GRANT REQUEST PONY

Department of Transportation
Odometer Fraud
(Reported out of Subcommittee on 5/8/13)

The Department of Transportation, Driver and Motor Vehicles Division (DMV) requests permission to apply to the National Highway Traffic Safety Administration for a $74,526 grant. The grant would be used for recording odometer information on vehicles over ten years old.

Federal law requires written disclosure of vehicle mileage for cars up to ten years old when ownership transfers. House Bill 3137 is currently under legislative consideration. It would allow individuals to submit voluntary odometer readings for vehicles over ten years old. DMV would need to undertake computer programming changes to accommodate the older vehicles' mileage readings. The cost is estimated at $74,526 in 2013-15. The state Highway Fund cannot be used for this purpose.

The National Highway Traffic Safety Administration makes grants available for a variety of activities designed to reduce odometer fraud. This grant, if awarded, would be used to support the costs of implementing HB 3137. No match or any additional positions are required. The grant was announced April 22. The application deadline is May 10, with expected award announcements in August, 2013.

The Transportation and Economic Development Subcommittee recommends approval of the request with the understanding that if the grant is awarded, the department would request additional Federal Funds expenditure limitation later.

Federal Grant Application Request

Department of Transportation

Odometer Fraud Enforcement

Analyst: Linda Gilbert

Request: Approve the submission of a federal grant application to the National Highway Traffic Safety Administration for $74,526 for recording vehicle odometer information.

Recommendation: Authorize the agency to submit a federal grant application for $74,526, with the understanding that if the grant is awarded the Department would request additional Federal Funds expenditure limitation during the 2014 Legislative Session or from the Emergency Board.

Analysis: Federal law prohibits tampering with odometers and requires written disclosure of vehicle mileage for cars up to ten years old when ownership transfers. The National Highway Traffic Safety Administration (NHTSA) indicates that odometer tampering is widespread and costs consumers as much as a billion dollars annually. NHTSA supports state and local agencies' odometer fraud enforcement efforts by providing technical investigative expertise and federal funds. This grant is available for a variety of activities including odometer fraud compliance/investigative activities.

Concurrently, House Bill 3137-A would allow individuals to submit voluntary odometer readings for vehicles over ten years old. The department would need to make computer programming changes to allow older vehicles' odometer readings to be recorded on DMV vehicle records. This programming cost cannot be paid by the state Highway Fund. If this grant is awarded, it will be used to support the programming costs.

The application request is for $74,526, which is the estimated 2013-15 cost. No match and no new positions are required. If the grant is awarded, DMV would undertake about 350 hours of computer programming, and use 0.14 FTE of two positions to process transactions. Other implementation costs include training and administrative rule review. Ongoing costs in 2015-17 are estimated at $25,795 and would be charged to the department's Transportation Operating Fund.

NHTSA announced the competitive grant April 22, 2013 with an application deadline of May 10, 2013. NHTSA expects to announce successful grantees by or before August 31, 2013. The grant period is 60 months.

The Legislative Fiscal Office recommends approving the request to apply for $74,526 from NHTSA with the understanding that if the grant is awarded the Department would request additional Federal Funds expenditure limitation, if needed, during the 2014 Legislative Session or from the Emergency Board.