to its many stakeholders.”

This reporting period of October 1, 2015 through September 30, 2016, showed continued progress in all four NMVTIS program areas: State Program; Junk Yard, Salvage Yard, and Insurance Carrier (JSI)¹ Reporting Program; Consumer Access Program; and Law Enforcement (LE) Access Program. Reliance on NMVTIS data continues to increase, along with the value derived from it. All program areas showed steady growth. Stakeholders reported improved data quality resulting from increased compliance and awareness efforts and more strict state reporting requirements for JSI entities. AAMVA and BJA worked in parallel to enhance functionality and access to the system in all program areas.

Achievements during this reporting period include:

- Every state, and the District of Columbia, participated in NMVTIS in some capacity.
- U.S. DMV² data represented in the system remained at nearly 100%.
- AAMVA continued to enhance system connectivity options for states.
- States continued efforts to increase consumer awareness of the value of vehicle history reports in used car buying.
- State-conducted transactions increased 20% over the last reporting period, growing from 173 million to 207 million transactions.
- Additional methods for reporting JSI data into NMVTIS continued to be explored.
- AAMVA continued to deliver multiple webinars, training nearly 250 state employees.
- Four new companies were approved to provide vehicle information to consumers and/or commercial entities.
- Use of the Law Enforcement Access Tool (LEAT) showed strong long-term growth.
- Consumer Access Program transactions³ increased 20% over the last reporting period, growing from more than 7.3 million to more than 8.7 million.
- States earned more than \$1.2 million in revenue credits.
- States and law enforcement continued to report numerous benefits from participation in NMVTIS, including improved quality of vehicle title records, which in turn enhances consumer protection, customer service, and investigative efforts by law enforcement.
- Three pieces of NMVTIS-related legislation were introduced and adopted in three states and 12 pieces of legislation were introduced in nine states.
- BJA continued awareness and compliance efforts.
- The NMVTIS Advisory Board (NAB) concluded its work.

¹ The list of industries specifically identified in the regulatory definitions of “junk yard” and “salvage yard” is not exhaustive. IF an entity satisfies the definition of a junk yard or salvage yard (i.e., an individual or entity engaged in the business of acquiring or owning junk automobiles or salvage automobiles for resale in their entirety or as spare parts; or rebuilding, restoration, or crushing) AND the entity handles five or more junk automobiles or salvage automobiles per year, THEN the entity has a NMVTIS reporting obligation.

² Department of Motor Vehicles (DMV) is the most commonly used reference to describe the state agency that administers vehicle registration; however, some jurisdictions use other titles (e.g., Bureau of Motor Vehicles, Motor Vehicle Commission).

³ A Consumer Access Program transaction consists of a consumer inquiry followed by purchase of the located NMVTIS record.

STATE PROGRAM

- All 51 jurisdictions participated at some level⁴.
- U.S. DMV data represented in the system remained at 96%.
- States' revenue credits based on consumer access transactions increased.
- A hazardous material contamination brand⁵ was defined; states will begin reporting this brand into NMVTIS in the next fiscal year.
- Five states were developing the NMVTIS data exchange using web services (rolled out during the last reporting period).
- AAMVA successfully upgraded the State Web Interface (SWI) application.
- AAMVA published an update to the "NMVTIS Best Practices for Title and Registration Program Managers in DMVs" guide to assist states.
- NMVTIS Business Rules Working Group began to develop a Performance Management Concept (PMC) to create tools that will assist states in fully maximizing their benefits from NMVTIS.
- Business Rules Working Group, Information Technology Working Group, and State Business Points of Contact convened to discuss ways to enhance NMVTIS functionality.

JUNK, SALVAGE, AND INSURANCE CARRIER REPORTING PROGRAM

- BJA issued a reminder notice to JSI reporting entities in response to an unusually high number of floods during the reporting period.
- Tennessee began reporting into NMVTIS on behalf of its JSI entities.
- BJA partnered with JSI reporting entities to increase awareness and enforcement.
- Reporting by JSI entities continued at a steady rate.
- States continued to introduce and adopt NMVTIS-related legislation.

CONSUMER ACCESS PROGRAM

- Transactions increased 20% during this reporting period compared with the previous fiscal year.
- States continued to develop and distribute resources to heighten consumer awareness of vehicle history reports and used car buying guidelines.
- AAMVA and DOJ concluded the program review and implemented changes. As a result of the program review, two data providers exited the program; 10 Approved NMVTIS Data Providers were actively supplying vehicle information in response to consumer inquiries at the end of this period.

⁴ Six states and the District of Columbia were in development and had not yet loaded data into the system during this reporting period, as detailed in the State Program section.

⁵ Brands are labels used to describe the status of a motor vehicle, such as "junk," "salvage," or "flood," which can impact the economic value or safety of a vehicle. State brands and/or vehicle statuses are mapped to NMVTIS brands for consistency within the system.

HIGHLIGHTS DURING REPORTING PERIOD *(Continued)*

- New companies expressed interest in serving as data providers, with participation pending completion of program review.
- One of four new companies completed development and offered vehicle history reports to consumers and dealers.

LAW ENFORCEMENT ACCESS PROGRAM

- Users increased 21% over the last reporting period, growing from 3,522 to 4,254.
- AAMVA and BJA continued to discuss additional features for DOJ's Law Enforcement Access Tool (LEAT).

GOVERNANCE

- The federal NMVTIS Advisory Board hosted one in-person meeting, which was open to the public.
- BJA commended the NMVTIS Advisory Board for fulfilling its mission. The NAB's legislative charter expired during the reporting period.

Key NMVTIS Stakeholders

DEPARTMENT OF JUSTICE

Within DOJ, BJA is responsible for reviewing significant operational decisions and ensuring NMVTIS program requirements are met. In addition, BJA is responsible for overseeing both policy and enforcement elements of the NMVTIS program. BJA coordinates enforcement activities with the Federal Bureau of Investigation (FBI), the National Highway Traffic Safety Administration (NHTSA), and state and local law enforcement agencies. BJA works in partnership with the system operator, AAMVA.

NMVTIS ADVISORY BOARD

In June 2010, the first NAB was convened to provide input and recommendations to BJA regarding the operations and administration of NMVTIS. The NAB represents key stakeholders affected by the program, including states, consumers, insurance carriers, auto recyclers, junk and salvage yards, and law enforcement agencies. NAB meetings are open to the public.

AMERICAN ASSOCIATION OF MOTOR VEHICLE ADMINISTRATORS

The Anti Car Theft Act authorizes the designation of a third party operator of NMVTIS. Since 1992, AAMVA has acted in this capacity. AAMVA is a nonprofit, tax exempt, educational association representing U.S. and Canadian officials responsible for the administration and enforcement of motor vehicle laws. In addition to acting as the NMVTIS operator, AAMVA supports the Single Vehicle Identification Number (VIN) Reporting Service, one of four JSI data consolidator services.

States and law enforcement continued to report numerous benefits from participation in NMVTIS, including improved quality of vehicle title records, which in turn enhances consumer protection, customer service, and investigative efforts by law enforcement.

DATA CONSOLIDATORS

BJA and AAMVA partner with the private sector to provide multiple reporting methods to meet the business needs of JSI reporting entities. Currently, four reporting methods or services are available, and offer single-VIN and batch reporting options:

- AAMVA Single VIN Reporting Service
- Audatex
- Auto Data Direct, Inc. (ADD)
- Insurance Services Office (ISO)

STATES

State titling agencies perform title verifications and report data to NMVTIS.

- Each state is required to perform an instant title verification check before issuing a certificate of title for a vehicle that an individual or entity brings into the state.
- States are required to make selected titling information they maintain available for use in NMVTIS. States shall provide information on new titles and any updated title information to NMVTIS at least once every 24 hours.
- States are required to pay state user fees.

CONSUMERS

NMVTIS information is available to consumers (individual and commercial) in a NMVTIS Vehicle History Report. This report provides data on five key indicators associated with preventing auto fraud and theft. Before purchasing a used vehicle, consumers can search NMVTIS to find the following information:

- Current state of title and last title date
- Brand history
- Odometer reading⁶
- Total loss history
- Salvage history

APPROVED NMVTIS DATA PROVIDERS

Approved NMVTIS Data Providers are companies that agree to provide NMVTIS Vehicle History Reports to the public consistent with federal legal requirements. This agreement is established through an application process and formal contracts with the system operator. All Approved NMVTIS Data Providers are listed on the [NMVTIS website](#).

⁶ NMVTIS contains the odometer reading at the time the vehicle title was issued.

LAW ENFORCEMENT

Law enforcement agencies rely on NMVTIS data to improve their ability to identify vehicle thefts and combat other criminal enterprises involving vehicles. Therefore, it is imperative that NMVTIS captures vehicle history information throughout the lifecycle of the vehicle. The NMVTIS Law Enforcement Access Tool provides law enforcement personnel with information intended to assist with the investigation of crimes associated with motor vehicles, including vehicles involved in violent crimes, smuggling operations (e.g., narcotics, weapons, human trafficking, and currency), and fraud.

JUNK YARDS, SALVAGE YARDS, AND INSURANCE CARRIERS

All entities meeting the NMVTIS definition for junk yard and salvage yard that handle five or more junk or salvage vehicles per year are required to report to the system on a monthly basis. By reporting the required information on junk and salvage automobiles to NMVTIS, JSIs play an integral role in DOJ's efforts to prevent fraud, reduce theft, and save the lives of consumers who might otherwise unknowingly purchase unsafe vehicles.



Legislation

Benefits

Overview

Vehicle Information

Background

Established by Congress to Provide Access to Vehicle Title Information; Offers a Range of Benefits for Consumers, States, Law Enforcement and Vehicle Agencies

NMVTIS was established by Congress under Title II of the Anti Car Theft Act of 1992 (Public Law No. 102-519). It was created to address the growing issues associated with auto theft and vehicle fraud—specifically, to:

- Prevent the introduction or reintroduction of stolen motor vehicles into interstate commerce.
- Protect states, consumers (both individual and commercial) and other entities from vehicle fraud.
- Reduce the use of stolen vehicles for illicit purposes, including funding of criminal enterprises.
- Provide consumer protection from unsafe vehicles.

The intent of NMVTIS was to establish an information system to enable motor vehicle titling agencies, law enforcement, prospective and current purchasers (both individual and commercial), insurance carriers, and junk and salvage yard operators access to vehicle titling information.

Specifically, in accordance with 49 U.S.C. 30502, NMVTIS must provide a means of determining whether a title is valid, where a vehicle bearing a known vehicle identification number (VIN) is currently titled, a vehicle’s reported mileage at the time the title was issued, if a vehicle is titled as a junk or salvage vehicle in another state, and whether a vehicle has been reported as a junk or salvage vehicle under 49 U.S.C. 30504.

The types of vehicles reported to NMVTIS by states⁷ include automobiles, buses, trucks, motorcycles, motor homes (e.g., recreational vehicles or RVs) and truck tractors. In general, NMVTIS contains titles for vehicles that meet at least one of the following criteria:

- The vehicle fulfills the definition of a junk or salvage automobile according to the regulations.

NMVTIS VEHICLES

AUTOMOBILES



BUSES



TRUCKS



MOTORCYCLES



MOTOR HOMES



TRUCK TRACTORS



⁷ JSI entities are only required to report on automobiles deemed junk or salvage, but may also report on other types of vehicles included in NMVTIS as long as they are deemed junk or salvage.

- The vehicle has an active registration and an active title.
- The vehicle has an active title.
- The vehicle has an active registration and the registration is the proof of ownership.

Vehicles excluded from NMVTIS include trailers, mobile homes (i.e., prefabricated homes, typically permanent), special machinery, vessels, mopeds, semi-trailers, golf carts, and boats.

AAMVA has worked closely with DOJ over the years on the overall strategic direction of NMVTIS. From FY1996 through FY2011, BJA awarded federal grants totaling \$31,455,623 to help AAMVA create and operate the system, and support state development and implementation (see **Figure 1**). The last expenditure of federal grant funds occurred in FY2013. Since that time NMVTIS has been supported by program revenues and contributions from AAMVA member funds.

A number of validation studies citing benefits of NMVTIS and/or potential cost savings to stakeholders have been conducted since the program's inception. (Links to these are provided in the [Appendix](#)). Furthermore, numerous vehicle and auto industry organizations have continued to offer NMVTIS widespread support. These include AAMVA and the National Automobile Dealers Association (NADA), law enforcement organizations such as the International Association of Chiefs of Police (IACP) and the National Sheriffs' Association (NSA), the North American Export Committee (NAEC), and the International Association of Auto Theft Investigators (IAATI). National consumer advocacy organizations and independent organizations focused on reducing vehicle-related crimes, including the National Salvage Vehicle Reporting Program (NSVRP), have also recognized the benefits of NMVTIS.

FISCAL YEAR (FY)	AMOUNT
FY 1996 (DOT)	\$ 890,000
FY 1997	\$ 1,000,000
FY 1998	\$ 2,800,000
FY 1999/2000	\$ 6,100,000
FY 2003	\$ 3,000,000
FY 2004	\$ 494,739
FY 2007	\$ 499,204
FY 2008	\$ 271,680
FY 2009	\$ 5,700,000
FY 2010	\$ 5,700,000
FY 2011	\$ 5,000,000
TOTAL	\$31,455,623

Figure 1

System Operator and Responsibilities

AAMVA Continues as an Effective System Operator The Anti Car Theft Act of 1992 gave the U.S. Department of Transportation (DOT) authorization to designate a third party operator of NMVTIS. Pursuant to the NMVTIS Final Rule, the operator must provide services to state motor vehicle title agencies, junk, salvage, and insurance entities, and law enforcement, and support consumer access to the system. Since 1992, AAMVA has successfully acted in this capacity. AAMVA is a nonprofit association representing U.S. and Canadian officials responsible for the administration and enforcement of motor vehicle laws.

Funding

**Funds Expended Totaled \$7,115,202;
State Fees Contributed \$3,369,350**

During this reporting period, program revenue came from three sources: state user fees, consumer access fees, and other revenue (investment portfolio income and program income [applied]). (See the [Financial](#) section.)

Under the federal law, the system is intended to be self-sustaining. The system earned \$4,827,121 in revenue during this period. This revenue was used to cover \$7,115,202 in expenses. AAMVA's member funds were applied to the shortfall between revenue earned and expenses. New revenue opportunities continue to be explored and evaluated to support financial sustainability.

New revenue opportunities continue to be explored and evaluated to support financial sustainability.

Governance

NAB Convenes Final Meeting BJA is responsible for oversight of NMVTIS consistent with regulatory and statutory requirements. The NMVTIS Advisory Board was established in accordance with the provisions of the Federal Advisory Committee Act, as amended, 5 U.S.C., App. 2, and was tasked to make recommendations to BJA regarding program operation and administration issues, such as establishing NMVTIS performance measures, accessing additional data within the system (beyond that required by the Anti Car Theft Act), assessing program costs and revenues, and evaluating quality assurance. Pursuant to the NMVTIS Final Rule, BJA convened the inaugural NMVTIS Advisory Board in June 2010 for its first two-year term. The meeting provided an opportunity for NMVTIS stakeholders to share information, discuss the interconnectedness of the system, and consider ways to enhance NMVTIS to make it both more effective and economically self-sustainable.

Since that time, the NAB has assembled both in person and online. The 2014-2016 board included returning and new members representing key program stakeholders affected by the program—states, consumers, law enforcement agencies, insurance carriers, auto recyclers, junk and salvage yards, auto industry groups, technology partners, organizations focused on reducing vehicle-related crime, and the operator. During this reporting period, one in-person meeting was held.

The in-person meeting was held February 9, 2016, at BJA offices in Washington, D.C. It included discussions around financial stability of the system, state-level compliance for NMVTIS, and reports by the Awareness and Compliance Subcommittees. BJA and AAMVA provided members with status updates on enforcement, awareness efforts, the Law Enforcement Access Tool, and operational performance. All NAB meetings are open to the public. Meeting summaries can be found on the [NMVTIS website](#).

In June 2016, NAB Chair Robin Wiener sent BJA Director Denise O'Donnell the [NAB's final recommendations](#) for the term. In her [response](#), Director O'Donnell expressed BJA's agreement with the board's recommendation authorizing AAMVA

“ I am grateful for the opportunity to have served as chair of the NAB over the past year, and as a board member since the inception of the NAB. The board is a unique and talented blend of diverse stakeholders who come together several times a year for a common purpose. The participation of three new federal partners—the Environmental Protection Agency, the Federal Trade Commission, and NHTSA—helped further strengthen our discussions.”

ROBIN WIENER
President, Institute for Scrap
Recycling Industries (ISRI)

to develop a NMVTIS-branded video modeled on the Texas Department of Motor Vehicles' "[Title Check](#)" video. The Texas video was first reported on in the FY2014 annual report and an update can be found in the [Consumer Access Program](#) section of this report. O'Donnell praised the critical input the NAB had provided to BJA's leadership since its inception, which had enhanced the overall program. She declared that the NAB had accomplished its mission. Though the NAB's charter expired at the end of the term, O'Donnell committed BJA to continuing to solicit input from individual NMVTIS stakeholders by convening focus groups on an as-needed basis.

Director O'Donnell praised the critical input the NAB had provided to BJA's leadership since its inception, which had enhanced the overall program. She declared that the NAB had accomplished its mission.



Critical Data

Compliance

Integrity

Program Areas

State Program

Additional States Fully Integrate NMVTIS Into Titling Systems; Vehicle Data Nears 100% The Anti Car Theft Act and its regulations require each state to perform an instant title verification check before issuing a certificate of title for a vehicle that an individual or entity brings into the state. Additionally, each state is required to report data into the system and pay user fees. All states were required to be fully compliant with the Act by January 1, 2010. For further details on approaches for title verification and reporting of data, please see the [Exhibits](#) section of this report.

The inaugural annual report on the system was published in FY2009 and showed 14 states participating⁸, 14 states providing data only⁹, 11 states in development, and 12 jurisdictions not participating. Since that time, participation has steadily increased (see **Figure 2**). Beginning in FY2012, all 51 jurisdictions have either maintained participation or continued to move towards full compliance, active at some level in NMVTIS. During this reporting period, as in the previous one, 38 jurisdictions were participating, six provided data only, and seven were in development (see **Figure 3**).

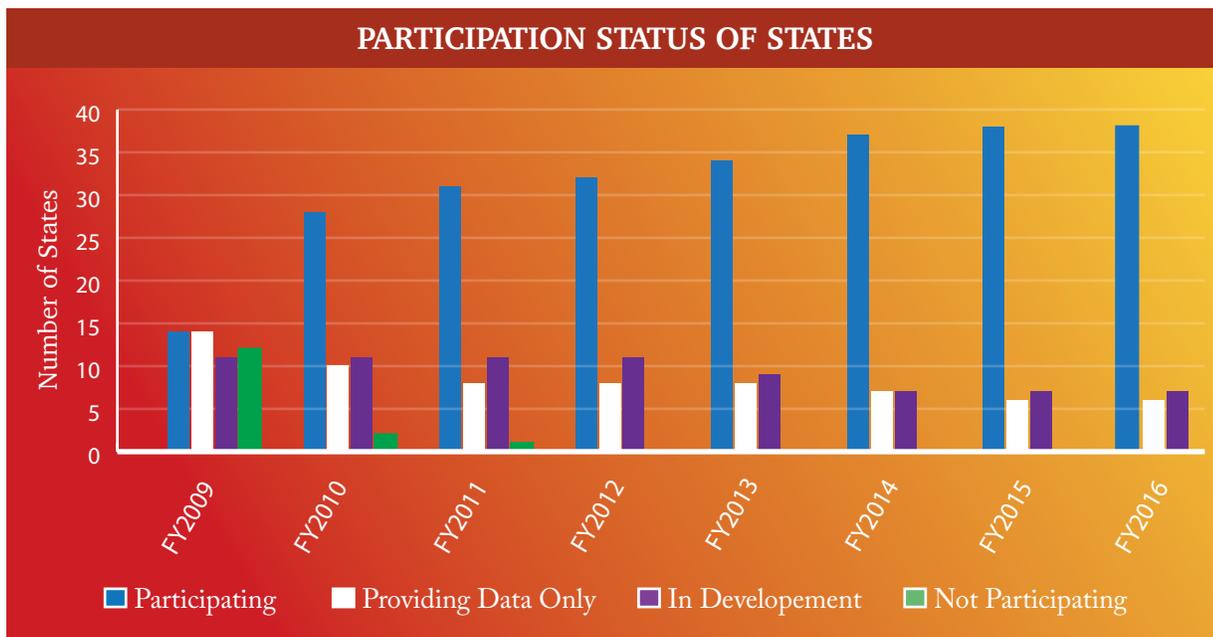


Figure 2

⁸ States that provide data and inquire into NMVTIS before issuing new titles.

⁹ States that provide data but do not make inquiries into NMVTIS.

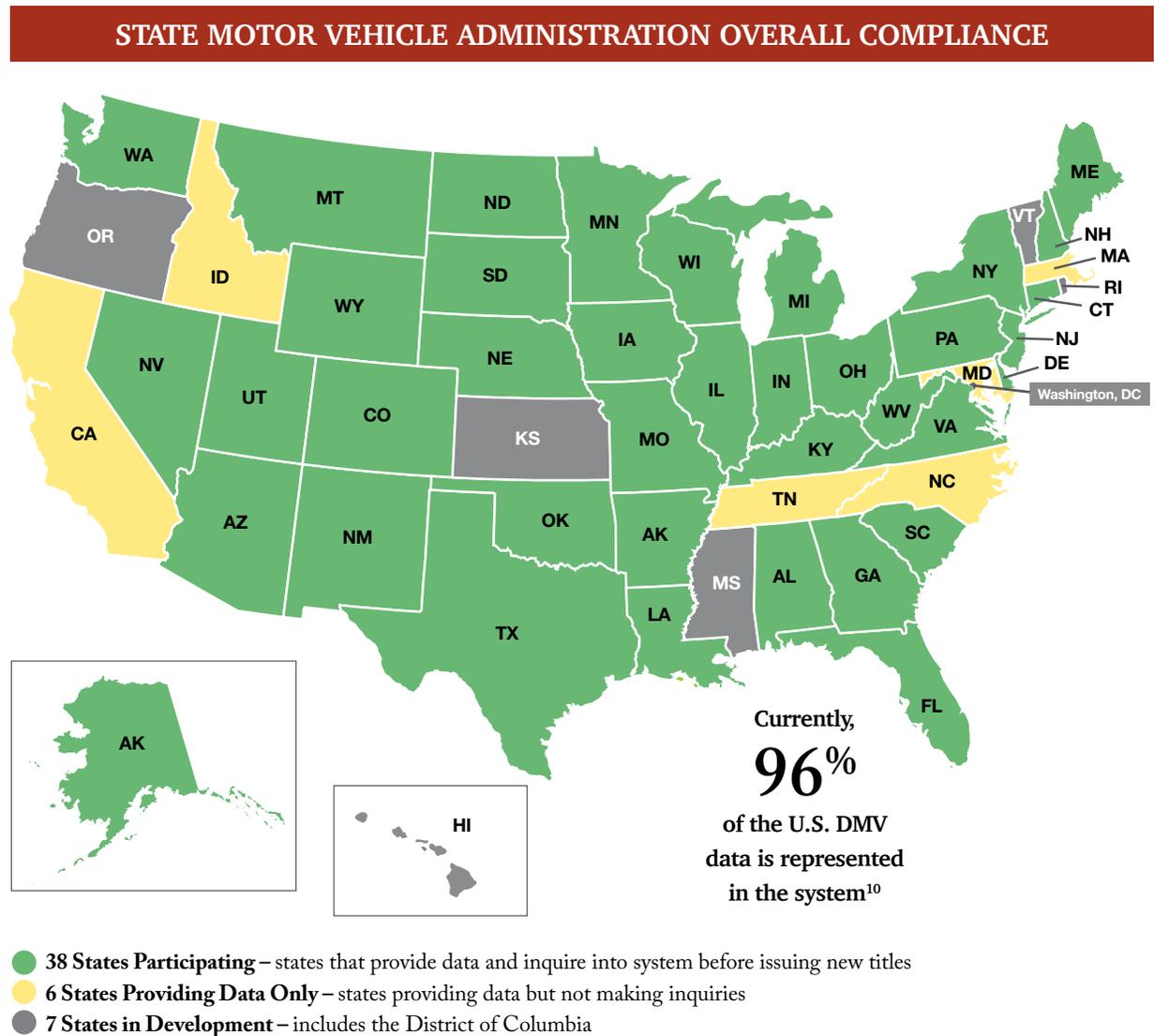


Figure 3

The percentage of nationwide vehicle data represented in NMVTIS is based on figures provided by jurisdictions to the Federal Highway Administration (FHWA). Starting in FY2006, the first year the state compliance map was created, 52% of state title and brand data was represented in the system. As of FY2014, 96% of state title and brand data has been represented in NMVTIS (see Figure 4).

¹⁰ Based on the most current Federal Highway Administration (FHWA) data (2014)

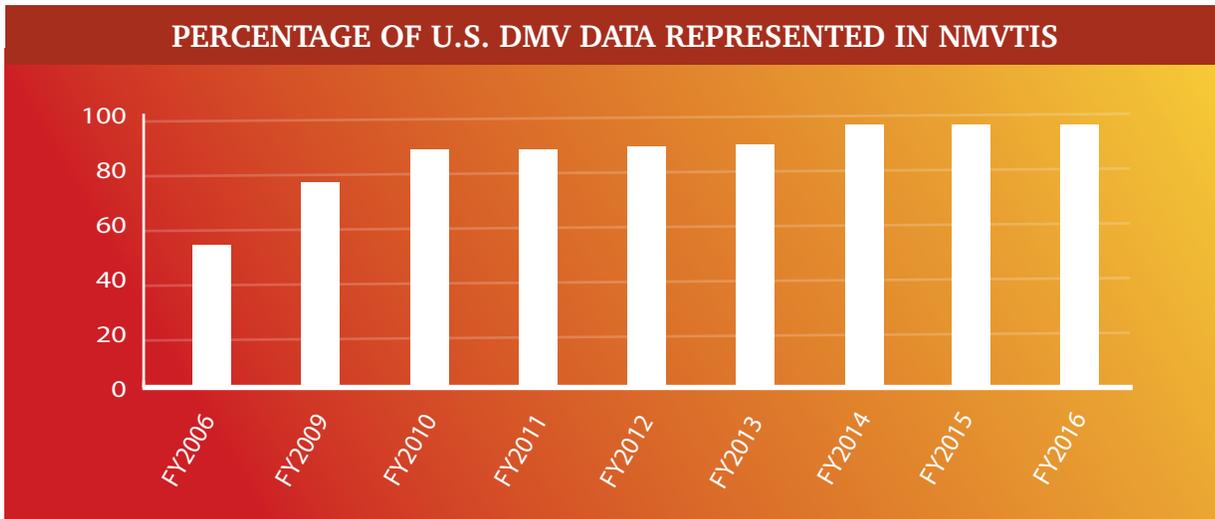


Figure 4

AAMVA continued to support states redeveloping their NMVTIS applications as part of rewriting their titling systems. Some states also considered moving to the fully integrated online solution from partially integrated online or batch processing. Of note during this reporting period:

- Alabama began a system rewrite that included development for fully integrated online capability using state web services, moving from batch updates and inquiries through SWI.
- Washington completed a rewrite of its titling system.
- Arizona, Idaho, Kansas, Minnesota, and South Dakota discussed with AAMVA how best to move forward with their system rewrites.
- New Mexico moved from conducting batch updates and inquiries through SWI to fully integrated online capability.
- North Dakota moved from conducting inquiries through SWI to fully integrated online capability.
- Ohio moved from conducting batch updates to fully integrated online capability.

Though not all states are currently in compliance, many are in development moving toward full participation:

- District of Columbia began development for the fully integrated online solution with state web services expected to be completed by February 2018.
- Mississippi selected its vendor to develop the fully integrated online solution by October 2017.
- Rhode Island began development for full batch capability expected to be available by July 2017.

When a vehicle is retitled, NMVTIS is updated to show the current state of title and the previous record is moved into history. With 44 states providing data in NMVTIS, there were more than 508 million current title records (see **Figure 5**) and approximately 587 million title history records (see **Figure 6**) in the system as of September 2016.

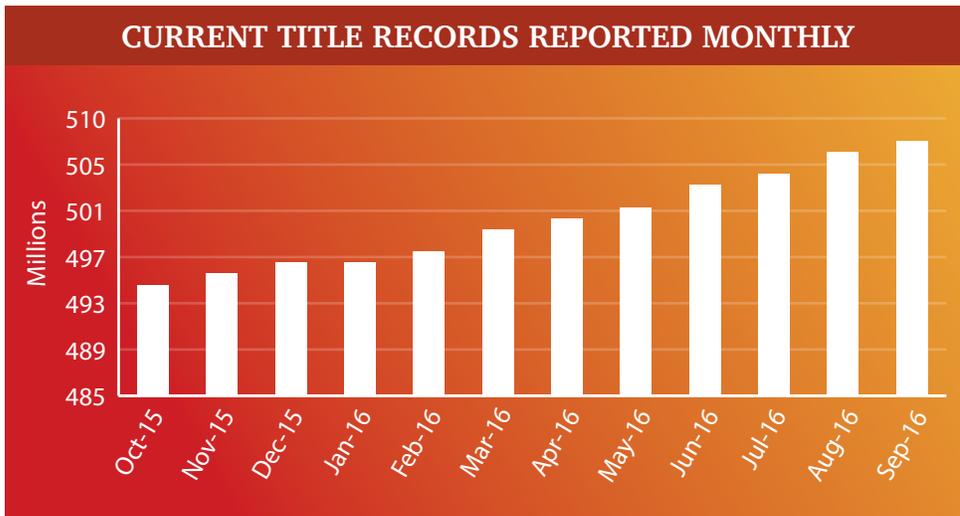


Figure 5

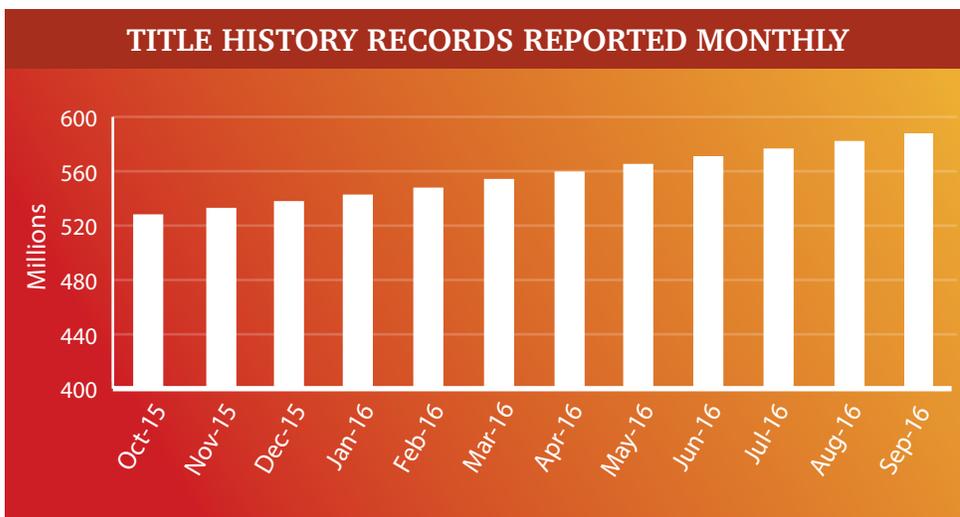


Figure 6

Over the past eight years, current title records in the system increased more than 73% (see **Figure 7**). In FY2009 current title records numbered 293 million; they reached nearly 509 million during this reporting period.

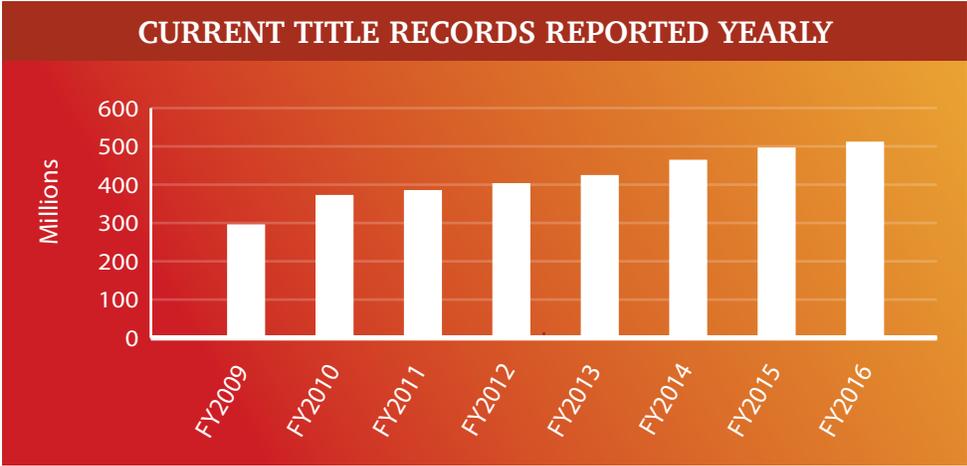


Figure 7

Brands captured in NMVTIS also increased during the reporting period, from more than 105 million in October 2015 to nearly 112 million in September 2016 (see Figure 8).



Figure 8

There are more than 60 vehicle brands captured in NMVTIS as of September 30, 2016; the top seven are shown below. The "Other" category includes the remaining brands (see Figure 9).

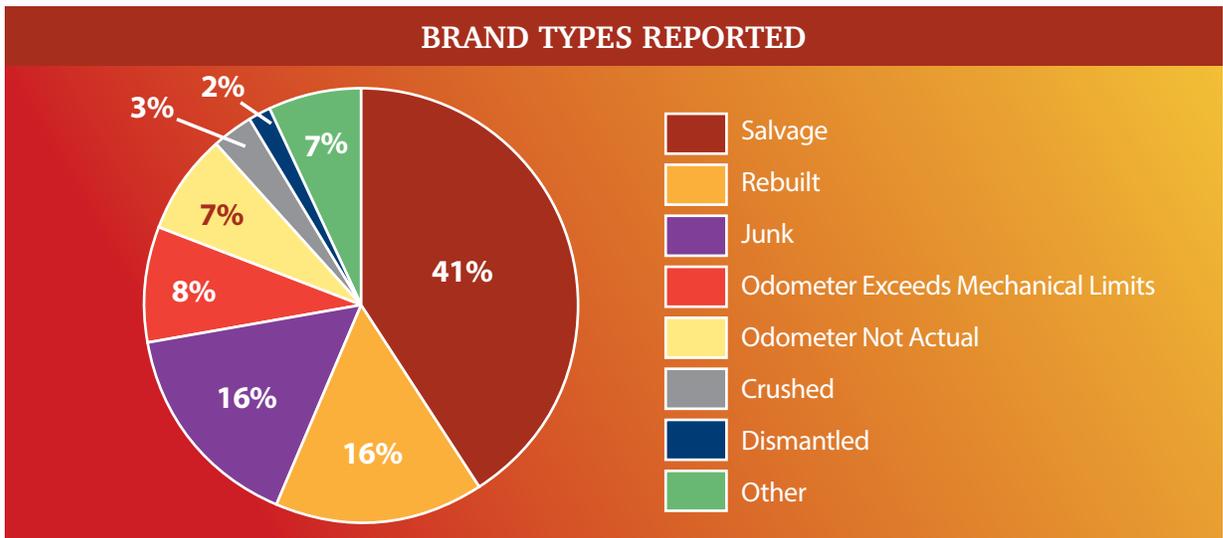


Figure 9

Reporting of salvage, rebuilt, and junk brands has increased by 88% since FY2010, as shown in **Figure 10**. This increase may be attributed to greater overall compliance with the NMVTIS requirement for businesses to report junk, salvage, and insurance (total loss) vehicles to the system.

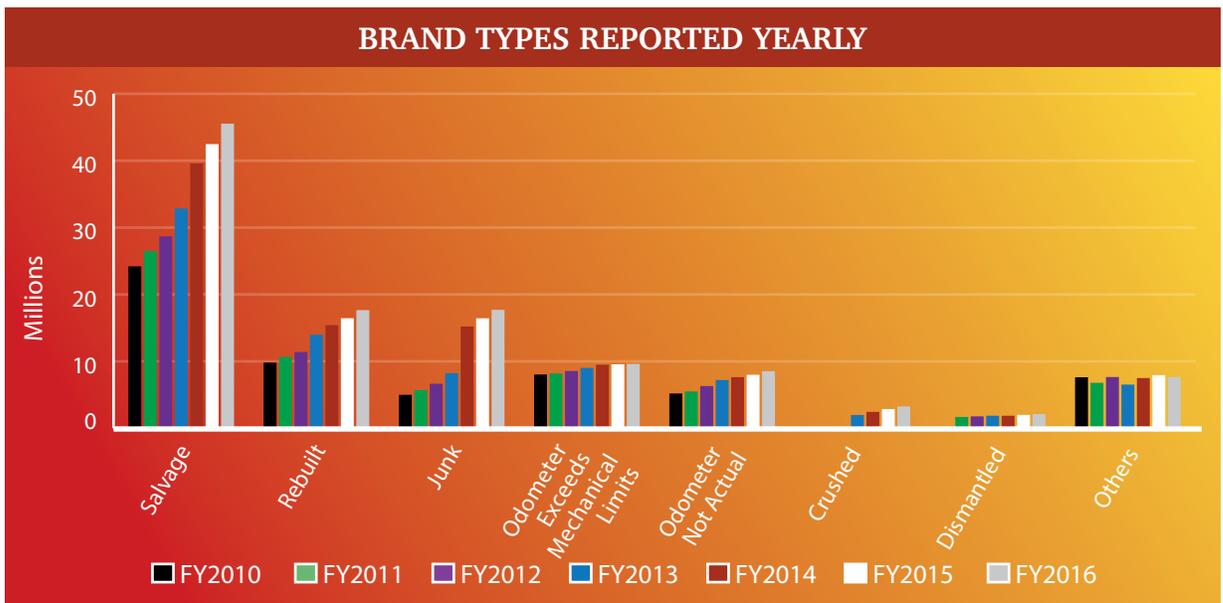


Figure 10

Brand records are reported by branders, which include states, the U.S. Department of Transportation and the U.S. General Services Administration (GSA) (see **Figure 11**). California continues to lead with the most brand records, followed by Texas,

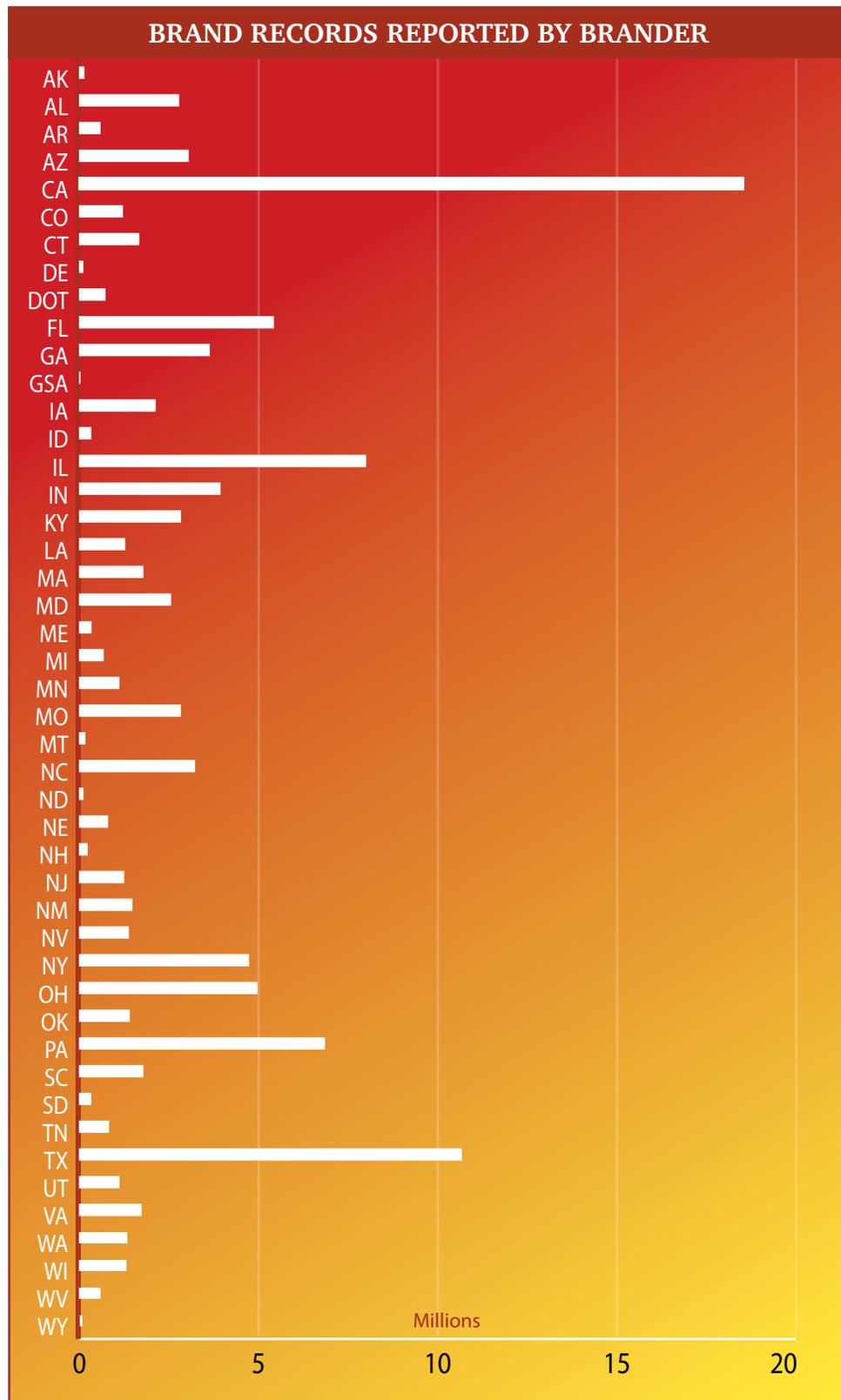


Figure 11

Illinois, and Pennsylvania. DOT brands total more than 700,000 and reflect the vehicles traded in under the Consumer Assistance to Recycle and Save Act which concluded in FY2011; the brands indicate that the vehicles should never be designated as roadworthy. GSA provided the fewest brands (496), which reflect GSA's reporting of junk or salvage brands for federal crash, test/scrap, or salvaged vehicles that are sold to the public. More detail on GSA's reporting can be found under [Stakeholder Collaboration](#) in this report.

During this reporting period nearly 207 million state transactions (inquiries, title updates, and brand updates) were conducted (see **Figure 12**), an increase of 20% compared to the more than 173 million transactions during the last reporting period.

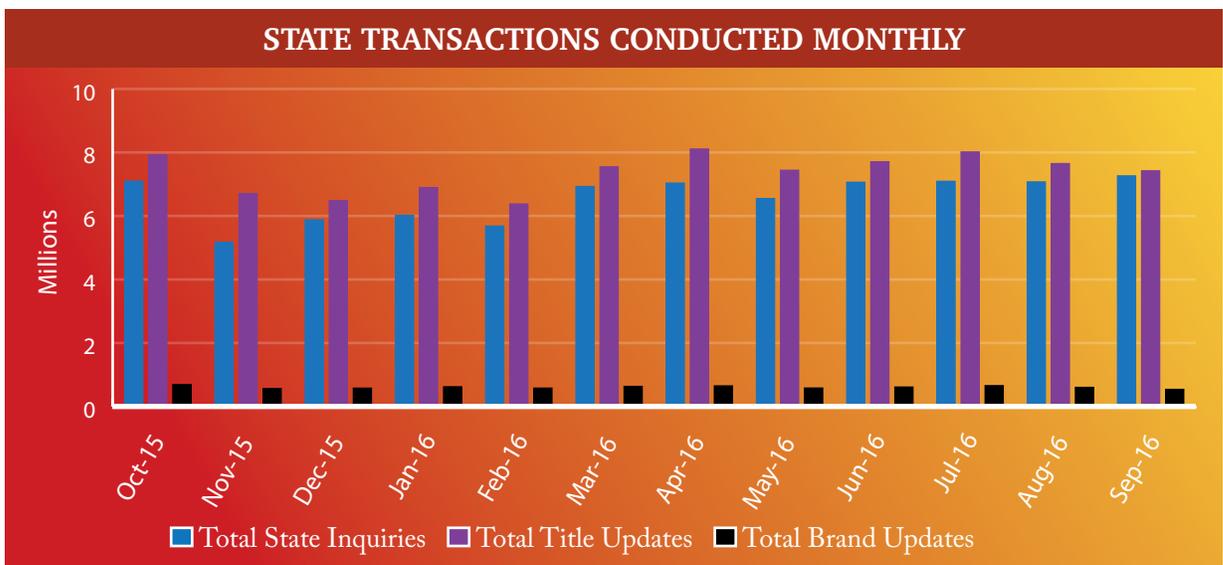


Figure 12

Over the past eight years, state-conducted transactions have increased more than 184% (see **Figure 13**). In FY2009, transactions numbered approximately 73 million and during this reporting period transactions reached nearly 207 million.

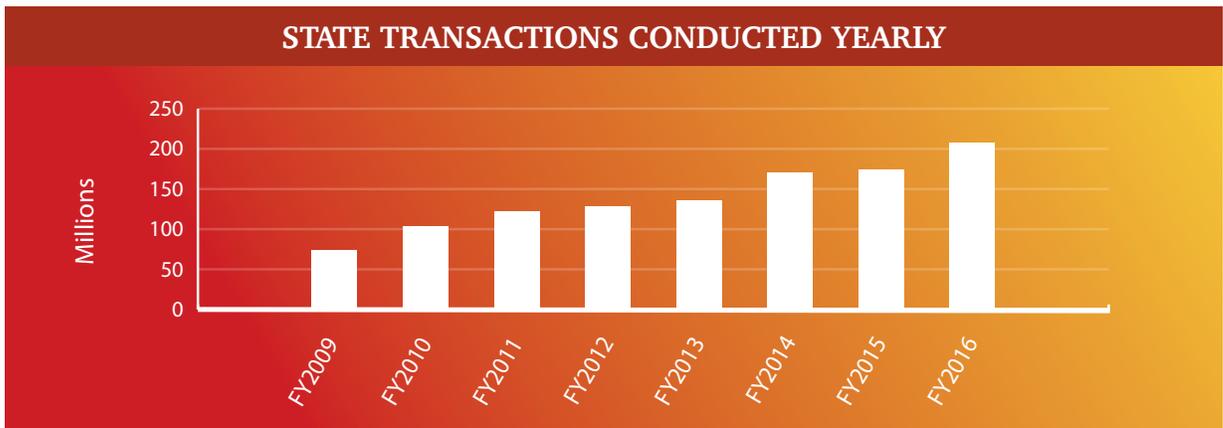


Figure 13

AAMVA continued to complete tasks related to system operability, such as updating system documentation. To resolve issues related to NMVTIS state business rules, and to encourage jurisdictions to develop system-related business policies and practices in a consistent manner, AAMVA established the NMVTIS Business Rules Working Group (BRWG) in the summer of 2012. The BRWG operates under AAMVA's Vehicle Standing Committee and consists of AAMVA business and technology staff, along with representatives from the state business and technology areas, balancing representation across AAMVA's regions and NMVTIS modes of participation. To help title and registration program managers align NMVTIS with their jurisdiction's title practices, the BRWG developed and published the resource, "NMVTIS Best Practices for Title and Registration Program Managers in DMVs" in March 2014. Since that time, the publication has grown to become a key resource for the states. [Edition 3](#) was published in August 2016. This document will continue to evolve as new topics are identified and recommendations for best practices are revised or added by the group.

The BRWG also focused on identifying ways to encourage maximum state participation, by raising awareness of how states participate in the system and how they can derive optimal benefits from it. The BRWG began to develop a Performance Management Concept (PMC) that includes monitoring system activity, illustrating a jurisdiction's participation and performance, and providing incentives to jurisdictions to participate effectively. These tools are being developed to assist states in fully maximizing their benefits from NMVTIS by enabling greater information sharing, monitoring, and evaluation, resulting in a more efficient and effective overall system. In March 2016, the Vehicle Standing Committee provided approval for the BRWG to move the PMC forward. AAMVA began development of the PMC business requirements and will deliver its cost analysis during the next reporting period.

The BRWG identified the need to add a new brand into NMVTIS for hazardous material contamination. AAMVA created the brand and will roll it out for use during the next reporting period. In April 2016, the BRWG met jointly with the NMVTIS Law Enforcement Working Group to share ideas and promote common goals.

AAMVA continued to enhance connectivity options for states by offering increased flexibility in data exchange through web services as an alternate approach to integrate with NMVTIS. Alabama, Arizona, the District of Columbia, and Minnesota, are developing web services data exchange with NMVTIS.

“Massachusetts has begun the process of replacing its legacy system with a new product. It is anticipated that work will begin on the vehicle registration and title side of this project in early 2018. At this time, I do believe we are looking at fully integrated online.”

JENNIFER RIDOLFI
Manager, Document Control
and Program Coordinator, Title
Division, Massachusetts Registry
of Motor Vehicles

During the reporting period, AAMVA successfully upgraded the State Web Interface (SWI) and released version 3.0 in May 2016. This release provided states the capability to include real-time inquiry into the current state of title record within SWI, to obtain additional data where applicable.

AAMVA continues to deliver SWI training to states, enhancing their ability to securely add or modify their own records through SWI. AAMVA conducted monthly SWI webinar training on three topics: instant VIN and title checking, correcting brands, and administrative function. During this reporting period, AAMVA staff provided 37 webinars to more than 240 participants representing 36 states. States have reported that the ability to make self-service corrections to data has made state titling processes more efficient and improved NMVTIS data integrity.

In addition, the Information Technology (IT) Working Group met monthly by conference call to collaborate and share information. AAMVA staff provided system status updates during these conference calls.

AAMVA continues to foster collaboration among the states at an operational level. In spring and fall of 2016, NMVTIS State Business Point of Contact representatives participated in conference calls to receive current information about NMVTIS, discuss their roles and responsibilities, provide feedback concerning operations, and exchange information on how NMVTIS is used in their jurisdictions.

“Maine has been able to utilize NMVTIS in many ways to assist Maine customers. Title history, odometer, and salvage processes in Maine have been greatly aided by NMVTIS.”

RONALD RIOUX
Chief Motor Vehicle Title
Examiner, Maine Bureau of
Motor Vehicles

BENEFITS

States Report Positive Results Through NMVTIS Participation States that inquire into NMVTIS (i.e., conduct a title verification check) receive data on the specific vehicle, the current title, any brand information, JSI information, and whether the vehicle is reported stolen. Based on this information, the state determines whether to issue a new title. When a vehicle is retitled, NMVTIS is updated to show the current state of title. During this reporting period, the following states reported a wide range of benefits from participating in NMVTIS:

Potential Stolen Vehicles Identified Using NMVTIS

- **California:** Five stolen vehicle hits prompted investigations.
- **Florida:** Five stolen vehicle hits prompted investigations.
- **Indiana:** 1,607 stolen vehicle hits prompted investigations.

- **Iowa:** 225 stolen vehicle hits prompted investigations, resulting in 24 confirmed stolen. One hit led to the arrest of a criminal involved in vehicle theft, identify theft, forgery, and fraud.
- **Maine:** Stolen vehicle hits identified while conducting title verifications.
- **Maryland:** Eight stolen vehicle hits prompted investigations.
- **Michigan:** Several vehicles were confirmed stolen.
- **Missouri:** 2,564 stolen vehicle hits prompted investigations.
- **New Hampshire:** 470 stolen vehicle hits prompted investigations.
- **Ohio:** 2,666 stolen vehicle hits prompted investigations.
- **Texas:** One vehicle was confirmed stolen.
- **Wisconsin:** 795 stolen vehicle hits prompted investigations.
- **Wyoming:** Two stolen vehicles with altered VINs and false registrations were seized and returned.

“Using NMVTIS has helped improve the quality of vehicle title records produced in Illinois, which in turn enhances customer service and investigative efforts by law enforcement.”

ROD SMITH
Data Systems Manager,
Illinois Office of the
Secretary of State

Vehicle Brands Identified and Carried Forward Using NMVTIS

- **Colorado:** Carried forward missing brands.
- **Florida:** Carried forward missing brands.
- **Illinois:** 1,147 rebuilt and 586 odometer brands were identified.
- **Florida:** Carried forward 5,663 missing brands.
- **Maine:** Carried forward missing brands.
- **Maryland:** 80 counterfeit/altered titles were discovered to have missing brands; brands for approximately 30 vehicles were recaptured.
- **Michigan:** Carried forward missing brands.
- **Missouri:** 151 vehicles were identified as missing brands, prompting notifications to vehicle owners and branding of the vehicles according to Missouri law.
- **Nebraska:** Carried forward missing brands.
- **New Hampshire:** Carried forward 22,053 missing brands.
- **Ohio:** Carried forward 90,487 missing brands.
- **Texas:** Carried forward 15,723 missing brands: 810 out-of-state titles surrendered did not contain brands; 2,300 previously issued Texas titles were missing brands; 189 vehicles that lacked ownership evidence and were processed under a bond, court order, or foreclosure lien were identified as missing brands; 11,910 transactions were caught where a processing clerk failed to carry forward a brand; 177 vehicles previously reported as junk were identified prior to a new title being issued; and 337 transactions were not categorized by a specific action taken.
- **Wisconsin:** Carried forward missing brands.
- **Wyoming:** Carried forward missing brands.

Enhanced Customer Service Attributed to NMVTIS Use

- **Alaska:** Title recalls were greatly reduced due to ability to validate title information.
- **Illinois:** 822 odometer errors, 13,206 surrendered title number errors (i.e. presented title number is different than the title number in NMVTIS), and 4,407 vehicle-make discrepancies were identified and corrected.
- **Indiana:** State Web Interface has been a life-saver in terms of security, time management, accuracy, and efficiency.
- **Iowa:** Two vehicles were branded junk; both were investigated and corrected by the previous state of title.
- **Maine:** Ensured correct titles were issued. Determined there were outstanding titles from other states and stopped duplicate title applications.
- **Michigan:** The state's help desk resolved approximately 1,000 title and brand issues with other NMVTIS jurisdictions, improving customer service and enhancing record integrity.
- **Nebraska:** Ensured the most accurate title documents were issued to Nebraska residents.
- **New Jersey:** Ensured the most accurate title documents were issued to New Jersey residents.
- **Ohio:** Ensured the most accurate title documents were issued to Ohio residents.
- **Texas:** Maintained the ["Title Check"](#) web page to encourage customers to purchase a vehicle history report; continued to refer customers to the "Title Check" website on the mail tab of all Texas Certificates of Title. Inquiries revealed 107,694 apparent errors, prompting a secondary review to ensure accuracy; the majority of these had substantive errors that may have allowed for fraud or caused issues for future owners.
- **Wisconsin:** Able to advise customers where a vehicle was last titled if Wisconsin only issued plates/registration and also to explain the meaning of another state's brands more easily.
- **Wyoming:** NMVTIS helped provide accurate title history or status information so the customer was able to obtain a Wyoming title or return a vehicle to a dealership.

“Michigan Secretary of State branch offices use the NMVTIS SWI to check out-of-state titles that are being surrendered to Michigan. The use of NMVTIS information in this manner helps to ensure that out-of-state brands are carried forward to the Michigan record/title.”

MAXWELL DEH
Departmental Specialist,
Michigan Department of State

Potential “Cloned” Vehicles¹¹ Identified Using NMVTIS

- **California:** Six cloned VINs prompted investigations. Investigators suspected that one or more of these cases would lead to as many as a dozen more stolen motorcycles.
- **Florida:** 41 cloned VINs prompted investigations.
- **Indiana:** 23,165 cloned VINs prompted investigations.
- **Iowa:**
 - » One cloned vehicle was recovered by Illinois State Police.
 - » A customer attempted to sell a truck at auction, but the title did not match the vehicle description. A physical inspection discovered the vehicle was cloned; the real truck VIN was listed in NMVTIS as stolen.
 - » A dealer attempted to input a title, but the title did not match the vehicle description. A physical inspection discovered the vehicle was cloned and listed stolen from New Mexico.
- **Maine:** Three cloned VINs were investigated and confirmed.
- **Maryland:** One cloned VIN was confirmed. A Virginia title was presented, and due to a variance in data, was investigated and shown to be falsified on a stolen VIN.
- **Michigan:** Several vehicles were confirmed cloned.
- **New Hampshire:** A 1947 Harley-Davidson motorcycle was confirmed cloned from Florida.
- **Wisconsin:** Three cloned VINs prompted investigations.
- **Wyoming:**
 - » One cloned vehicle was seized by law enforcement.
 - » One cloned VIN was held by the dealership pending disposition from the jurisdiction from which it was stolen.
 - » Two cloned vehicles were removed from the state and under investigation.

Potential Fraudulent Activity Identified Using NMVTIS

- **California:** 35 incidents of potential fraud were investigated and 12 perpetrators were identified. Investigators suspected that at least 300 vehicles were similarly purchased.
- **Colorado:** Odometer rollbacks were identified.
- **Florida:** 47 incidents of potential fraud were investigated.
- **Iowa:**
 - » One VIN was found to be used to obtain a fraudulent North Carolina title; the North Carolina title was canceled.
 - » A motorcycle engine was identified as stolen during a vehicle inspection.
 - » A title transfer was denied when a VIN check was conducted on a title and it was discovered that the Harley-Davidson motorcycle was rebuilt with a different frame, but the engine and transmission were listed as stolen.

¹¹ A vehicle is “cloned” when a legitimate VIN plate is replicated and placed on a stolen vehicle, making that vehicle appear to have a valid VIN.

- » A customer purchased a 2013 Chevy Malibu online from a Kentucky car dealer, and applied for an Iowa title; NMVTIS identified the vehicle as having been branded flood as well as non-repairable in South Carolina. The Kentucky title was clean and after an investigation, it was determined that the dealer had full knowledge of its brand history. The customer received a refund.
- **Maine:** Odometer rollbacks were identified.
- **Maryland:** 111 fraudulent titles were identified. Investigators reported that counterfeiters typically ignored the vehicle weight field on a title, making it easier to identify potential fraud. The odometer history also proved helpful in identifying where a rollback may have occurred.
- **Michigan:** Several Michigan vehicle dealers attempted to wash brands (with inventory stickers) for out-of-state titles; NMVTIS was used to recover the brands. Salvage and scrap dispositions were identified as missing in a few cases when surety bonds¹² were submitted as alternative ownership documents.
- **New Hampshire:** A New York title for a 2007 Honda was presented. Data did not match that in NMVTIS so it was investigated and confirmed to be counterfeit.
- **Texas:** 125 incidents of potential fraud were identified: 22 fake or fraudulent titles; 89 titles had odometers altered; 14 titles had brands tampered with or altered. An additional 2,643 superseded¹³ titles were surrendered and are pending further verification of either title tampering or data entry errors.
- **Wisconsin:** Four fraudulent titles from Illinois were discovered.
- **Wyoming:**
 - » One case involved a washed brand which was reapplied.
 - » One case involved an odometer rollback.
 - » One case involved an altered VIN that resulted in a state-issued VIN.
 - » One case involved the identity of a dealership being stolen and used to create fraudulent Wyoming titles.

“State Web Interface has been a lifesaver in terms of security, time management, accuracy, and efficiency.”

KERI WASHABAUGH
Director of Titles, Indiana
Bureau of Motor Vehicles

Enhancements for Motor Vehicle Titling Agencies Attributed to NMVTIS

- **Colorado:** Automation has saved time and money and made titles more accurate.
- **Michigan:** Cost savings were realized from not recalling titles with missing brands, and by no longer mailing canceled Michigan titles to jurisdictions that had become the current state of title.

¹² A surety bond may be secured in the absence of a valid title. It is purchased by an applicant from an insurance company or bonding agency. The bond must be for twice the fair market value of the vehicle. It is posted for three years and is returned if no claims are filed during that period.

¹³ A title that is no longer valid because a newer one has been issued.

- **Nebraska:** Labor costs of approximately \$17,500 were saved due to NMVTIS automation.
- **New Hampshire:** Labor costs of approximately \$31,648 were saved due to NMVTIS automation in processing 97,594 surrendered titles. Additional labor costs of approximately \$15,924 were saved due to automated versus manual entering of 23,888 junk titles into NMVTIS.
- **New Jersey:** Using a state database and a NMVTIS data file, New Jersey compared select agency bulk transactions to verify that customer service agents performed the NMVTIS inquiry before issuing a new title.
- **Texas:** Implemented SWI which resulted in 30,000-35,000 duplicate/replacement title applications being checked each month.

“NMVTIS has been a strong tool for New Hampshire. We are proud to be part of it and grateful for all it uncovers. There will always be fraud in the world, but NMVTIS helps prevent it and helps jurisdictions issue a better quality of title, while making the roads safer. New Hampshire loves NMVTIS!”

PRISCILLA VAUGHAN

Supervisor IV, New Hampshire
Bureau of Title and Anti-Theft

JSI Data Assisted in Business Processes

- **Colorado:** Data was used to determine if the appropriate brand was attached to a specific VIN.
- **Maine:** Verified a large number of salvage/total loss vehicles from other states, presented to be titled.
- **Michigan:** Data was used to verify that a state issued a salvage or scrap title.
- **Nebraska:** Data was used to determine if the appropriate brands were applied by a reporting agency, insurance company or state of title.
- **New Hampshire:** The JSI file, interfaced with the state titling system, assisted in identifying state junk yards that were in compliance with federal reporting requirements.
- **New York:** Data was used in support of state's destroyed vehicle program, and enhanced timeliness of updating brand information to state title system and NMVTIS.
- **Ohio:** Data was used to determine if the appropriate brand was applied before allowing JSI vehicles to go back on the roadways.
- **Wisconsin:** Data was used to explain to consumers, as needed, where a junk or salvage designation originated. Data was considered in titling decisions.
- **Wyoming:** Data was used to assist in investigations and ensuring the appropriate brand was attached to a specific VIN.

PAYING USER FEES

States Paid \$3.3 Million Toward the Cost of Operating the System in

FY2016 In accordance with the NMVTIS Final Rule, requiring 12 months' advance notification before charging state fees, AAMVA issued a formal notice to all state motor vehicle titling agencies regarding the relief of paying state user fees for FY2011 and FY2012 and the reinstatement of fees in FY2013. During FY2014, AAMVA revised the state fee model so that states pay an increased portion of system costs. In FY2015, this fee model became effective. The key tenets include:

- State fees are projected to cover an increasing percentage of total NMVTIS operational costs each year, from 60% in FY2016 to 90% in FY2019.
- An equitable 51-tier structure assigns each jurisdiction responsibility for a portion of total system operating costs. This responsibility is based on each jurisdiction's number of registered vehicles (as reported to the FHWA) as a percentage of the total U.S. registered vehicle population.
- The remaining operating costs during FY2016-FY2019 will be covered by a mix of funding sources, including consumer access fees and AAMVA member funds.
- States may receive a 50% credit of the revenue associated with each consumer access transaction that results in data returned for a VIN pointing to that state as the current state of title. BJA will determine if states are currently in compliance and therefore eligible to receive the applicable credit.

“WYDOT Compliance & Investigation provides training to law enforcement and county clerks and treasurers regarding vehicle-related fraud. We recommend using NMVTIS on every title transaction to be sure that the most recent title is being submitted in transfers; junk, and salvage information is identified; and brands are accurately being carried forward.”

SHANNON DEGRAZIO
NMVTIS Jurisdiction Administrator,
Wyoming Motor Vehicle Services

States Earn Revenue Credits As part of the state user-fee model, a state that provides title and brand data and inquires on NMVTIS is eligible to earn credits from revenue earned by the operator when a NMVTIS record for a vehicle titled in that state is sold to a provider. BJA issued notifications to all states eligible, outlining approved uses of credits. Eligible uses include paying the next year's fees, improving state title/registration data and processes, raising consumer awareness of NMVTIS, staff training, conducting quantitative analysis of the impacts of NMVTIS on titling process and/or consumer protection, and development to become fully compliant. By the end of the current reporting period, the 44 eligible states had earned a total of \$1.2 million in credits.

“NMVTIS is a very useful tool to ensure that no brands are missed on the issuance of a certificate of title.”

PRISCILLA VAUGHAN
Supervisor IV, New Hampshire
Bureau of Title and Anti-Theft

Junk Yard, Salvage Yard, and Insurance Carrier Reporting Program

Number of Records Reported Continue to Increase; More Than 55 Million Unique VINs Reported to Date; DOJ Issued Reminder Notice in Light of Series of Flooding Events in a Number of States The Anti Car Theft Act requires that in addition to state motor vehicle titling agencies, other third parties must report vehicle information into NMVTIS. Specifically, junk and salvage yards, auto recyclers, and insurance companies are required to report (at least monthly) vehicles deemed junk, salvage, or total loss to NMVTIS beginning March 31, 2009. There are two reporting exceptions: entities that handle fewer than five vehicles per year deemed salvage (including total loss) or junk; and entities that currently report the required data elements to the state in which they are located and that state provides the required information to NMVTIS.¹⁴ The number of reported records in the JSI reporting program continue to grow at a consistent rate. In addition, as reported under the State Program in the [Benefits](#) section of this publication, states rely on JSI data to make informed business decisions in their state titling processes.

Four data consolidators provide data reporting services to businesses required to report to NMVTIS:

- AAMVA Single VIN Reporting Service
- Audatex
- Auto Data Direct, Inc.
- Insurance Services Office

During this reporting period, a total of 15.9 million records¹⁵ were reported by junk, salvage, and insurance entities (see **Figure 14**). This was a 5% increase from the number of records reported in FY2015. This increase can likely be attributed to a very active year for flooding events as well as increased awareness of reporting requirements. Insurer reporting increased by 14% from the previous period, while salvage pool and recycler reporting increased by 11% and 3% respectively. The number of reports from shredders declined 13%. Approximately 109 million total junk, salvage, and insurance records were reported in NMVTIS by the end of this reporting period (see **Figure 15**). The change from FY2009 to FY2010 reflects the partial reporting period (April-September) in FY2009. The increases from FY2013 to FY2016 can be linked to greater awareness driven by state legislative and compliance enforcement efforts, as captured in this and previous reports, along with increased reporting for flood events during this reporting period.

¹⁴ Georgia and Tennessee are the only states to report on behalf of their JSI entities.

¹⁵ May reflect multiple reports on the same VIN.

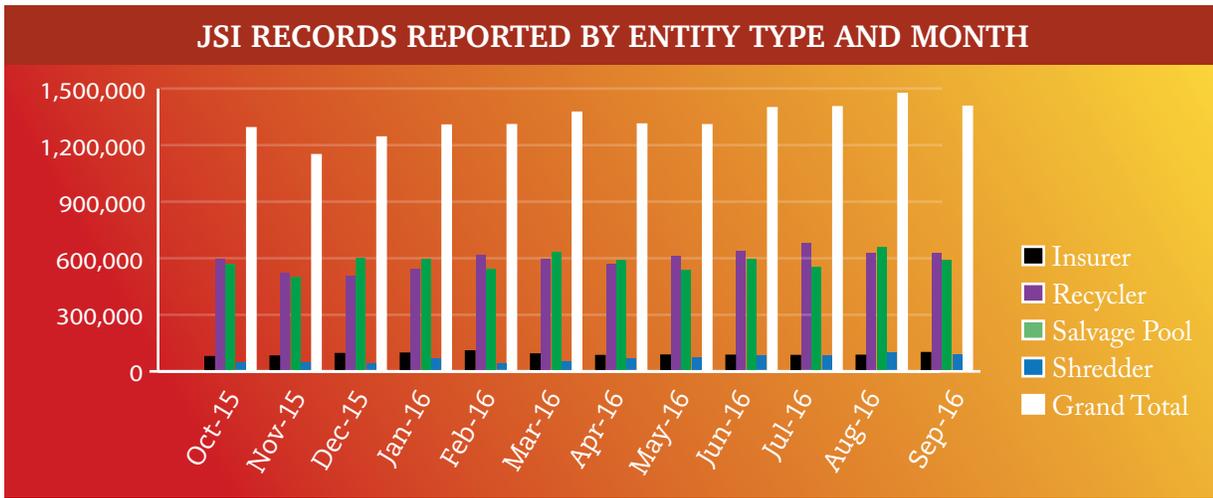


Figure 14

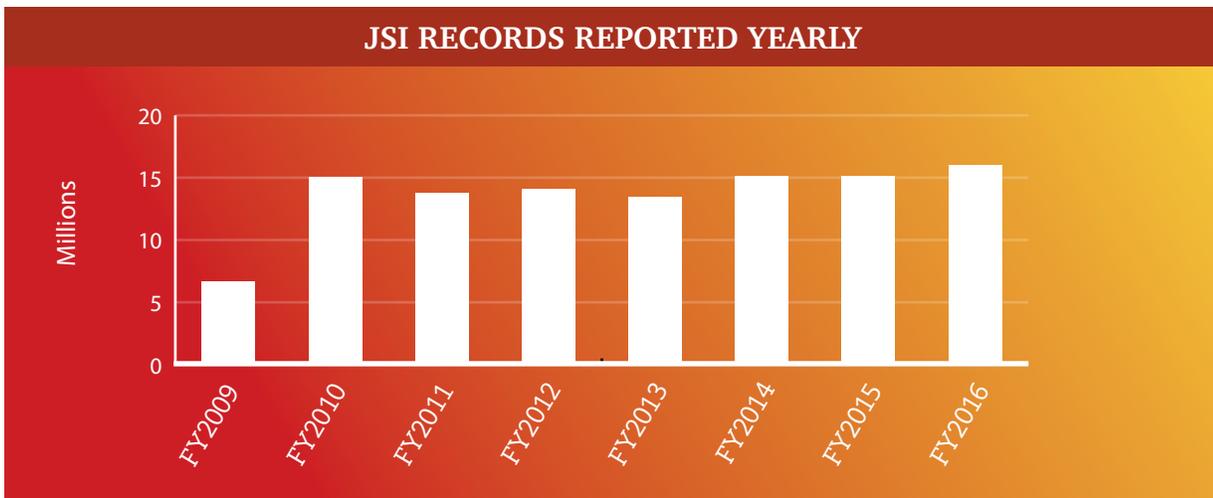


Figure 15

An average of 15 million junk, salvage, and insurance records have been reported each year to NMVTIS (except in FY2009). Recyclers and salvage pools provide the vast majority of records (see Figure 16). For the vehicle disposition breakdown of the 109 million total records reported to date see Figures 17 and 18.

PROGRAM AREAS: JUNK YARD, SALVAGE YARD, AND INSURANCE
 CARRIER REPORTING (Continued)

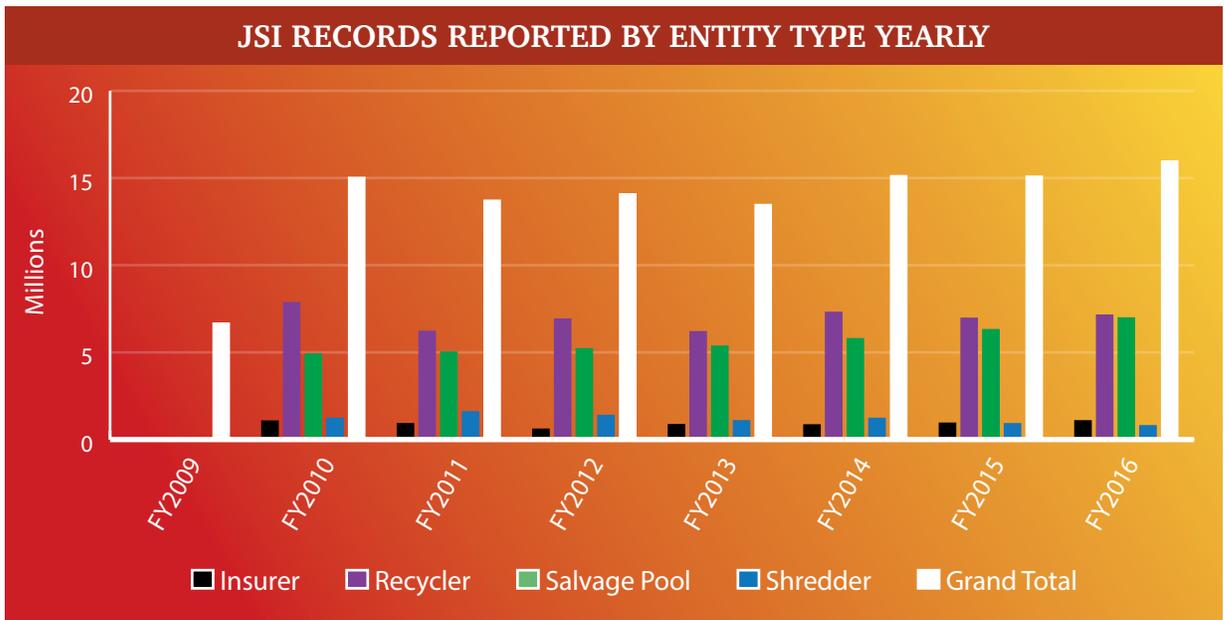


Figure 16

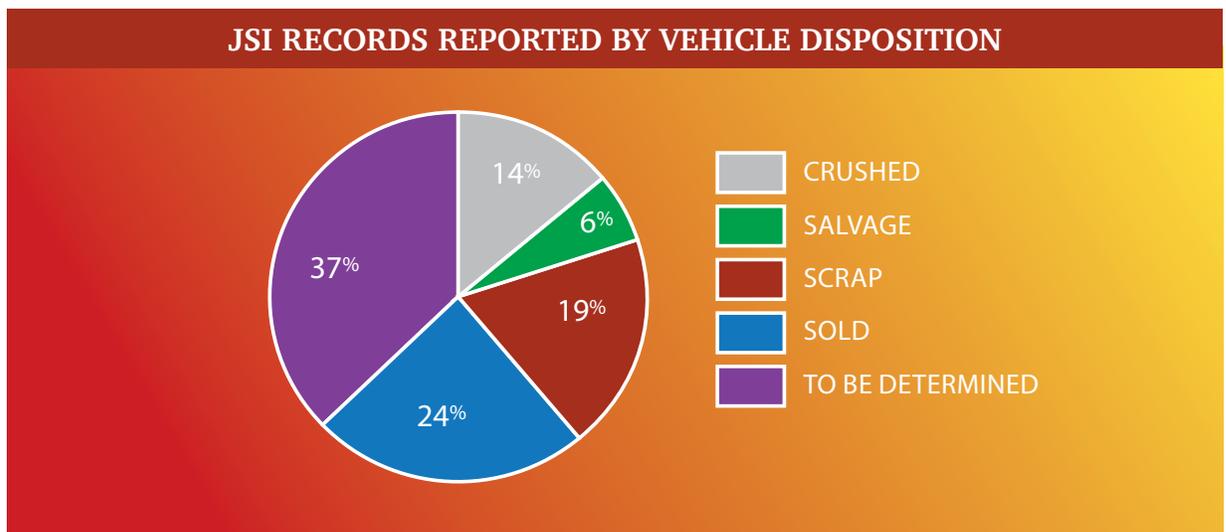


Figure 17

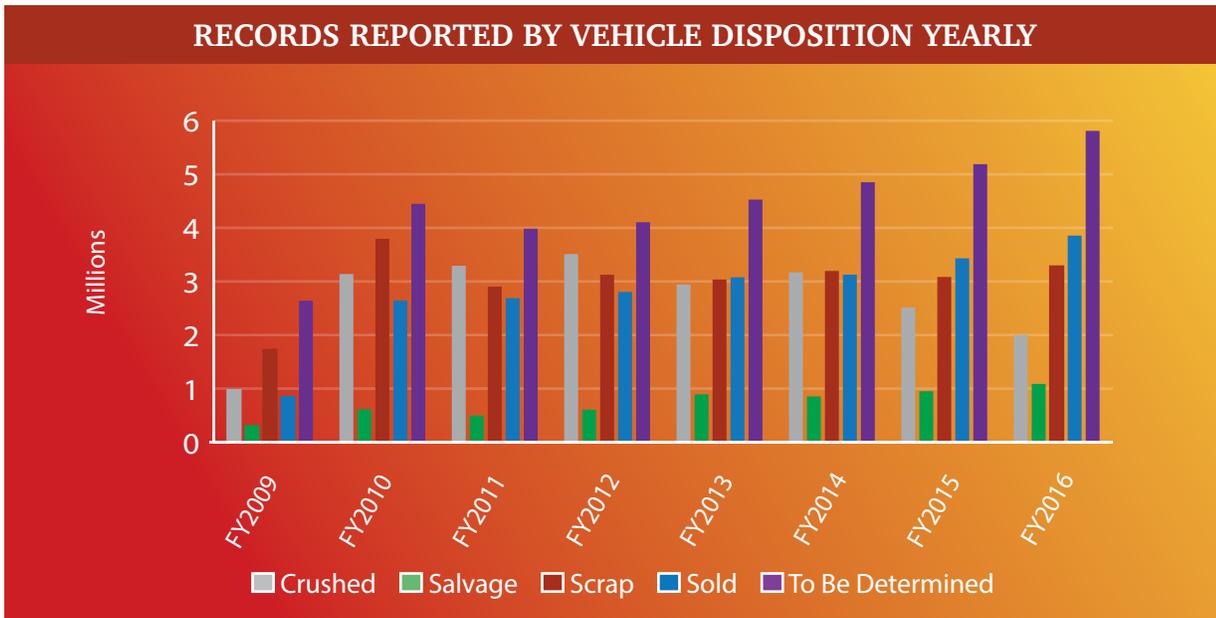


Figure 18

The average of nearly 4,400 entities reported each month remained consistent through this reporting period (see Figure 19).

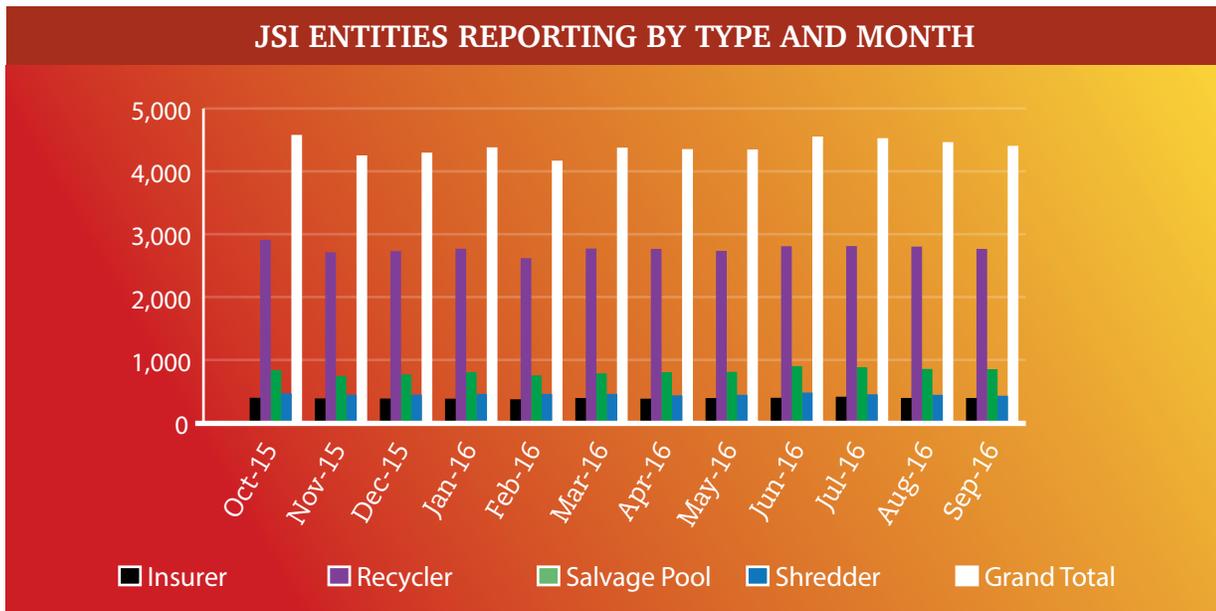


Figure 19

PROGRAM AREAS: JUNK YARD, SALVAGE YARD, AND INSURANCE CARRIER REPORTING *(Continued)*

Individuals Reporting to NMVTIS: The NMVTIS Advisory Board suggested that changes be made to NMVTIS to enable individuals to report junk and salvage vehicle information to NMVTIS. The current program does not allow for an individual who is engaged in handling junk and salvage vehicles to report into the system without identifying as a business. AAMVA was directed to make the applicable system changes to support the recommendations. Initial analysis and business requirements were started during the reporting period. Further development and implementation are scheduled to occur in the next reporting period.

STATES AND JSI REPORTING

Georgia Department of Revenue: During the reporting period, the Georgia Department of Revenue (DOR) continued its program requiring businesses engaged in the purchase or receipt of salvage vehicles (secondary metals recyclers, used motor vehicle parts dealers, and scrap metal processors called “salvage dealers”) to report NMVTIS information to the DOR. In turn, DOR provides electronic reporting that satisfies the salvage dealer’s state reporting requirements as well as federal NMVTIS reporting requirements. This is accomplished through its contractor, a NMVTIS data consolidator, Auto Data Direct, Inc.

The number of Georgia businesses reporting, and the number of records reported through this arrangement, varied over the last four reporting periods, with a decrease during this reporting period (**see Figures 20 and 21**). Businesses reporting numbered 129 in FY2013, 197 in FY2014, 159 in FY2015, and 130 during this reporting period. Records reported by salvage pools numbered 111 in FY2013, 567 in FY2014, 99 in FY2015, and 105 during this reporting period. The fluctuation in numbers may be attributed to normal shifts in the industry.

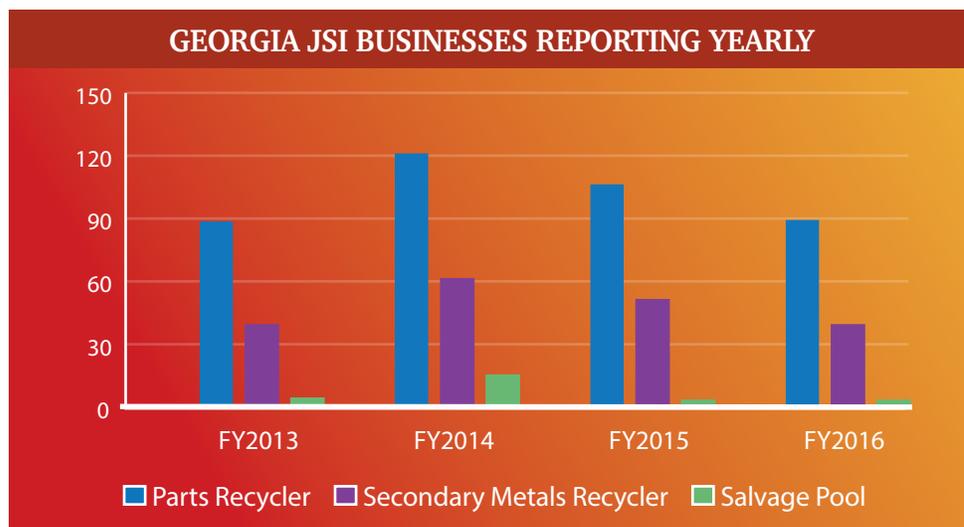


Figure 20

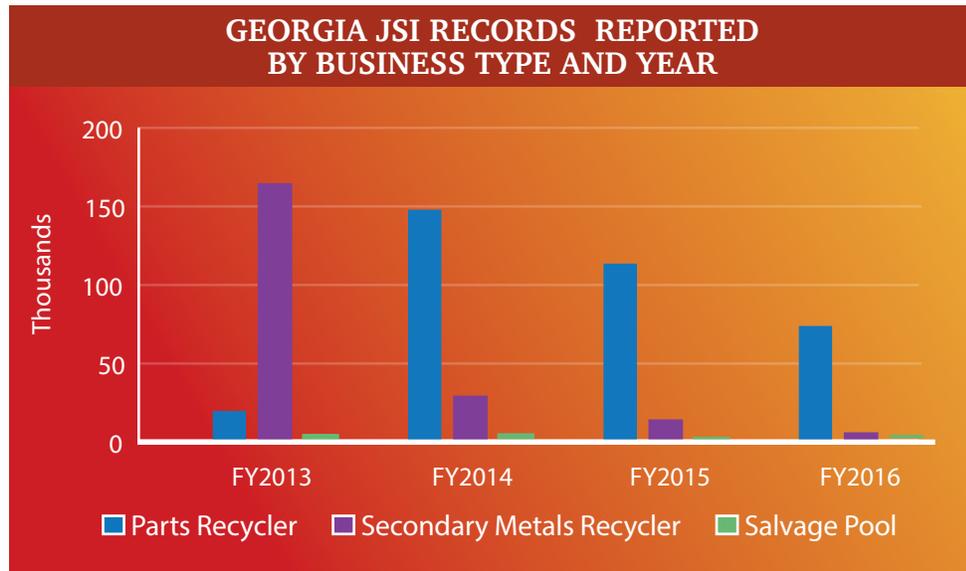


Figure 21

Tennessee Department of Revenue: During the reporting period, Tennessee DOR contracted with Auto Data Direct, Inc., to provide consolidated reporting effective July 1, 2016. For the period July through September 2016, 172 businesses reported more than 20,000 records to NMVTIS using ADD as their consolidated reporting service (see Figures 22 and 23).

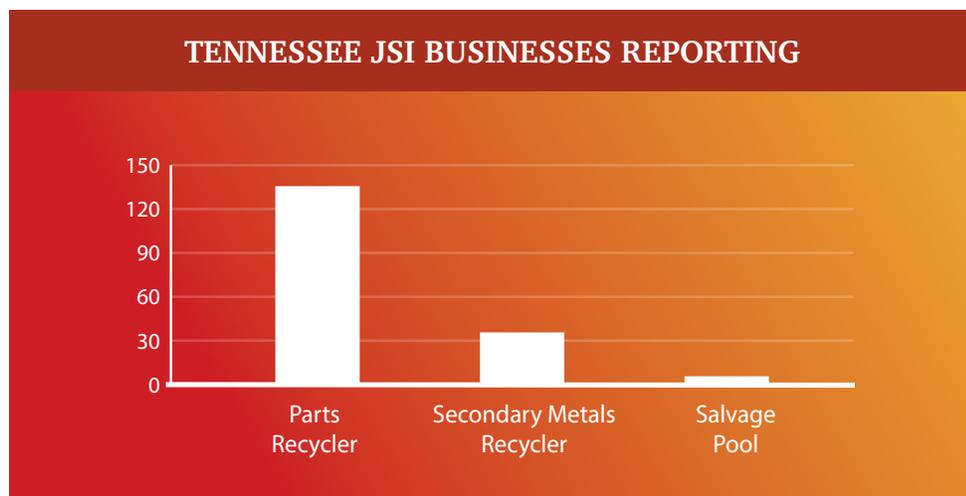


Figure 22

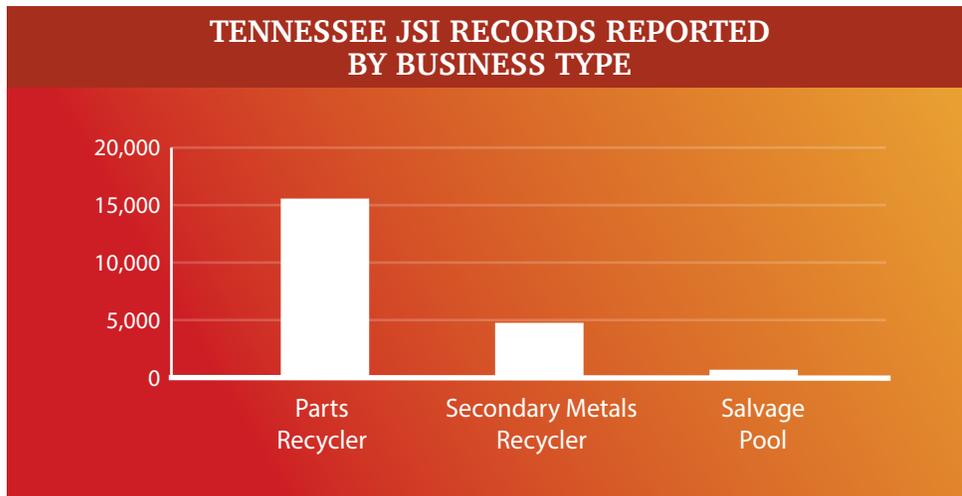


Figure 23

Both Georgia and Tennessee state regulations mandate that reporting occur within a shorter timeframe than required by NMVTIS (within 48 hours of purchase for Georgia; within 24 hours for Tennessee) and require a larger data set than NMVTIS. ADD collects all required state and federal information from affected businesses at one time. ADD then transmits all data to the state, and also sends vehicle data that falls within the NMVTIS reporting regulations to NMVTIS. In Tennessee, the process includes a national theft check of reported vehicles, performed nightly. In the event of a theft alert, the report is verified by Tennessee law enforcement and the reporting business is notified.

ADD provides both Georgia and Tennessee with a web-based service that allows combined reporting in support of both state and federally required junk and salvage vehicle information in a single process. In both states, the consolidated reporting is done at no cost to the businesses, and ADD provides all customer services for affected businesses.

Alabama Department of Revenue: During the reporting period, AAMVA continued to support Alabama DOR in its effort to satisfy a state law requiring scrap recyclers and dismantlers to provide their NMVTIS reporting entity identification number before being issued a state business license. The DOR continues to express strong interest in reporting on behalf of some businesses that have state and federal data reporting obligations. Discussions continued and lead to the development of a proposal to establish a task force to look into the issue.

New York Department of Motor Vehicles: During the reporting period, AAMVA continued to provide weekly extract files from the NMVTIS central site to help supplement New York's destroyed vehicle program. Vehicles reported with a disposition of crushed or scrap by reporting entities with business addresses in New York were included in the weekly extract.

Iowa and New Hampshire: During the reporting period, Iowa and New Hampshire also continued their use of the weekly extract files of vehicles reported to NMVTIS with a disposition of crushed or scrap by reporting entities with business addresses in the respective states.

STATE LEGISLATIVE EFFORTS

During the reporting period, there was significant legislative activity at the state level in support of NMVTIS, addressing a wide range of issues. Three pieces of legislation from FY2015 went into effect during the reporting period: Alabama House Bill (H.B.) 458, Iowa House Bill 563, and New Hampshire House Bill 310. Three new pieces of legislation were introduced and adopted in three states, and another 12 pieces of legislation were introduced in nine states.

ADOPTED LEGISLATION:



Delaware

DE H.B. 441: Introduced June 22, 2016; adopted July 21, 2016; effective July 21, 2016

Requires:

- Scrap metal processors to upload the VIN into NMVTIS by the end of the next business day and to have the vehicle cleared by a state police auto theft technician before scrapping, dismantling, or altering the vehicle.



Indiana

IN H.B. 1365: Introduced January 12, 2016; adopted March 23, 2016; effective July 1, 2016

Requires:

- A licensed automotive salvage recycler that buys vehicles must report the purchase of a vehicle to NMVTIS not later than 30 days after the vehicle is purchased and provide to the seller a valid NMVTIS report identification number.

“NMVTIS helps Texas DMV further its mission of protecting citizens. In 2016, we conducted approximately 33,000 more inquiries monthly, ensured the recording of over 15,700 value-limiting brands, and identified hundreds of junk vehicles and incidents of fraud. This helped protect innocent Texans from becoming victims.”

WHITNEY BREWSTER
Executive Director, Texas
Department of Motor Vehicles



New Hampshire

NH H.B. 1616: Introduced

January 6, 2016; adopted May 10, 2016;

effective May 10, 2016

Requires:

- Allows participation in NMVTIS, to achieve the state's compliance with the provisions of the federal Anti Car Theft Act of 1992, as amended, and its implementing regulations.

PROPOSED LEGISLATION:



Arizona

AZ H.B. 2543: Introduced February 1, 2016

Requires:

- The Department of Transportation, the Department of Public Safety, and local authorities may enforce federal regulations regarding NMVTIS.



Colorado

CO H.B. 1342: Introduced March 3, 2016

Requires:

- That the state establish a reporting database program that is similar to and reports to NMVTIS. The program will report state sales of motor vehicles with titles branded as salvage, junk, flood-damaged, non-repairable, or similar brands to the national database. The Department of Revenue will administer the program through a third party data consolidator.
- Each seller and purchaser of a motor vehicle with one of the mentioned branded titles must report the sale to the database. In addition, licensed dealers must keep records of sales, vehicle information, and certain seller and purchaser information. These records must be kept for three years. A licensed dealer must report sales once each month.



Florida

FL S.B. 566: Introduced January 12, 2016

Requires:

- Within 12 months after July 1, 2016, the Department of Highway Safety and Motor Vehicles shall contract with an entity approved by NMVTIS as a third party data consolidator to develop a statewide database system for the submission of the information collected.
- The system shall be used to maintain an accurate record of all sales conducted by a salvage motor vehicle dealer.
- A salvage motor vehicle dealer shall comply with the reporting requirements of NMVTIS.

FL H.B. 1029: Introduced January 12, 2016***Requires:***

- By October 1, 2016, the Department of Highway Safety and Motor Vehicles shall contract with an entity approved as a third party data consolidator to NMVTIS for the development of a statewide database for the submission of the information collected pursuant to this section.
- The statewide database shall be used to maintain an accurate record of transactions conducted, and the consolidator shall report such information to NMVTIS.

**Kentucky****KY S.B. 163: Introduced February 9, 2016*****Requires:***

- A secondary metals recycler or an automotive recycling dealer may purchase a motor vehicle without a certificate of title if the motor vehicle is 10 years old or older. For such purchases, a secondary metals recycler, an automotive recycling dealer, or an agent of the secondary metals recycler or automotive recycling dealer shall maintain a statement signed by the seller of the motor vehicle or the seller's agent that contains the NMVTIS identification number of the business acquiring the vehicle.
- An automotive recycling dealer or a secondary metals recycler shall report vehicles purchased under this section to NMVTIS at the time of the transaction or no later than 24 hours after the close of business on the day of the transaction.

**Louisiana****LA H.B. 467: Introduced March 14, 2016*****Requires:***

- The Louisiana Used Motor Vehicle Commission to contract with an entity approved as a third party data consolidator to NMVTIS for the development of a statewide database for the submission of information collected. The database shall be capable of tracking, and track, all transactions of vehicles with titles that are branded as wrecked, abandoned, or repairable motor vehicles or similarly branded vehicles.

**Missouri****MO H.B. 2758: Introduced March 15, 2016*****Requires:***

- The Department of Revenue to contract with an entity approved by the department as a third party data consolidator to NMVTIS to receive information reported by the department. The system shall maintain an accurate record of all reported transactions.



Mississippi

MS H.B. 451: Introduced February 8, 2016

Requires:

- Elimination of certain NMVTIS requirements such as ID numbering and reporting status.

MS H.B. 690: Introduced February 8, 2016

Requires:

- Elimination of certain NMVTIS requirements such as ID numbering and reporting status.



Utah

UT S.B. 174: Introduced February 18, 2016

Requires:

- Elimination of the requirements that the operator of a motor vehicle auction shall comply with the reporting requirements of NMVTIS overseen by the U.S. Department of Justice if the person sells a vehicle with a salvage certificate to an in-state purchaser.
- The Utah Motor Vehicle Enforcement Division to transmit the record of a salvage vehicle sale maintained in the state salvage vehicle sales database to NMVTIS.
- The Utah Motor Vehicle Enforcement Division may contract with an entity approved by NMVTIS as a third party data consolidator to assist in the development of the state salvage vehicle sales database; and transmit the sale of a salvage vehicle report to NMVTIS.



West Virginia

WV S.B. 665: Introduced February 22, 2016

Requires:

- Within two months after the effective date of this section, the department shall contract with an entity approved as a third party data consolidator to NMVTIS for the development of a statewide database for the submission of the information collected pursuant to this section. The system shall be used to maintain an accurate record of all such transactions conducted and the consolidator shall report such information to NMVTIS on behalf of the reporting entity.

WV H.B. 4717: Introduced February 23, 2016

Requires:

- Within two months after the effective date of this section, the department shall contract with an entity approved as a third party data consolidator to NMVTIS for the development of a statewide database for the submission of the information collected pursuant to this section. The system shall be used to maintain an accurate

record of all such transactions conducted and the consolidator shall report such information to NMVTIS on behalf of the reporting entity.

Given the growing interest by states in playing a role in the reporting of junk and salvage vehicle information to NMVTIS on behalf of their businesses, a proposal was made during the reporting period to establish a task force to investigate the issue and recommend the best approach to support states. The matter has been scheduled for discussion in AAMVA's Vehicle Standing Committee during the first quarter of the FY2017 reporting period.

BENEFITS

Helps Prevent Fraud and Theft, and Helps Protect Consumers from Unsafe Vehicles

By capturing VINs of vehicles that are deemed junk, salvage, or insurance total loss, NMVTIS serves to help prevent fraud and theft and also helps protect families from unsafe vehicles. States and law enforcement rely on NMVTIS data to obtain the full vehicle lifecycle histories.

COMPLIANCE EFFORTS

BJA Continued Reporting Enforcement Efforts and Provided Support to Law Enforcement

BJA performed compliance reviews and site visits in response to non-reporting referrals from both members of the public and law enforcement personnel. During this period, BJA sent non-reporting warning letters to businesses in numerous states and conducted site visits, coordinating with state and local law enforcement to identify and investigate NMVTIS reporting violations. Some of the agencies BJA supported during this reporting period included the Carroll County Solicitor's Office (Georgia), the Office of the Ramsey County Attorney (Minnesota), the U.S. Attorney's Office for the Southern District of Ohio, and the Virginia Department of Motor Vehicles. BJA also collected more than \$2 million in civil penalties and transferred those funds to the U.S. Treasury Department. Further details are located [here](#).

“NMVTIS gives Ohio a tool to keep safety on the roads and junk vehicles off the roads.”

NANCY BLAIR
Customer Service Manager,
Ohio Department of
Public Safety

Consumer Access Program

Strong Growth in Transactions; Program Review Completed and Recommendations Implemented The Anti Car Theft Act allows prospective purchasers (commercial and individual consumers) to inquire to NMVTIS to investigate used cars they are considering for purchase.

During the FY2016 reporting period, the NMVTIS Consumer Access Program experienced its greatest volume to date with 8,715,504 transactions (see Figure 24). This is a 20% increase from 7,349,171 transactions during the last reporting period. The year-to-year comparison (see Figure 25) clearly illustrates the growth from more than 61,000 transactions in FY2010 to more than 155,000 in FY2011 to nearly 8.7 million in FY2016. This increase can be attributed to several factors, including general customer expansion, as well as use of NMVTIS data in the commercial sector. Another factor that may have contributed to increased transaction volume was a rate structure change that offered higher volume tiers at lower rates. Two providers were able to take advantage of the new rate structure to leverage commercial opportunities with new customers. The change in the rate structure was implemented based on a recommendation developed in the program review. The result has been nearly 20% growth in the number of transactions and nearly 30% growth in transaction revenue.

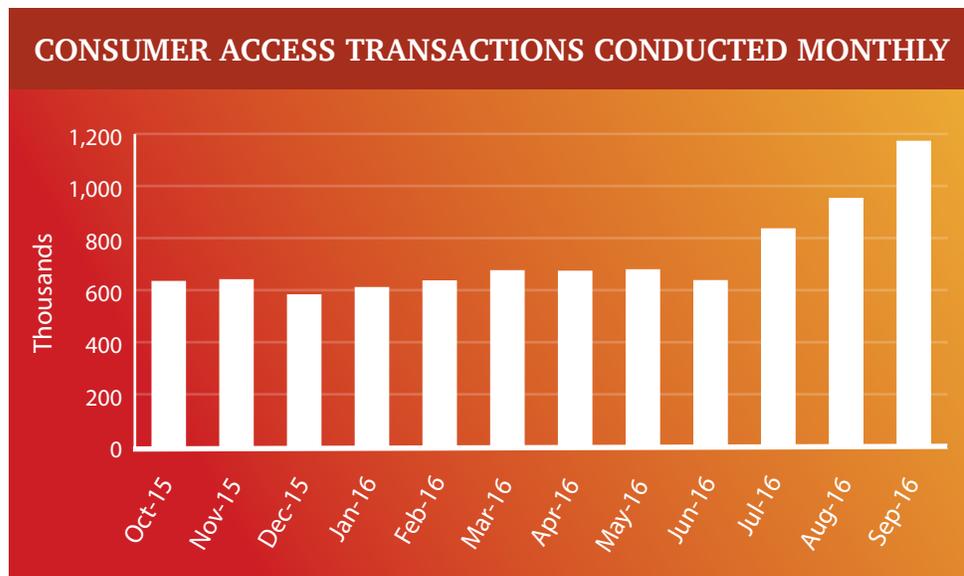


Figure 24

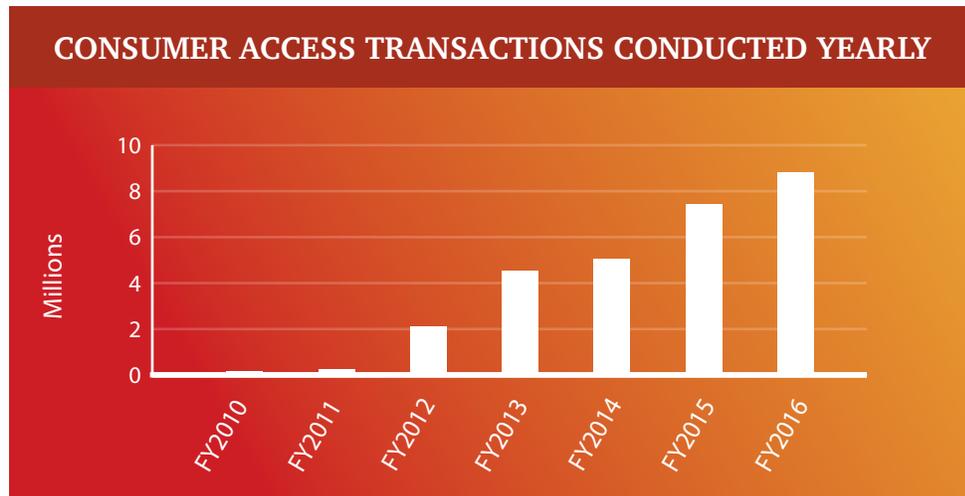


Figure 25

Approved NMVTIS Data Providers As a result of changes stemming from the program review, two Approved NMVTIS Data Providers exited the program and became resellers under other providers, while four new companies began system development, testing and certification to become approved providers, during the reporting period. One of these four companies completed the work and became an Approved NMVTIS Data Provider in September 2016. Overall there were 12 providers active during some portion of the reporting period; 10 continued to be active at the end of the fiscal year.

Providers continued to offer NMVTIS Vehicle History Reports to the public, including individual and commercial users. Six of the 10 Approved NMVTIS Data Providers (including one new provider) supported individual consumers as well as commercial consumers, such as motor vehicle dealers. The remaining four (including one new provider), provide NMVTIS information to their dealer customers in the state of California in support of [AB 1215](#), as well as other nationwide dealer customers.

Approved NMVTIS Data Providers continued to explore opportunities to expand NMVTIS data use in other markets and promote new uses for NMVTIS information. As a result of some of these efforts, two providers added new customers that expanded their use of and demand for NMVTIS data. This expansion is expected to continue into the next reporting period.

PROGRAM REVIEW

Review to Maximize Program Efficiencies and Enhance Program

Revenues Completed The Consumer Access Program was established in 2009, shortly following publication of the Final Rule. The program was designed to make NMVTIS information available to consumers in an efficient and affordable manner. A comprehensive review of the program by the system operator in collaboration with BJA continued during the reporting period. The review's goals were to: ensure that the NMVTIS Consumer Access Program remains positioned as a key source of revenue

to support ongoing NMVTIS operations; and ensure that proper controls are in place for selecting and monitoring Approved NMVTIS Data Providers. At the end of the first quarter of the reporting period, final recommendations were approved by DOJ and AAMVA's Board of Directors, with changes implemented in the second quarter. The following high-level changes were implemented as a result of the program review:

Provider Selection

- Added a non-refundable application fee of \$1,000
- More stringent vetting of applicant financial information

Pricing

- 20% rate increase and a monthly revenue minimum of \$7,500
- Adjustments were made to increase the number of tiers as well as reduce the volume ranges within the tiers

Contract

- Flow-down of certain provisions from the AAMVA/DOJ Cooperative Agreement
- Submission of business statistics to support AAMVA annual reporting requirements
- Expanded termination clauses to include questionable business practices (e.g., hidden subscription services)
- Added more definition, structure and controls around resellers:
 - » Providers required to audit resellers
 - » Resale restricted to companies that sell to businesses for internal use only; no resales to individual consumers
 - » Resellers must comply with provisions of AAMVA/Provider agreement, including flow-down terms from the Cooperative Agreement

OTHER

Infrastructure Upgrade to Improve Performance and Provide More

Flexibility During the reporting period, work was completed and implemented to reengineer AAMVA's Network Control Software (NCS), which runs the central hub of the AAMVAnet network and manages real-time message transmission and reception over this network. The data exchanges that allow Approved NMVTIS Data Providers to access NMVTIS data are supported under the NCS infrastructure. This effort resulted in improved system performance and greater flexibility in the data exchanges.

Agreement Finalized with the Costa Rican Government to Gain Access to NMVTIS

During the reporting period, AAMVA continued efforts to finalize the best technical approach and the legal arrangement required to establish a relationship enabling the Costa Rican government to access NMVTIS data. NMVTIS data would support a new Costa Rican regulatory requirement involving used vehicles imported from the U.S. A final agreement was executed between AAMVA and the Consejo de Seguridad Vial (COSEVI), and application development, testing and certification were

completed. Due to internal governmental changes within COSEVI, the NMVTIS project was under review at the end of the reporting period, and Costa Rica had not yet gone into live production with their new NMVTIS application.

California Department of Motor Vehicles: During the FY2014 reporting period, the California Department of Motor Vehicles updated its website with a link to “Look Before You Buy.” This link includes information about NMVTIS and the importance of checking a VIN through the federal system before buying a vehicle. The “Look Before You Buy” web page had 94,019 views during the current reporting period versus 26,514 views during the previous reporting period. The agency also provides a separate link for consumers to request a [NMVTIS Vehicle History Report](#).

Texas Department of Motor Vehicles: In FY2014 the Texas Department of Motor Vehicles restructured their website to promote greater citizen awareness of the importance of conducting a [“Title Check”](#) as part of the used-vehicle purchase process. This revamped site included use of social media to communicate the pitfalls of not doing a title check. During this reporting period, the “Title Check” video had 10,208 views and the “Title Check” web page had 520,253 views compared to 471,740 during the last reporting period. Of these web page views, 327,374 represent new visitors and 192,516 represent returning visitors.

“ We had an incident in Sioux City, Iowa, involving a stolen vehicle, identity theft, forgery, and fraud. The subject confessed to the crimes, including using the identity of a deceased person to commit some of these acts. This investigation originated from a NMVTIS stolen vehicle hit initiated from the Woodbury County Treasurer’s Office. The power of NMVTIS!”

PAUL STEIER
Director, Bureau of Investigation
& Identity Protection,
Iowa Department of Transportation

BENEFITS

System Increases Consumer Protection and Reduces Vehicle Fraud

Consumers can search NMVTIS to discover:

- Information from a vehicle’s current title, including the vehicle’s brand history.
- The latest reported odometer readings.
- Any determination that the vehicle is salvage by an insurance company or a self-insuring organization (including those vehicles determined to be a total loss).

- Any reports of the vehicle being transferred or sold to an auto recycler, junk yard, or salvage yard.

Once a vehicle is branded by a state motor vehicle titling agency, that brand becomes a permanent part of the vehicle's NMVTIS record. Vehicles that incur significant damage are often branded junk or salvage. Without a fully operational NMVTIS, motor vehicles with brands on their titles can, without much difficulty, have their brands "washed." Fraud occurs when these vehicles are presented for sale to unsuspecting consumers without disclosure of their true condition, including brand history. These consumers may pay more than fair market value and may purchase an unsafe vehicle. NMVTIS is effective in greatly reducing (if not eliminating) vehicle fraud, preventing a significant number of crimes and protecting the lives of consumers who might otherwise and unknowingly acquire vehicles that are not safe to operate.

“ We are excited to offer NMVTIS reports through the Carsforsale.com website, which serves over 8,000,000 consumers a month and has a database of more than 2,000,000 vehicle listings. The addition of NMVTIS reports will help consumers navigate through the buying process with confidence.”

SEAN COFFMAN
CEO, Carsforsale.com

Law Enforcement Access Program

Use of Law Enforcement Access Tool (LEAT) Increased; Total Number of LE Users Grew Another 21% Over the Last Reporting Period

The NMVTIS LEAT is a distributed federated search tool with the ability to query any VIN-searchable data source in any location as long as access is granted. Two of LEAT's major data sources are the NMVTIS central file and the JSI file, but new data sources, like lien data from the National Vehicle Service (NVS) have been added. Users continually identify ways to improve the search tool and to expand functionality to further assist law enforcement investigations.

During this reporting period, AAMVA and BJA continued discussions regarding adding new data sources for LEAT users, including the National Crime Information Center (NCIC) Theft File and Customs and Border Protection vehicle export data. Use of the system continues to grow: The number of users rose 21% from 3,522 in FY2015 to 4,254 users at the end of the current reporting period (see **Figure 26**). LEAT users, who include law enforcement officers from the U.S., military investigators, and law enforcement personnel in Canada, access LEAT through two secure, law enforcement portals: the Regional Information Sharing Systems (RISS) and the FBI's Law Enforcement Enterprise Portal (LEEP). On average, approximately 650 new users have been added annually since FY2013. There has also been dramatic growth in inquiries over the past four reporting periods — from 643 in FY2009; 2,475 in FY2010; 4,285 in FY2011; 15,650 in FY2012; 31,437 in FY2013; 60,000 in FY2014; 67,000 in FY2015 to 88,656 in FY2016 (see **Figure 27**). An additional 535,000 VIN inquiries were conducted in FY2014 and FY2015 due to a federal investigation. The 182% percent growth in inquiries between FY2013 and FY2016 is more characteristic of the steady growth in utilization of LEAT.

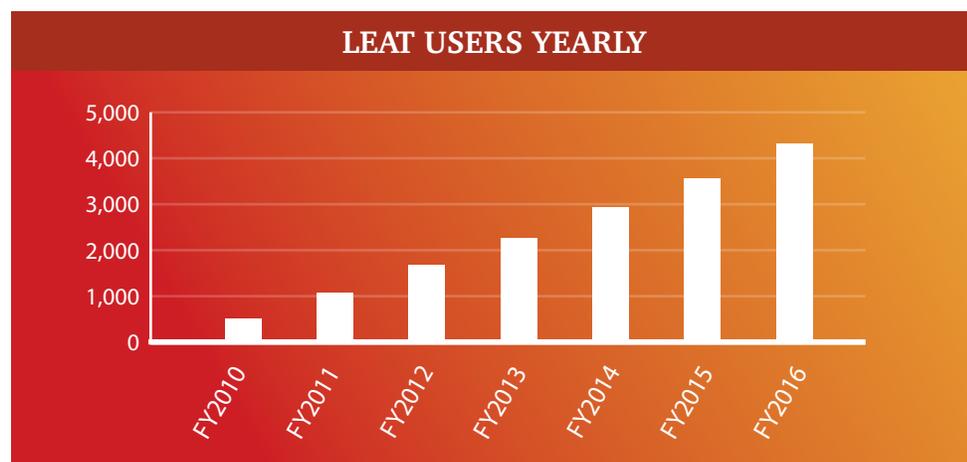


Figure 26

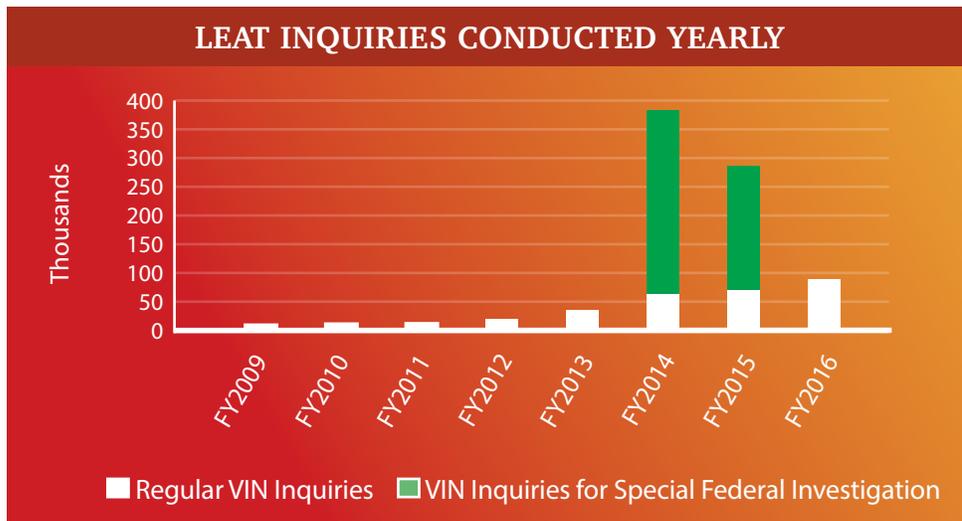


Figure 27

In addition to the data sources available to a user for a single VIN search, LEAT allows users to search as many as five VINs on the initial inquiry page and to “perform bulk” search from six to 10,000 VINs. In the results from a LEAT bulk search, the user receives a PDF file for each VIN and three Excel spreadsheets that summarize the results and can be used to assist with analyzing the data.

In FY2016, AAMVA’s NMVTIS Law Enforcement Working Group, comprised of law enforcement personnel, industry experts, and federal partners, reviewed NMVTIS law enforcement needs, including those of non-sworn investigative staff who currently do not have access to LEAT. The Working Group researched enhancements to the program, such as allowing VINs to be flagged and title control numbers to be queried, and proposed improvements to the NMVTIS Law Enforcement Guide. The group also began development of a presentation that members can deliver to law enforcement audiences, and disseminated information to law enforcement publications, further promoting awareness and use of NMVTIS resources. The Working Group continued to bring forward ideas and plans for program enhancements that will provide law enforcement personnel with timely, accurate information supporting the effective investigation of vehicle-related crime.

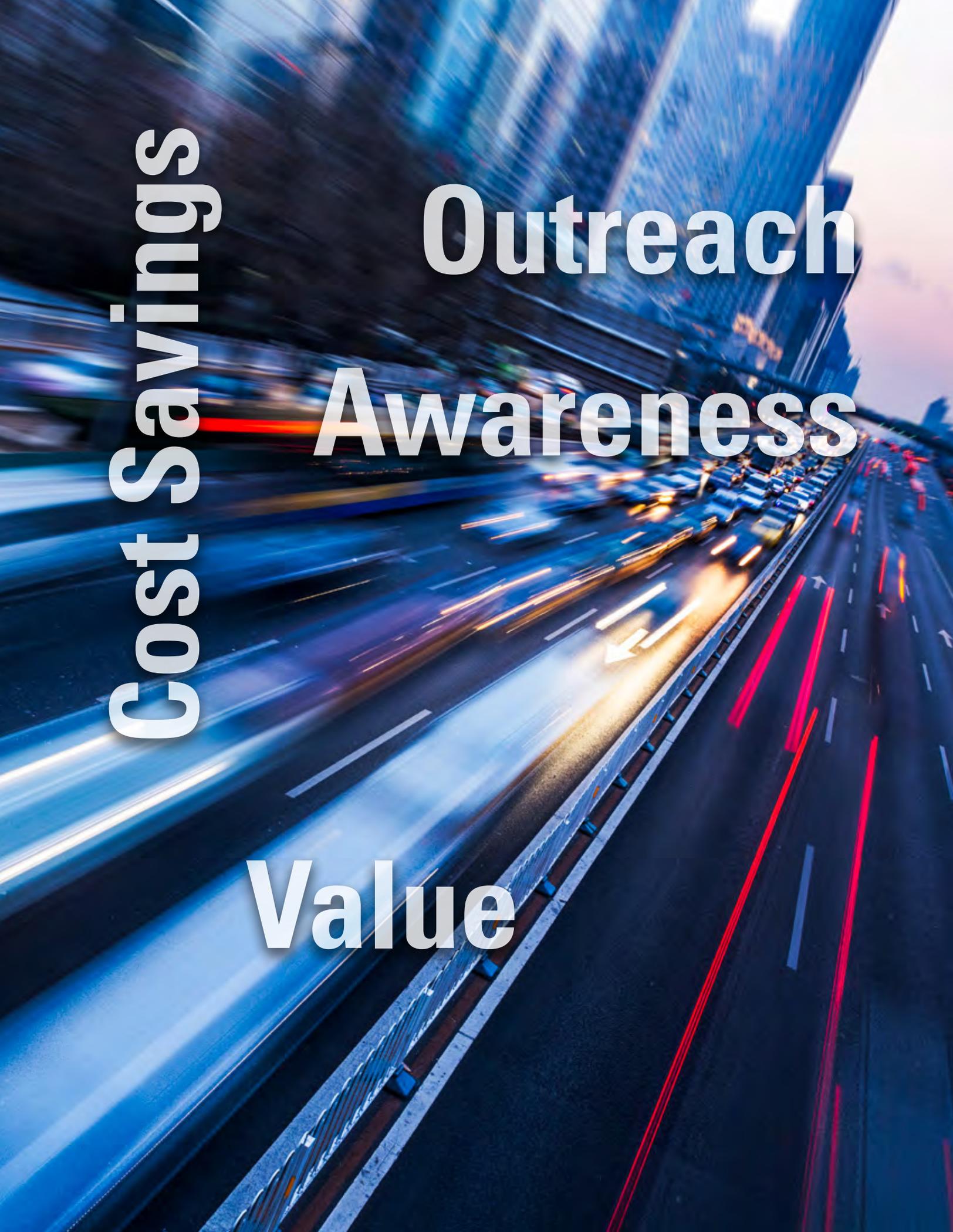
“ I used NMVTIS for just five months in FY2016. In that time I discovered more than a hundred titles to be fraudulent or altered. On average I see about \$350,000 in lien fraud cases monthly. Recovery values vary widely from month to month. I believe obtaining lien information is crucial.”

RAY MCTAMANY
Title Fraud Investigator,
Maryland Motor Vehicle
Administration

BENEFITS

NMVTIS Provides Data Helpful to Investigations The NMVTIS LEAT provides law enforcement with secure access to information that assists in the investigation of crimes associated with motor vehicles. These crimes include auto theft and VIN cloning, and may include violent crimes such as smuggling operations (narcotics, weapons, human trafficking, and currency), and fraud. This access can assist investigating officers in identifying vehicle theft rings, other criminal enterprises involving vehicles, and vehicles used in other related crimes.

This search tool also allows users to view junk and salvage data being entered by businesses in their state or local jurisdiction. This is an extremely valuable capability for agencies investigating criminal activity related to these businesses.



Cost Savings

**Outreach
Awareness**

Value

Outreach and Awareness of NMVTIS

NMVTIS Awareness Efforts Continued Outreach and awareness efforts during the reporting period were focused broadly on the law enforcement community. In addition, AAMVA staff provided regular NMVTIS updates to the AAMVA Board of Directors and the NMVTIS Advisory Board to ensure that all stakeholders were fully aware of the system's strategic direction, operational performance, and financial status. Staff also provided NMVTIS updates at two NMVTIS Business Rules Working Group meetings and one NMVTIS Law Enforcement Working Group meeting. AAMVA and BJA staff also provided updates at AAMVA regional conferences and at AAMVA's Annual International Conference.

BJA staff awareness efforts included participation in the following:

- NMVTIS Law Enforcement Working Group annual meeting in April
- International Association of Chiefs of Police (IACP) Vehicle Theft Committee meeting in April
- Webinar on new LEAT features for the NMVTIS Law Enforcement Working Group in May
- AAMVA's Annual International Conference in August

AAMVA also hosted 37 webinars to familiarize state agencies with new system tools and features; 249 attendees participated. More information can be found under the [State Program](#) section of this report.

As part of its final recommendations, the NMVTIS Advisory Board proposed and obtained approval for new efforts to raise public and law enforcement awareness of NMVTIS as a tool. Funding was made available for a series of print and/or website advertisements to run in three law enforcement publications: *American Police Beat*, *The Police Chief*, and *Law Enforcement* magazines. During the reporting period, efforts to procure these services were completed and arrangements made to begin publishing the ads. A half-page print advertisement promoting the availability of the NMVTIS Law Enforcement Access Tool was published in the July, August, and September 2016 issues of *American Police Beat* as well as in the June 2016 issue of *Law Enforcement*. In addition, a banner ad was placed on the websites of *Law Enforcement* and *The Police Chief* during the reporting period. The print and online banner ads can be found in [Exhibits](#).

The NAB's recommendation to engage the Public Broadcasting Service to develop a "Spotlight On" segment to promote general public awareness of NMVTIS was also approved and funded. During this reporting period, procurement for the development was completed, along with initial discussions regarding the approach and scope of the segment.

AAMVA...hosted 37 webinars to familiarize state agencies with new system tools and features; 249 attendees participated.

A detailed listing of Auto Data Direct, Inc., outreach events during this reporting period appears in [Exhibits](#).

FRAUD DETECTION AND REMEDIATION

AAMVA's Fraud Detection and Remediation (FDR) training program provides in-depth examples and explanations of security features now in use, and how to identify them. These training courses are used by jurisdictions in their fight against fraud, and are invaluable to any organization that makes use of driver's licenses, ID credentials or secure documents of any kind. The training program includes the training module, "NMVTIS Investigation Tools," which contains information on how the NMVTIS LEAT functions, what information it contains, and how to gain access. This was developed during the previous reporting period. All jurisdictions used the FDR program during this report period.

STATE AWARENESS EFFORTS

During the last reporting period, 10 state motor vehicle agencies posted the www.vehiclehistory.gov link on their public websites; in FY2016 Wisconsin added the link, bringing the number of state websites to 11:

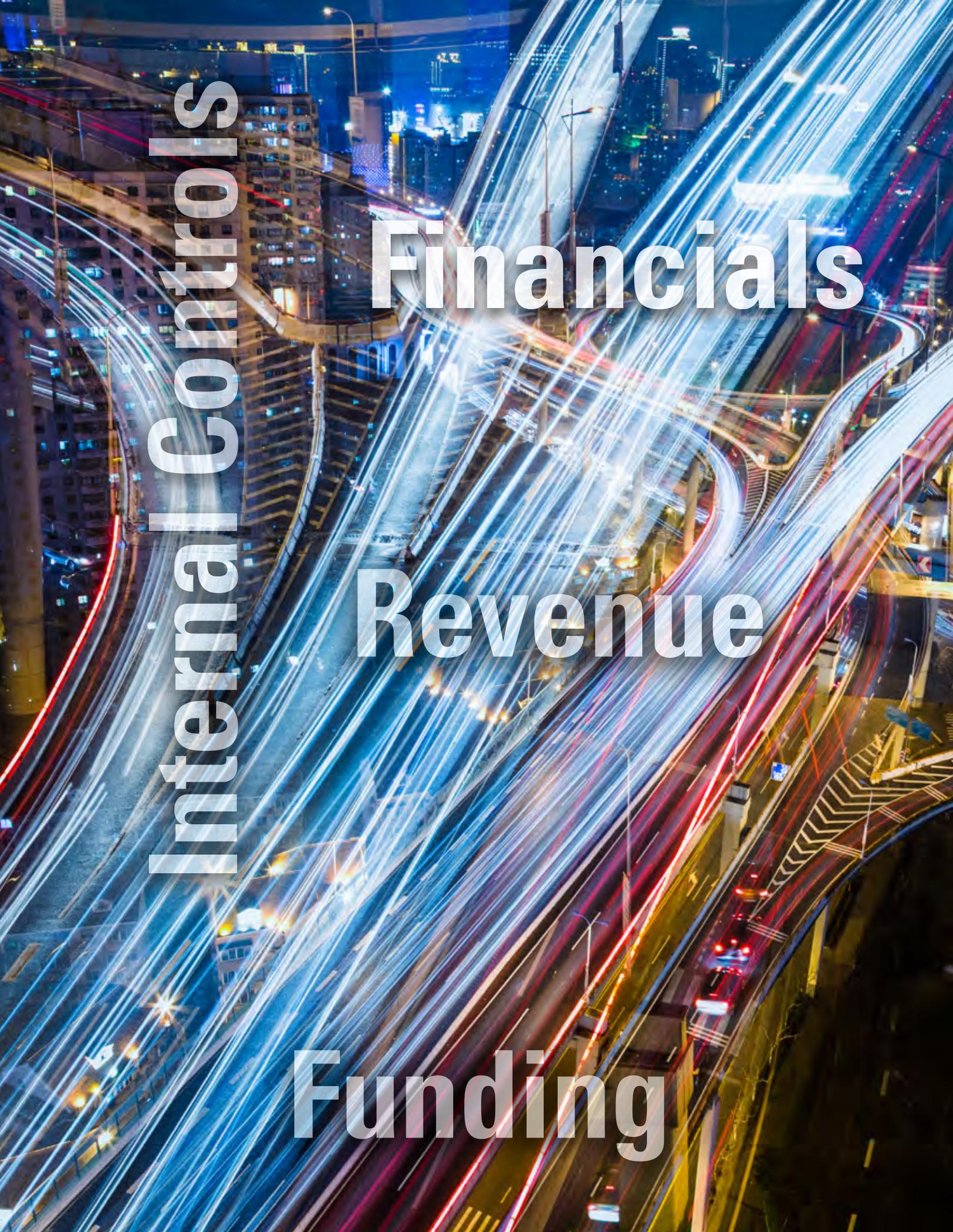
- California: https://www.dmv.ca.gov/portal/dmv/detail/vr/nmvtis_check
- Iowa: <http://www.iowadot.gov/mvd/buyingselling/disposal.html>
- Maine: www.maine.gov/sos/bmv/titles/index.html
- Missouri: <http://dor.mo.gov/motorv/nmvtis/>
- Nebraska: <http://www.dmv.nebraska.gov>
- New Hampshire: <http://www.nh.gov/safety/divisions/dmv/title/anti-theft.htm#nmvtis>
- Pennsylvania: <http://www.dmv.pa.gov/Vehicle-Services/Title-Registration>
- Texas: <http://www.txdmv.gov/titlecheck>
- Virginia: <https://www.dmv.virginia.gov/vehicles/#nmvtis.asp>
- Wisconsin: <http://wisconsindot.gov/Pages/dmv/vehicles/vhcl-rcd-hst/vehicle-history.aspx>
- Wyoming: http://www.dot.state.wy.us/home/titles_plates_registration/salvage_vehicles.html

FDR training courses are used by jurisdictions in their fight against fraud, and are invaluable for any organization that makes use of...secure documents of any kind.

STAKEHOLDER COLLABORATION

The U.S. General Services Administration and AAMVA have an arrangement that enables GSA's Property Sales Office to apply two types of vehicle brands to federal crash, test/scrap, and salvaged vehicles that are sold to the public.

During the reporting period, AAMVA worked with GSA to revise their contractual arrangement from a memorandum of understanding to a no-cost contract. AAMVA continued its support and manually applied the applicable junk or salvage brand to the vehicles on behalf of GSA. To date, 496 vehicles branded by GSA are in NMVTIS (see [Figure 11, Brand Records by Brander](#)).



Internal Controls

Financials

Revenue

Funding

Financial Reports¹⁶

Expenditures Totaled \$7,115,202; State Fees Contributed \$3,369,350; AAMVA Contributed \$2,288,081 in Member Funds During this reporting period, program revenue was comprised largely of consumer access and state user fees.

Under federal law, NMVTIS is intended to be self-sustainable. The program earned \$4,827,121 in revenue during this period, which was used to cover \$7,115,202 in expenses. AAMVA member funds totaling \$2,288,081 were applied to the shortfall between revenue and expenses.

NMVTIS REVENUE

NMVTIS funding in FY2016 was derived primarily from state user fees of \$3,369,350, and Consumer Access Program fees of \$2,658,862. During FY2016, 44 states were eligible to receive credit for a share of the income from Consumer Access Program fees, earning a total of \$1,210,283. Through FY2013 these credits had been treated as an Other Direct Cost. In FY2014 the system operator's external auditors recommended moving state revenue credits from an expense to a contra revenue account (see Figure 28).

PROGRAM REVENUE		
Category	Total	%
State User Fees	\$3,369,350	69.8%
Consumer Access ¹⁷	\$2,658,862	55.1%
Other Revenue ¹⁸	\$9,192	0.2%
State Revenue Credits ¹⁹	(\$1,210,283)	-25.1%
TOTAL	\$4,827,121	100.0%

Figure 28

¹⁶ All financial information presented is derived from the independent financial audit conducted for the fiscal year ended September 30, 2016.

¹⁷ Includes access fees, Unified Network Interface, and leased line fees.

¹⁸ Investment portfolio income and program income (applied).

¹⁹ Consumer access fee revenue credits (jurisdictional contra revenue).

NMVTIS EXPENSES

NMVTIS initiatives and their associated costs have been segmented into pillars of similar activities (see **Figures 29 and 30**):

Operations supports the day-to-day functioning of the NMVTIS platform and represents \$6,938,317 or 97.5% of program costs.

Implementation includes activities associated with supporting states and Approved NMVTIS Data Providers in their efforts to implement the NMVTIS platform and represents \$176,885 or 2.5% of program costs.

PROGRAM EXPENSES				
Program Expenses	Operations	Implementation	Total	%
Direct Labor/Fringe	\$2,999,755	\$110,920	\$3,110,675	43.7%
Data Center/Network	\$736,964	\$0	\$736,964	10.4%
Other Direct Costs	\$1,242,757	\$4,543	\$1,247,301	17.5%
Indirect Costs	\$1,958,840	\$61,422	\$2,020,262	28.4%
TOTAL	\$6,938,317	\$176,885	\$7,115,202	100.0%
	97.5%	2.5%	100.0%	

Figure 29

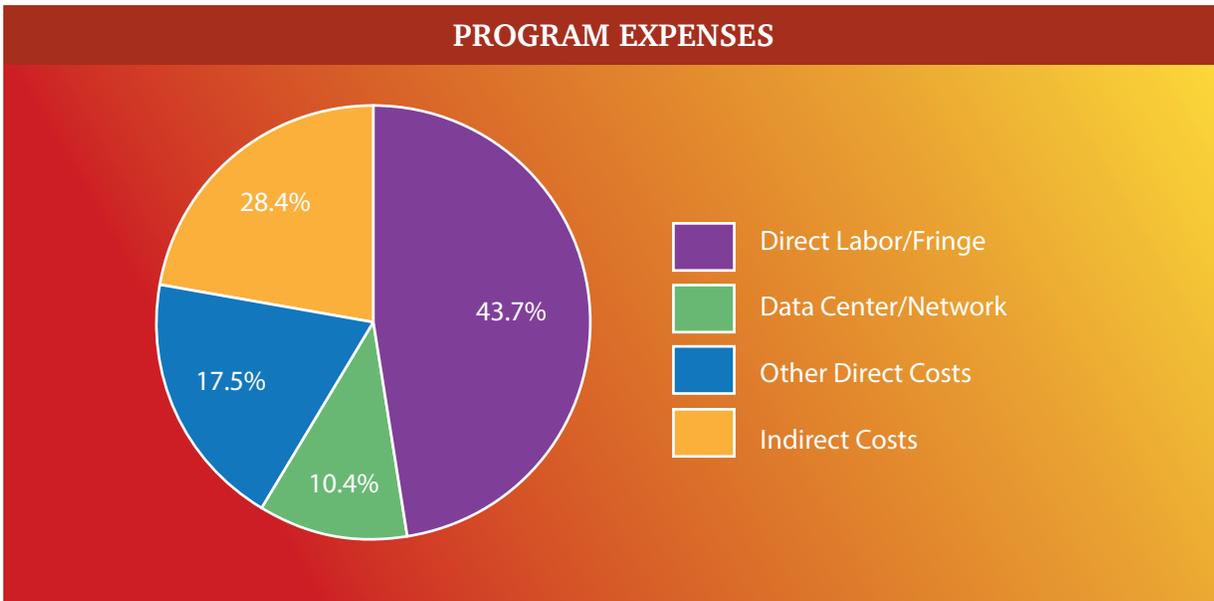


Figure 30

During FY2016, 44 states were eligible to receive credit for a share of the income from Consumer Access Program fees, earning a total of \$1,210,283.



Milestones

**Looking
Ahead**

Compliance

Sustainability

Looking Ahead

States Will Increase Contribution to 63% of System Operating Costs in FY2017; New Approved NMVTIS Data Providers Join the Consumer Access Program; Steady Growth in Consumer Access Transactions is Anticipated; State's Role in Junk and Salvage Vehicle Reporting to be Reviewed The key issues for FY2017, similar to prior report periods, continue to be financial sustainability and compliance.

Financial Sustainability With the path to financial sustainability by FY2019 outlined in the Cooperative Agreement, AAMVA remains committed to meeting the agreed-upon targets to ensure that, “projected excess of NMVTIS Expenses over NMVTIS Revenues is reduced by a specified minimum percentage, as compared to the previous fiscal year.” AAMVA expects to exceed the established target for FY2017.

Key factors contributing to financial sustainability include: 1) the continued commitment of AAMVA's membership to support an increasing percentage of system operating costs; 2) growth of the Consumer Access Program; and 3) enhanced compliance. State user fees for FY2018 are set at 70% of system operating costs, compared to 63% in FY2017. State user fees are projected to increase, as a percentage of system operating costs, through FY2019.

Growth in used vehicle sales is expected to continue into FY2017, although not at the same pace as was seen in FY2015 and FY2016. This trend, coupled with the trend toward more new vehicles being leased, is expected to impact the number of leased vehicles that will be maturing in FY2017²⁰. This should contribute to an increase in the inventory of used vehicles, driving demand for NMVTIS Vehicle History Reports. In addition, the rates charged to Approved NMVTIS Data Providers were increased, and the monthly revenue minimum was introduced during the second quarter of this reporting period; and one new Approved NMVTIS Data Provider joined the Consumer Access Program (three others were pending at the end of the reporting period). These developments have already generated increased transaction volume and associated revenues. AAMVA will continue to work with data providers as they evaluate new uses for NMVTIS data. These initiatives will place the program on a solid foundation for continued transaction and revenue growth.

Compliance Data reporting (by states and other reporting entities) and use of NMVTIS data (by states, law enforcement, and consumers) are key for the continued success of the system. During the reporting period, there was no growth in any new states providing data. With just 4% of state data not yet represented in NMVTIS, it is critical that efforts are made in the coming year to support those states which are not yet either partially or fully compliant. States

²⁰ Source: Automotive News Newsletter, March 28, 2016.

that already participate either fully or by providing data only will continue to be offered tools to help them optimize their participation in NMVTIS, and help them realize all the potential benefits of participating in NMVTIS.

During this reporting period the number of JSI records being reported annually remained steady in the 15 million range. Whether this means that NMVTIS has attained maximum practical compliance remains to be determined. State legislation addressing junk and salvage reporting introduced or adopted during this reporting period should result in growth in entity reporting in the next reporting period. Given the recent success of BJA's efforts to address JSI non-reporting, we expect those efforts to continue in the coming period and lead to greater reporting compliance.

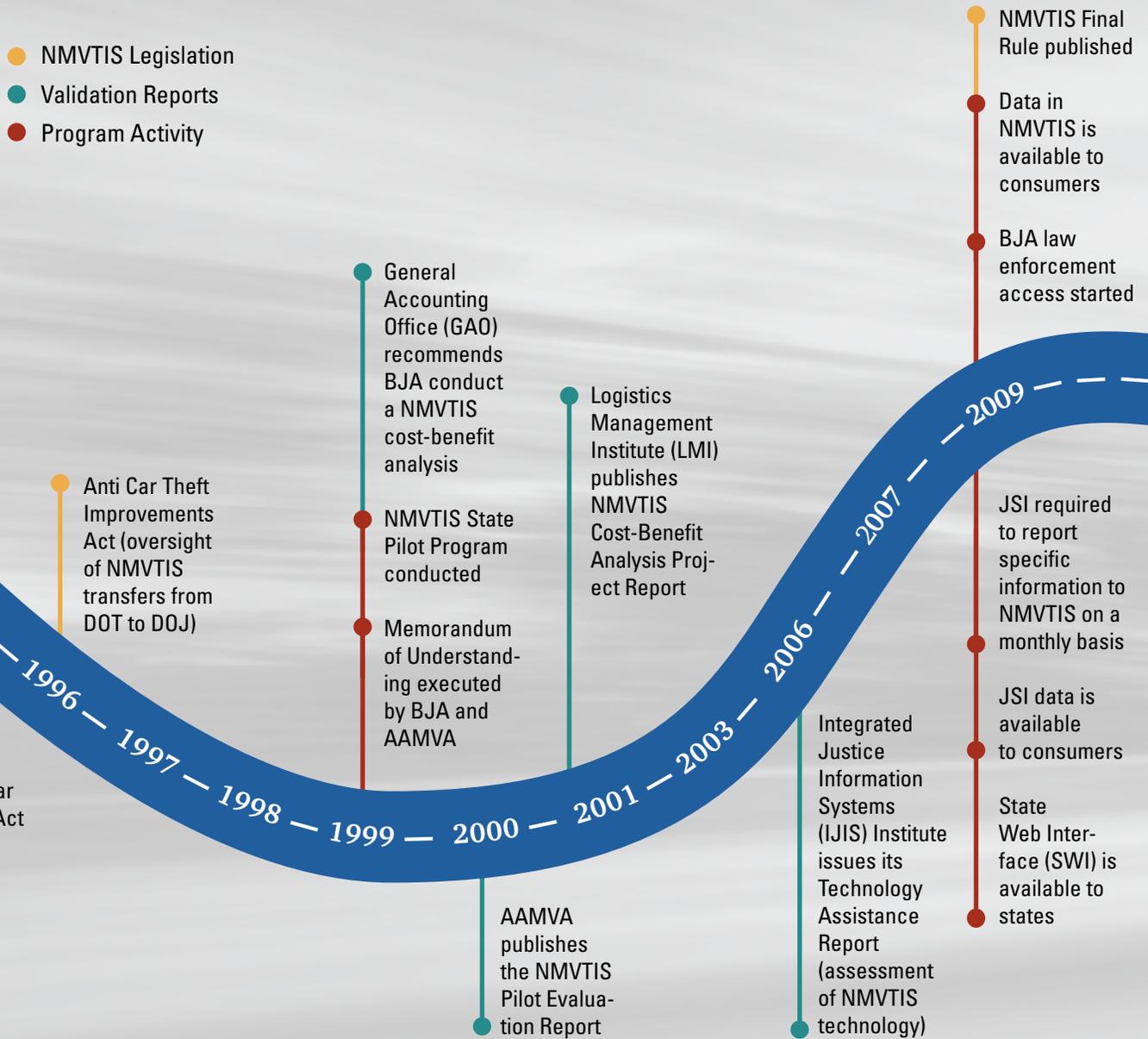
State's Role in Reporting of Junk and Salvage Vehicles AAMVA will work with states to determine the best approach to assist them in working with their businesses to report required JSI data to NMVTIS.

ISRI supports efforts in the states to eliminate duplicative reporting by streamlining the process to have reporting directly to the state DMV which then submits the data to NMVTIS on behalf of recyclers.

— *Institute of Scrap Recycling Industries*
website www.isri.org

The NMVTIS Report gives consumers and car dealers essential information to help them avoid buying vehicles with problematic histories. Under federal law, insurance companies, salvage companies and auctioneers, junk yards, and certain towing companies are required to report junked and salvaged vehicles to NMVTIS.

— *DMVdesk website*
www.dmvdesk.com



Funding

1996
DOT awards initial grants to states to develop NMVTIS

1997
BJA awards grants to states to develop NMVTIS

1998
BJA awards grants to states and AAMVA to develop NMVTIS

1999-2000
BJA awards grants to states and AAMVA

2003
BJA awards grants to states and AAMVA

2004
BJA awards grants to states and AAMVA

2007
BJA awards grants to states and AAMVA



2008
BJA awards grants to one state and AAMVA

2009
BJA awards grants to states and AAMVA

2010
BJA awards grants to states and AAMVA

2011
BJA awards grants to states and AAMVA

EXHIBIT 1: SPECIFIC SERVICES PROVIDED BY THE NMVTIS OPERATOR:

Specific to state agencies, the operator must:

- Make available at least two methods of verifying title information using NMVTIS.
- Enable states to share all information in NMVTIS obtained on a specific vehicle.
- Provide states with the greatest amount of flexibility in such things as data standards, mapping, and connection methods.

Specific to law enforcement, the operator must:

- Ensure that state and local law enforcement agencies have access to all title information in or available through NMVTIS through a VIN search, including limited personal information collected by NMVTIS.
- Allow law enforcement agencies to make inquiries based on organizations reporting JSI data to the system, supplying, purchasing or receiving such vehicles (if available), and export criteria.

Specific to consumer access, the operator must:

- Ensure that a means exists to allow insurers and purchasers to access information, including information regarding the current state of title (if the state participates in NMVTIS), brands, junk and salvage history, and odometer readings. Such access shall be provided to individual consumers in a single-VIN search and to commercial consumers in a single- or batch-VIN search.

Further, the operator must:

- Establish and at least annually collect user fees from the states and other users of NMVTIS to pay for its operation.
- Not release any personally identifiable information to any entity other than states and law enforcement.
- Maintain a privacy policy that describes the uses and disclosures of such personally identifiable information. AAMVA further agrees to utilize appropriate security measures, such as encryption, if it transmits personally identifiable information over the Internet, and to limit access to such information to those with legitimate need.
- Ensure that NMVTIS and associated access services meet or exceed technology industry security standards—most notably any relevant Global Justice Information Sharing Initiative standards and recommendations.
- Use the National Information Exchange Model or any successor information-sharing model for all new information exchanges established, where applicable; DOJ may require the operator to use web services for all new connections to NMVTIS.
- Publish and post on www.vehiclehistory.gov an annual report describing the performance of the system during the preceding year that includes a detailed report of NMVTIS expenses and all revenues received as a result of operation.
- Procure an independent financial audit of NMVTIS expenses and revenues during the preceding year and post on www.vehiclehistory.gov.
- Support the maintenance of a publicly available, regularly updated listing of all entities reporting to NMVTIS.

EXHIBIT 2: STATE PROGRAM TITLE VERIFICATION AND DATA REPORTING

It is important to note that while each state is required to perform a verification check on an out-of-state vehicle before issuing a certificate of title, neither the Anti Car Theft Act nor its implementing regulations require states to change the way they handle vehicle branding or other titling decisions. In the inquiry process, the laws of the receiving state will determine the status of the vehicle (e.g., branding or title type) and states are not required to take any action based on data accessed. The information received from NMVTIS should be used to identify inconsistencies, errors or other issues, so entities and individuals may pursue state procedures and policies for their resolution. Because NMVTIS can prevent many types of fraud beyond simple brand washing, states are encouraged to use NMVTIS whenever possible for verification of all transactions, including in-state title transactions, dealer reassignments, lender and dealer verifications, updates, corrections, and other title transactions.

States are required to report the following data into the system:

- An automobile's VIN.
- Any description of the automobile included on the certificate of title, including all brand information.
- The name of the individual or entity to whom the title certificate was issued.
- Information from junk or salvage yard operators, or insurance carriers, regarding their acquisition of junk automobiles or salvage automobiles, if this information is collected by the state.

The Anti Car Theft Act also requires the operator of NMVTIS make available the odometer mileage that is disclosed pursuant to 49 U.S.C. 32705 on the date the certificate of title was issued and any later mileage information, if it is in the state's title record for that vehicle. Accordingly, the rule requires states to provide such mileage information to NMVTIS.

States shall provide new title information and any updated title information to NMVTIS at least once every 24 hours. In addition, with the approval of DOJ, the operator, and the state, the rule will allow the state to provide any other information that is included on a certificate of title or is maintained by the state relating to the certificate of title.

Title Verification and Reporting of Data—Two Approaches:

The architecture of NMVTIS was designed with input from the states. Flexibility for states to meet the requirements of the NMVTIS Final Rule has generated the following two approaches. Some states have developed the standalone approach first, and then when the opportunity has arisen, migrated to the integrated approach. Others have moved directly to the integrated approach. The decision appears to be a factor of time, funding, and opportunity. The NMVTIS Final Rule does not stipulate which approach a state must take to meet its requirements.

1. Integrated

This is the optimal approach, as it enables the state to truly integrate the NMVTIS application into its titling application, making title verification and reporting of data almost seamless to the user. The integrated approach is comprehensive and impacts almost all of a state's titling processes. As a result, it is typically implemented when a state is planning to rewrite its titling application. This approach tends to require more time to develop and implement, as both state and system operator's resources must fully understand NMVTIS system requirements, as well as state processes, to ensure they are mapped correctly and appropriate procedures are put into place. This approach is cost-effective in the long run as the integration of the NMVTIS process into the state titling system reduces the manual processing required with the standalone approach (described below). In addition, the tight integration of the NMVTIS process into the state titling process provides better guarantees that verifications are done consistently and resulting title updates are done in a timely and accurate fashion.

Provision of Data: Vehicle data is typically transmitted in an initial load via a Secure File Transfer Protocol process to NMVTIS. States with fully integrated access to NMVTIS have their title transaction updates sent to NMVTIS in real time. Additionally, these states receive real-time notifications through NMVTIS when a vehicle from their state is retitled in another compliant state. A state can also build the help desk tools required to support title data corrections.

Title Verification: This integrated approach provides access to NMVTIS central file data (VIN Pointer, Brand, and JSI) that is stored by AAMVA, as well as theft file data and current state-of-record data stored by the state.

2. Standalone

This approach is generally less complex and costly to develop and implement than the integrated approach since it does not require full integration of all of a state's titling applications. However, it still requires that state and system operator's resources fully understand the NMVTIS requirements and state processes, to ensure they are correctly mapped and appropriate procedures are put into place. This is a short-term approach geared toward states with limited IT resources, and allows a state to implement NMVTIS in a relatively brief time frame. Lack of full integration between the online standalone solution and the state titling system may make this approach more prone to data entry errors and may increase the time at the counter to process manual inquiries. The increase in processing time translates into increased operating costs for the states.

Provision of Data: Vehicle data is typically transmitted in an initial load via a Secure File Transfer Protocol process to NMVTIS. States without integrated access to NMVTIS can provide data updates as batch uploads, and are required to do so on a daily basis.

Title Verification: AAMVA provides two solutions for standalone verification: the State Web Interface and the Batch Inquiry. SWI allows a state to conduct a single inquiry into NMVTIS; the response includes data from NMVTIS central files (VIN Pointer, Brand, and JSI) and the theft file. Batch Inquiry allows a state to submit a batch of VINs to NMVTIS; the response includes data from NMVTIS central files (VIN Pointer, Brand, and JSI).

EXHIBIT 3: AUTO DATA DIRECT OUTREACH AND AWARENESS EVENTS

DATE	VENUE & FOCUS	LOCATION
October 2015	Western States Tow Show – JSI and Consumer Access	Reno, NV
	Independent Auto Dealers Association of California – Consumer Access	Lake Tahoe, CA
	Automotive Recyclers Association – JSI and Consumer Access	Charlotte, NC
	Florida Automobile Dealers Association – Consumer Access	Orlando, FL
	National Independent Automobile Dealers Association (NIADA) National Leadership Conference – Consumer Access	Washington, DC
November 2015	National Alliance of Buy Here, Pay Here Dealers – Consumer Access	Orlando, FL
	American Towman Exposition – JSI and Consumer Access	Baltimore, MD
January 2016	Florida Auto Theft Intelligence Unit Training Seminar – NMVTIS Regulations	Lake Mary, FL
	Florida Auto Dismantlers and Recyclers Association – JSI and Consumer Access	Tallahassee, FL
March 2016	Rebuilt Certification Course – NMVTIS Regulations	Miami, FL
April 2016	ISRI – JSI and Consumer Access	Las Vegas, NV
	Professional Wrecker Operators of Florida/Sunshine State Towing Association – “Protecting Business by Compliance” including JSI and Consumer Access	Orlando, FL
	Independent Auto Dealers Association of California – Consumer Access	San Diego, CA
	Upper Midwest Auto & Truck Recyclers Convention – JSI and Consumer Access	St. Cloud, MN
	Miami-Dade Tax Collectors Office – Lien Fraud Presentation, NMVTIS Regulations and Requirements	Miami, FL

(Continued on next page)

DATE	VENUE & FOCUS	LOCATION
May 2016	National Insurance Crime Bureau Vehicle Finance & Fraud Conference – NMVTIS Regulations and Requirements	Chicago, IL
	American Towman – JSI and Consumer Access	Las Vegas, NV
	Credit Union Direct – Consumer Access	San Diego, CA
	National Alliance of Buy Here, Pay Here Dealers National Conference – Consumer Access	Las Vegas, NV
June 2016	Iowa Auto Recyclers – JSI and Consumer Access	Mason City, IA
	National Odometer and Title Fraud Enforcement Association – NMVTIS Presentation	Park City, UT
	Florida Insurance Fraud Education Committee – Consumer Access	Orlando, FL
	NIADA – Consumer Access	Las Vegas, NV
	Towing & Recovery Management Summit – JSI and Consumer Access	St. Louis, MO
	ISRI Gulf Coast – JSI and Consumer Access	The Woodlands, TX
July 2016	Florida Auto Dismantlers and Recyclers Association – JSI and Consumer Access	Orlando, FL
August 2016	Tow Expo International – JSI and Consumer Access	Dallas, TX
	Great Lakes Regional Tow Show – JSI and Consumer Access	Matteson, IL
	Indiana Auto Recyclers – JSI and Consumer Access	Indianapolis, IN
September 2016	Tennessee Tow Show – JSI and Consumer Access	Chattanooga, TN
	National Association of Motor Vehicle Boards and Commissions – Consumer Access	Denver, CO
	Florida Motor Vehicle, Watercraft, & Cargo Investigator Network – NMVTIS Rules and Regulations	Miami, FL
	Midwest Regional Tow Show – JSI and Consumer Access	Mason, OH
	NIADA Leadership Conference – JSI and Consumer Access	Washington, DC

EXHIBIT 4: PRINT AND BANNER ADS IN LAW ENFORCEMENT PUBLICATIONS

As noted under the [Outreach and Awareness](#) section of this report, a half-page print advertisement promoting the availability of the NMVTIS Law Enforcement Access Tool was published in the July, August, and September 2016 issues of *American Police Beat* magazine and in the June 2016 issue of *Law Enforcement* magazine.

National Motor Vehicle Title Information System

A Proven Reliable Database for Law Enforcement Vehicle Investigations

The National Motor Vehicle Title Information System (NMVTIS) Database assists investigators with:

- Auto Theft Investigations
- Smuggling (weapons, drugs, etc.)
- Insurance and Title Fraud
- Odometer Tampering and Rollbacks
- Identity Theft
- Salvage, Junkyard, Dealership Investigations

NMVTIS Law Enforcement Access Tool (LEAT) provides investigators with a report that includes the Junk, Salvage, and Insurer Database; NICB Clone Database; NICB Counterfeit Database; NICB Flood Damage Database; Mexico Stolen Vehicle Database; USDOT Dealer Rebate Program; brand information; National Vehicle Service; JSI information; a VIN analyzer; a comprehensive title history from each state; and more.

NO COST to law enforcement
The U.S. Department of Justice offers the NMVTIS database at no cost to law enforcement agencies.

For More Information
E-mail: NMVTIS@usdoj.gov
NMVTIS Web site: www.vehiclehistory.gov

www.vehiclehistory.gov

In addition, a banner ad was placed during this reporting period on the websites of *The Police Chief* and *Law Enforcement*.

www.vehiclehistory.gov

National Motor Vehicle Title Information System

A proven reliable database for law enforcement vehicle investigations

ACRONYMS

AAMVA – American Association of Motor Vehicle Administrators
ADD – Auto Data Direct
BJA – Bureau of Justice Assistance
BRWG – Business Rules Working Group
DMV – Department of Motor Vehicles
DOJ – (U.S.) Department of Justice
DOR – Department of Revenue
DOT – (U.S.) Department of Transportation
FBI – Federal Bureau of Investigation
FHWA – Federal Highway Administration
GSA – (U.S.) General Services Administration
IAATI – International Association of Auto Theft Investigators
IACP – International Association of Chiefs of Police
IJIS – Integrated Justice Information Systems
ISO – Insurance Services Office
ISRI – Institute of Scrap Recycling Industries, Inc.
JSI – Junk, Salvage, and Insurance
LE – Law Enforcement
LEAT – Law Enforcement Access Tool
LEEP – Law Enforcement Enterprise Portal
NAB – NMVTIS Advisory Board
NADA – National Automobile Dealers Association
NAEC – North American Export Committee
NHTSA – National Highway Traffic Safety Administration
NIADA – National Independent Automobile Dealers Association
NICB – National Insurance Crime Bureau
NMVTIS – National Motor Vehicle Title Information System
NSVRP – National Salvage Vehicle Reporting Program
OJP – Office of Justice Programs
RISS – Regional Information Sharing System
SWI – State Web Interface
U.S.C. – United States Code
VIN – Vehicle Identification Number

LEGISLATION

- [California Assembly Bill \(AB\) 1215 \(2012\)](#)
- [NMVTIS Final Rule \(2009\)](#)
- [Anti Car Theft Act \(1992\)](#)

MEETING NOTES AND CORRESPONDENCE

- [BJA Director's Correspondence to NMVTIS Advisory Board \(September 2016\)](#)
- [NMVTIS Advisory Board Correspondence to BJA Director \(June 2016\)](#)
- [NMVTIS Advisory Board Meeting Summary \(February 2016\)](#)

NOTICES

- [DOJ Civil Enforcement Program \(May 2016\)](#)
- [BJA Notice to JSI Reporting Entities Regarding Flood-Damaged Vehicles \(November 2015\)](#)
- [Consumer Access Provider Disclaimer \(June 2014\) \(English\)](#)
- [Descargo de producto de acceso al consumidor \(Junio 2014\) \(Consumer Access Provider Disclaimer in Spanish\)](#)
- [California Assembly Bill \(AB\) 1215 - Occupational Licensing Industry News \(2012\)](#)
- [BJA Notice to JSI Reporting Entities Regarding Hurricane Sandy \(2012\)](#)
- [NMVTIS Final Penalty Decision Considerations \(2012\)](#)

PRESS

- [Automotive News Article – How Junk Cars Can Slip Through the Cracks \(2015\)](#)
- [The Police Chief Article - NMVTIS Law Enforcement Access Tool: A Free Resource for Vehicle-Related Investigations \(2015\)](#)
- [ADD Press Release – ADD Partners With Under the Hood Radio Show \(2015\)](#)
- [WUSA Channel 9 Report - What to Know Before Buying a Salvage Vehicle \(2014\)](#)
- [Cars.com Article - Storm Surge: Beware of Title-Washed Cars \(2014\)](#)
- [DOJ Press Release - Three States Join the National Motor Vehicle Title Information System \(2014\)](#)
- [IACP Article - NMVTIS: Provides Guidance to Hurricane Sandy Victims Buying Vehicles and Assists Vehicle Theft Investigators \(2013\)](#)
- [DOJ Press Release - Private Sector Joins Justice Department in Protecting Consumers from Vehicle Fraud and Unsafe Vehicles \(2012\)](#)
- [FBI Article - Car Cloning: A New Twist on an Old Crime \(2007\)](#)
- [FBI Article - Steering Clear of Car Cloning: Some Advice and Solutions \(2009\)](#)

RESOURCES

- [NMVTIS: Law Enforcement Guide \(2017\)](#)
- [NMVTIS: Working for States Brochure \(2017\)](#)
- [Texas DMV Consumer Awareness Video - Don't Buy a Wreck, Do a Title Check! \(2014\)](#)
- [NMVTIS: Don't Be Fooled Brochure \(2009\)](#)
- [NMVTIS: Help Prevent Crime Brochure \(2009\)](#)

REPORTS – FINANCIAL

- [NMVTIS Independent Auditor's Report for the Period October 1, 2015 – September 30, 2016](#)

REPORTS – GENERAL

- [NMVTIS Annual Report \(2015\)](#)
- [NMVTIS Annual Report \(2014\)](#)
- [NMVTIS Annual Report \(2013\)](#)
- [NMVTIS Annual Report \(2012\)](#)
- [NMVTIS Annual Report \(2011\)](#)
- [NMVTIS Annual Report \(2010\)](#)
- [NMVTIS Annual Report \(2009\)](#)
- [IJIS Institute Technology Assistance Report \(2006\)](#)
- [LMI Cost-Benefit Analysis Report \(2001\)](#)
- [NMVTIS Pilot Evaluation Report \(2000\)](#)

WEBSITES

- [AAMVA NMVTIS Website](#)
- [DOJ NMVTIS Website](#)



American Association of Motor Vehicle Administrators
4401 Wilson Boulevard, Suite 700, Arlington, VA 22203
(703) 522-4200 • inquiries@aamva.org
www.aamva.org



National Motor Vehicle Title Information System
810 7th Street, NW, Washington, DC 20531
(202) 616-3879 • NMVTIS@usdoj.gov
www.vehiclehistory.gov