

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.



Oregon

John A. Kitzhaber, M.D., Governor

Department of Transportation

Director's Office
355 Capitol St. NE
Salem, OR 97301

May 1, 2013

The Honorable Senator Richard Devlin, Co-Chair
The Honorable Representative Peter Buckley, Co-Chair
900 Court Street NE
H-178 State Capitol
Salem OR 97301-4048

Dear Co-Chairpersons,

Oregon Department of Transportation (ODOT), Driver and Motor Vehicle Services Division (DMV) requests approval to submit a grant application to the National Highway Safety Administration (NHTSA) in the amount of \$74,526 from the Cooperative Agreement for Odometer Fraud Investigations program. This grant would support the state's interest in recording vehicle odometer information to assist private parties in identifying odometer fraud.

The NHTSA program offers \$304,000 and is expected to be divided among five awards. The program was announced on April 22, 2013 with an application deadline of May 10, 2013. No state match is required.

Federal law prohibits tampering with vehicle odometers to protect buyers from the practice of concealing a vehicle's actual mileage by turning back the odometer. The law requires disclosure of the actual mileage each time ownership transfer occurs, but only if the vehicle is less than 10 years old. Consequently, DMV's computer system was programmed to reject odometer readings that exceed that age.

HB 3137 pending before the Oregon State Legislative Assembly would require DMV to accept those odometer readings when voluntarily provided. The purpose of the bill is to provide potential purchasers with a more complete record of the vehicle's history so as to make a better informed purchasing decision. An expansion of records maintained by DMV also may discourage those who otherwise would consider rolling back an odometer.

The work required to implement HB 3137 cannot be charged to the State Highway Fund due to restrictions in the Oregon Constitution. ODOT requests approval to submit a grant application to NHTSA for \$74,526 for the 2013-15 biennium.

Sincerely,

Matthew L. Garrett
Director