



Arizona House of Representatives House Majority Research MEMORANDUM

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To: JOINT LEGISLATIVE AUDIT COMMITTEE
cc: Senator Pamela Gorman, Co-Chair
Senator Thayer Verschoor, Co-Chair
Re: Sunset Hearing of the Arizona Automobile Theft Authority
Date: January 25, 2007

Attached is the final report of the sunset review of the **Arizona Automobile Theft Authority**, which was conducted by the Senate Transportation and House of Representatives Transportation Committee of Reference.

This report has been distributed to the following individuals and agencies:

Governor of the State of Arizona
The Honorable Janet Napolitano

President of the Senate
Senator Tim Bee

Speaker of the House of Representatives
Representative Jim Weiers

Senate Members
Senator Thayer Verschoor, Co-Chair
Senator Carolyn Allen
Senator Chuck Gray
Senator Rebecca Rios
Senator Victor Soltero

House Members
Senator Pamela Gorman, Co-Chair
Senator Meg Burton Cahill
Representative Russ Jones
Representative John Nelson
Representative Tom Prezelski

Arizona Automobile Theft Authority
Department of Library, Archives & Public Records
Auditor General

Senate Republican Staff
Senate Research Staff
Senate Democratic Staff
Senate Resource Center

House Majority Staff
House Research Staff
House Democratic Staff
Chief Clerk

**Senate Transportation and House of Representatives Transportation Committee of
Reference Report**

Arizona Automobile Theft Authority

Date: January 25, 2007

To: Joint Legislative Audit Committee
Senator Pamela Gorman
Senator Thayer Verschoor

Background

Pursuant to Arizona Revised Statutes (A.R.S.) Section 41-2953, the Joint Legislative Audit Committee (JLAC) assigned the sunset review of the Arizona Automobile Theft Authority (AATA) to the Senate Transportation and House of Representatives Transportation Committee of Reference.

The Arizona Automobile Theft Authority was originally created in 1992. Laws 1997, Chapter 290 established the AATA in its present form under A.R.S. § 41-3451. The AATA is supported by the insurance industry with a one-dollar annual assessment fee on automobiles insured in the State of Arizona and does not currently receive any general fund money. As established by the Arizona Legislature, the AATA Board of Directors consists of the following: two police chiefs or their designees, two sheriffs or their designees, two county attorneys or their designees, two employees of insurers, two members of the general public, the assistant director for the motor vehicle division in the department of transportation or the assistant director's designee, and the director of the department of public safety or the director's designee. There are also six members of the AATA to carry out the policies and strategic plan of the AATA Board. The AATA's mission is to deter vehicle theft through a statewide cooperative effort by supporting relevant programs including law enforcement programs, a vertical prosecution program, and public awareness/community education programs.

Committee of Reference Sunset Review Procedures

The committee of Reference held one public meeting on December 12, 2006 to review the AATA's responses to the sunset factors as required by A.R.S. Section 41-2954, subsections D and F, and to hear public testimony.

Committee of Reference Recommendations

The Committee of Reference recommends continuing the Arizona Automobile Theft Authority for five years.

Attachments:

1. Letter from Sen. Pamela Gorman to AATA requesting information.
2. Sunset factors pursuant to A.R.S. Section 41-2954, subsections D and F.
3. Meeting Notice.
4. Minutes of the Committee of Reference Meeting.



Arizona House of Representatives
Phoenix, Arizona 85007

July 25, 2006

Mr. Enrique Cantu
Executive Director
Arizona Automobile Theft Authority
1400 W. Washington Street, Suite 270
Phoenix, AZ 85007

Dear Director Cantu:

The sunset review process prescribed in Title 41, Chapter 27, Arizona Revised Statutes, provides a system for the Legislature to evaluate the need to continue the existence of state agencies. During the sunset review process, an agency is reviewed by a legislative committee of reference. On completion of the sunset review, the committee of reference recommends to continue, revise, consolidate or terminate the agency.

The Joint Legislative Audit Committee has assigned the sunset review of the Arizona Automobile Theft Authority to the committee of reference comprised of members of the House of Representatives' and the Senate's Committee on Transportation.

Pursuant to A.R.S. § 41-2954, the committee of reference is required to consider certain factors in deciding whether to recommend continuance, modification or termination of an agency. Please provide your response to those factors as provided below:

1. The objective and purpose in establishing the agency.
2. The effectiveness with which the agency has met its objective and purpose and the efficiency with which it has operated.
3. The extent to which the agency has operated within the public interest.
4. The extent to which rules adopted by the agency are consistent with the legislative mandate.
5. The extent to which the agency has encouraged input from the public before adopting its rules and the extent to which it has informed the public as to its actions and their expected impact on the public.

6. The extent to which the agency has been able to investigate and resolve complaints that are within its jurisdiction.
7. The extent to which the Attorney General or any other applicable agency of state government has the authority to prosecute actions under the enabling legislation.
8. The extent to which the agency has addressed deficiencies in its enabling statutes that prevent it from fulfilling its statutory mandate.
9. The extent to which changes are necessary in the laws of the agency to adequately comply with these factors.
10. The extent to which the termination of the agency would significantly harm the public health, safety or welfare.
11. The extent to which the level of regulation exercised by the agency is appropriate and whether less or more stringent levels of regulation would be appropriate.
12. The extent to which the agency has used private contractors in the performance of its duties and how effective use of private contractors could be accomplished.

Additionally please provide written responses to the following:

1. An identification of the problem or the needs that the agency is intended to address.
2. A statement, to the extent practicable, in quantitative and qualitative terms, of the objectives of such agency and its anticipated accomplishments.
3. An identification of any other agencies having similar, conflicting or duplicate objectives, and an explanation of the manner in which the agency avoids duplication or conflict with other such agencies.
4. An assessment of the consequences of eliminating the agency or of consolidating it with another agency.

In addition to responding to the factors in A.R.S. § 41-2954, please provide the committee of reference with a copy of your most recent annual report. Your response should be received by October 16, 2006 so we may proceed with the sunset review and schedule the required public hearing. Please submit the requested information to:

John Halikowski
Arizona House of Representatives
1700 West Washington
Phoenix, AZ 85007

Thank you for your time and cooperation. If you have any questions, please feel free to contact me at 602-926-4002 or John Halikowski, the Legislative Research Analyst for the House of Representatives' Committee on Transportation, at 602-926-3147.

Sincerely,

Pamela Gorman
State Representative
Chair, Committee on Transportation Committee of Reference



ARIZONA AUTOMOBILE THEFT AUTHORITY

Sunset Factors
October 1, 2006

1. The objective and purpose in establishing the agency.

The Legislature established the Arizona Automobile Theft Authority (AATA) in its present form in 1997 which consists of a twelve member board of directors. The purpose of the Authority is to combat and reverse the incidence of vehicle theft throughout the State of Arizona. A.R.S. §41.3451, sections C3-7 identify the tasks of the Authority:

- Determine the scope of the problem of automobile theft, including areas of the state where the problem is greatest.
- Analyze the various methods of combating the problem of motor vehicle theft.
- Develop and implement a plan of operation
- Develop and implement a financial plan.
- Solicit and accept gifts and grants.

Section G of A.R.S. §41.3451 defines how the Authority is to carry out its mission: "The automobile theft authority shall allocate monies in the fund to public agencies for the purpose of establishing, maintaining and supporting programs that are designed to prevent motor vehicle theft, including:

- Financial support to law enforcement and prosecution agencies for programs that are designed to increase the effectiveness of motor vehicle theft prosecution.
- Financial support for programs that are designed to educate and assist the public in the prevention of motor vehicle theft. (See Tab 1)

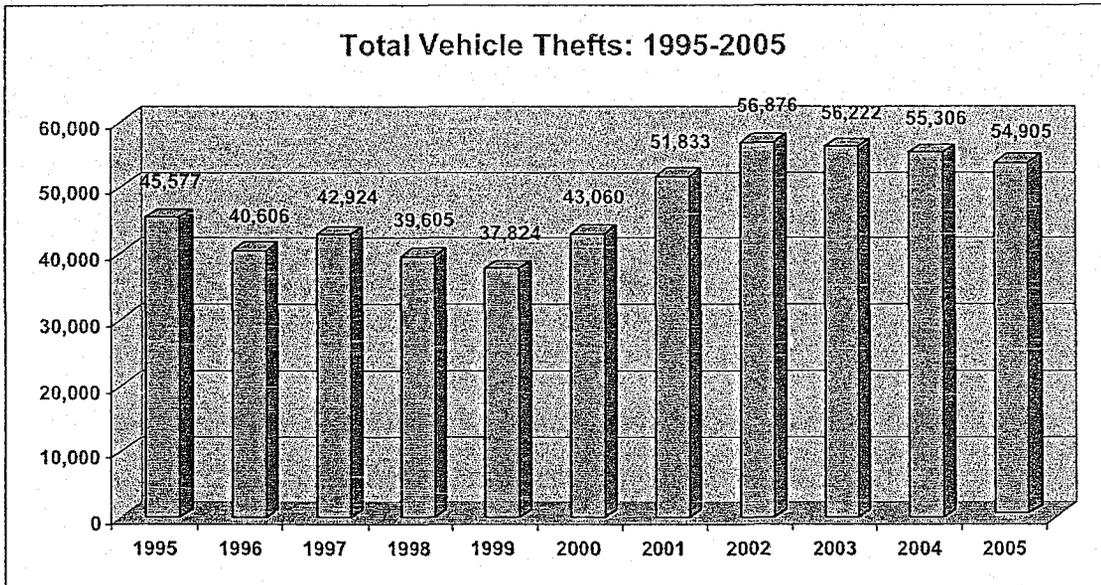
AATA Mission Statement

To deter vehicle theft through a statewide cooperative effort by supporting law enforcement activities, vertical prosecution and public awareness & community education programs.

The objective and purpose of the AATA is to develop and fund programs designed to assist criminal justice agencies and educate citizens on how to deter and reduce vehicle theft in the State of Arizona. The AATA accomplishes its mission primarily by providing grants to criminal justice agencies and carrying out its own public awareness and community education efforts. Grants are awarded in accordance with AATA grant policies and in such a manner as to obtain the maximum impact on deterrence, investigation and prosecution of vehicle theft. The grant approval process is completed in the spring, for the following fiscal year. This provides the AATA Board of Directors; which is comprised of (2) police chiefs, (2) county attorneys, (2) sheriffs, (2) representatives from the insurance industry, (2) private citizens as well as the Directors of MVD and DPS; with the most current information available on the scope, localities and methods or current technology to allocate resources to combat the vehicle theft problem in Arizona with the greatest flexibility, effectiveness and efficiency.

2. The effectiveness with which the agency has met its objectives and purpose and the efficiency with which it has operated.

In recent years the Uniform Crime Report (UCR) published by the Federal Bureau of Investigation has shown that vehicle theft in Arizona has been declining.



However, the UCR does not take the unique factors of Arizona into full account and the impact of the Authority's effectiveness in fulfilling its objectives and purpose are not fully reflected by relying on this report alone. Further, the theft rate is based on population estimates which are below actual population figures. The unique factors which impact the vehicle theft problem in Arizona include the following:

- Rapid population growth in Arizona
- Proximity to the Mexican International Border and sea ports in California
- Economy (vehicle theft rises during economic downturns)
- Illegal immigration transportation issues
- Unsecured border with Mexico
- Dry climate

The following are the three initiatives funded by the Authority to combat and reduce vehicle theft in Arizona. From 2002 to 2004, the vehicle theft rate declined by 6.8% due in part to the initiatives and programs sponsored by the Authority.

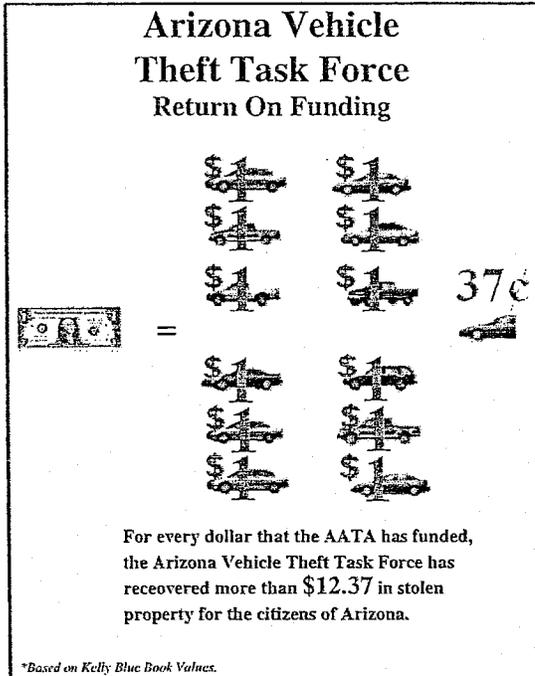
LAW ENFORCEMENT ACTIVITIES

Although the crime of vehicle theft originates primarily in Maricopa and Pima Counties, the suspect(s) often come from other jurisdictions and proceeds of the crime may ultimately go to yet another jurisdiction. Prior to the creation of the AATA and the establishment of the Arizona Vehicle Theft Task Force, there were limited law enforcement resources dedicated to vehicle theft and related criminal activity. There were only two "proactive" vehicle theft enforcement squads in the State of Arizona, one employed by the Phoenix Police Department and the other by the Arizona Department of Public Safety.

Only the larger metropolitan police departments and sheriff's offices have auto theft units. In most of the rural counties, law enforcement agencies are fortunate if they have a property crimes detective, who is also responsible for handling vehicle theft cases. The few agencies that have auto theft units are mostly responsive to calls for service and are generally referred to as "case-carrying" units. There are no other vehicle theft related task forces operating in the State of Arizona. (See Tab 2)

Theft of personal property, i.e., vehicle theft, affects the quality of life for all citizens in the State of Arizona. In many cases, victims of vehicle theft are economically disadvantaged and cannot afford the loss of their vehicle, which may be a single means of transportation thereby causing serious hardship. The loss of one's vehicle in our vehicle dependent society can mean the loss of income for a family who depends on their vehicle for transportation to maintain a livelihood.

The following grants and charts document the effectiveness of the Authority's law enforcement programs.



Arizona Vehicle Theft Task Force Inception to date Performance Results

| Performance Measures | 1999 through 2006 |
|--|-------------------|
| Stolen Vehicles Recovered (Number) | 20,296 |
| Stolen Vehicles Recovered (\$ Value) | \$201,734,773 |
| "Chop Shops" Investigated | 301 |
| Altered/Switched VIN's | 2,617 |
| Total Felony Arrests | 2,264 |
| Adults | 2,098 |
| Juveniles | 166 |
| Insurance Fraud Cases | 356 |
| Business Inspections | 559 |
| Border Interdiction Programs | 33 |
| PACE Programs | 192 |
| Training Provided | 289 |
| Assist to Other Agencies | 7,748 |

VERTICAL PROSECUTION

Prior to the AATA's support of vertical prosecution through grants to County Attorney Offices, dedicated vehicle theft focused prosecutorial efforts did not exist anywhere in the State of Arizona. Vehicle theft cases, including those from the Task Force were submitted to the appropriate prosecutorial agency and were processed in accordance to established policies, which did not include "vertical prosecution." Vertical prosecution refers to the concept of a single prosecutor handling a case from submission, (often during the investigation phase) through trial. Although this is not a unique concept, it was rarely employed in vehicle theft related cases in Arizona. The Authority has determined that this was a critical factor in the overall strategy to combat vehicle theft and related criminal activity.

Effective prosecution of vehicle theft is a key deterrent of this serious crime that affects the quality of life for many of our citizens. The AATA regards its working relationship with county attorneys as one of the most important steps in dealing with the criminal element responsible for the expensive victimization of the public. Accordingly, the Authority will look to expand its vertical prosecution program not only to additional counties to handle expected increase in Task Force cases, but providing counties with resources to aggressively prosecute cases from jurisdictions other than the Task Force.

Vertical Prosecution Results

| Performance Measure | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | Inception To Date |
|---|----------|----------|----------|------------|------------|------------|-------------------|
| Number of Participating Counties | 3 | 3 | 6 | 6 | 6 | 6 | |
| Number of theft cases filed | 165 | 304 | 588 | 477 | 644 | 816 | 2,994 |
| Number of convictions | 47 | 221 | 319 | 422 | 521 | 654 | 2,184 |
| Convictions to cases closed (%) | 98% | 98% | 94% | 96% | 91% | 92% | 95% |
| Amount of Restitution Ordered (thousands) | \$202.60 | \$747.20 | \$818.20 | \$1,631.30 | \$1,318.00 | \$1,803.00 | \$6,520.30 |
| Number of Training Sessions Conducted | 9 | 10 | 19 | 20 | 10 | 39 | 107 |

PUBLIC AWARENESS

Because public education promotes prevention, public awareness programs are crucial to the success of any crime prevention initiative. The AATA recognizes that an effective public awareness campaign is an important component of its overall effort to reduce the vehicle theft rate in Arizona.

The goal of public awareness is to educate Arizona citizens to recognize the significance of automobile theft and learn ways to protect their cars from theft. Very simply, vehicle theft is largely a preventable crime. Operators must exercise greater care in protecting their property!

The Authority has determined it is cost effective to offer statewide public awareness grants to criminal justice agencies to champion vehicle theft prevention programs within each jurisdiction. The Authority will continue the Public Awareness Grant Program, which began in 2001 to assist and encourage local law enforcement agencies to develop and expand public awareness programs dealing with vehicle theft prevention. The following examples document the efforts the Authority has made in educating the general public on the vehicle theft issue.

- i. The Authority has developed, implemented and funded other programs which are proving to be effective in combating vehicle theft and promoting public awareness and community education. These programs include:
 - The Watch Your Car Program and partnership with the Motor Vehicle Division
 - The Bait Vehicle Program (See Tab 3)
 - Mobile License Plate Readers
 - Sponsoring free VIN Etching and Watch Your Car Program events
 - Conducting Outreach to Community, Civic and Business Groups and providing free theft prevention literature and promotional items to statewide partners (See Tab 4)
- ii. The Authority has shown its effectiveness in meeting its objectives and purpose in other ways:
 - Staff research has shown the Authority as being credited for reducing the vehicle theft rate in Arizona,
 - The Authority has been credited as responsible for increasing public awareness on vehicle theft prevention, (See Tab 5)
 - Encourages networking opportunities and information sharing on vehicle theft issues,
 - Encourages development of public/private partnerships,
 - Encourages and funds the use of new technology in investigation of vehicle theft, i.e. such as bait cars and mobile license plate readers,
 - Support of signed affidavits recommended as part of theft reports to police agencies,
 - Highly respected in the State of Arizona/national reputation with several states using the agency as a model for their own theft prevention programs,
 - Through its proactive vehicle theft prevention programs, the Authority has helped build a relationship between law enforcement and the general public.
- iii. The Authority has carried out its mission in an effective and efficient manner by seeking ways to reduce its administrative and program costs through innovative combinations of technology, staff creativity and expertise to perform as many functions as possible in-house. These efficiencies and cost savings include:
 - Writing, designing, and printing the Authority's Annual Report in-house (See Tab 6)
 - Developing and implementing the Watch Your Car (WYC) Scanner/Database for processing enrollments in the WYC Program
 - Realizing efficiency savings by designing, maintaining and updating its website in-house
 - Increasing efficiency and customer service by standardizing its grant application processing and quarterly reporting (See Tab 7)
 - Developing procedures to reduce cost customer service and increase customer satisfaction with citizens enrolled in the Watch Car Program.
 - Capability of performing maintenance of computer hardware, databases and networks by agency personnel

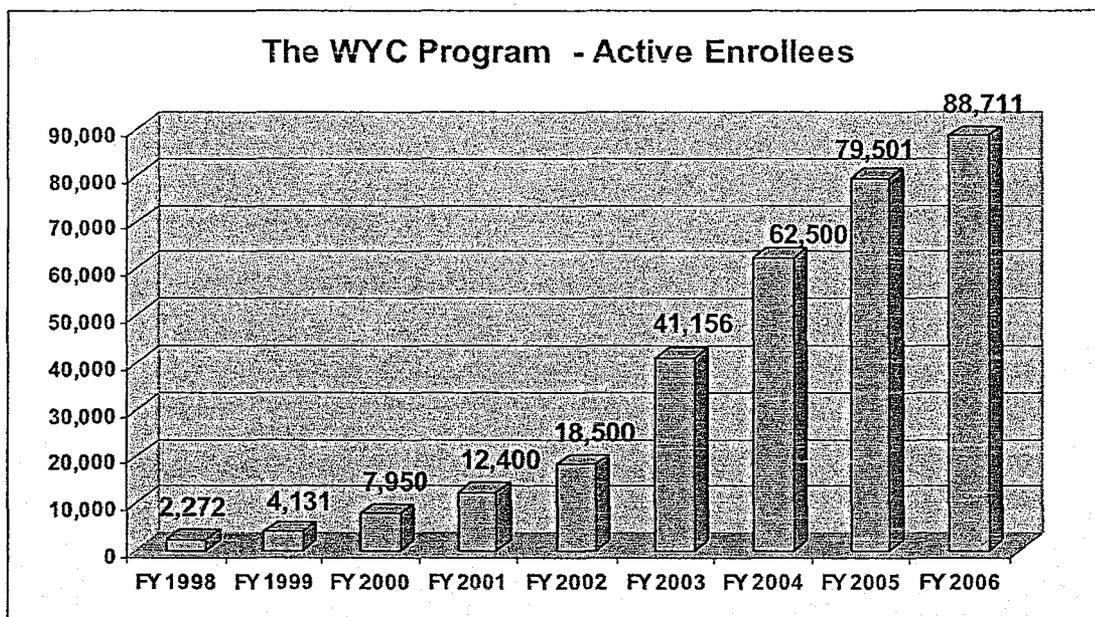
- Utilizing bulk mail rates to reduce cost of large mailings
- Developing, writing, producing and distributing PSAs utilizing staff talents and expertise
- Eliminating the need to outsource public relation projects such as press releases or media events by utilizing staff expertise. (See Tab 8)
- Increasing revenue and reducing collection costs by maintaining an efficient revenue data base and through collaboration with the Arizona Department of Insurance. (See Tab 9)
- Eliminating outsourcing of all accounting and collection activities
- Increasing efficiency savings through the effective use of agency specific or state purchasing contracts for the purchase of certain promotional items and/or services.

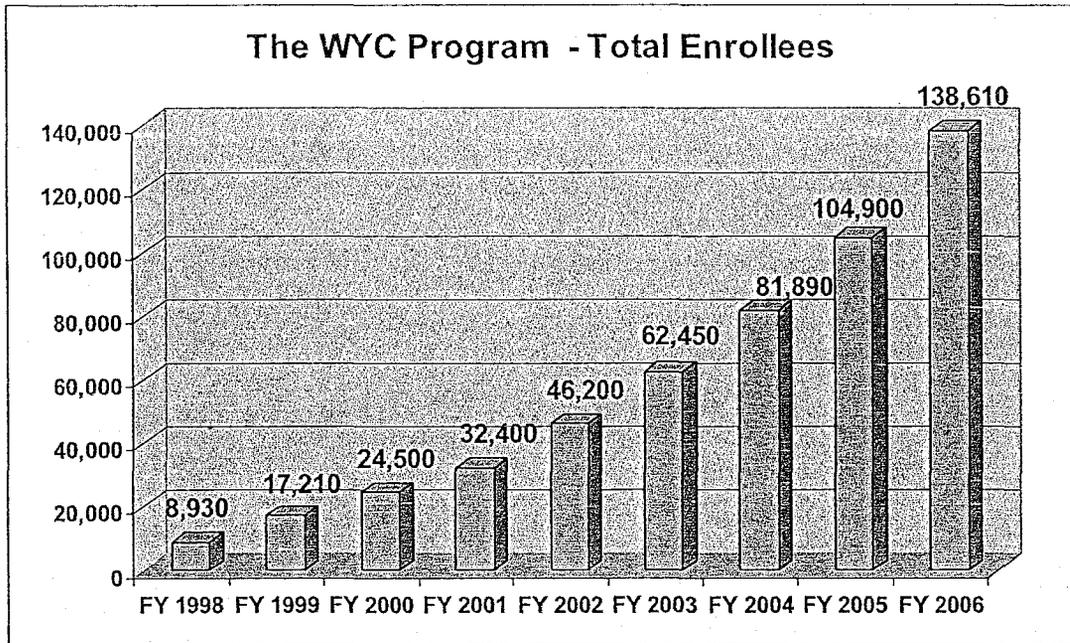
3. The extent to which the agency has operated within the public interest.

The Authority acts in the public interest by sponsoring effective programs to support criminal justice efforts in the investigation and prosecution of vehicle theft crimes. It has also acted in the public interest by sponsoring programs to educate the public on ways to prevent vehicle theft.

- i. The Authority developed and funds several successful grants programs which are closely monitored and have proven effective in reducing vehicle theft in Arizona:
 - **The Law Enforcement Grant Program** provides funds for statewide projects by law enforcement agencies to investigate and reduce vehicle theft.
 - **The Public Awareness Grant Program** provides funds for community education through grants to statewide law enforcement agencies.
 - **The Vertical Prosecution Grant Program** provides funds used for six County Attorney Offices to hire prosecutors to focus exclusively on vehicle theft cases.
 - **The Arizona Vehicle Theft Task Force** is funded by the Authority, managed by DPS, with participation by multiple law enforcement agencies has provided Arizona with a law enforcement task force to combat vehicle theft with a statewide focus.
 - **The Professional Training Grant Program** provides funds for criminal justice personnel in Arizona to attend training seminars relating to vehicle theft investigation.
 - **Emergency Grant Program** provides funds to criminal justice agencies for urgent needs to investigate or prosecute vehicle theft case when other funding is not otherwise available.
- ii. The Authority has further acted in the public interest by developing and implementing a Grant Policy to effectively and fairly award funding to criminal justice agencies while also monitoring the results. Grant applications are solicited from criminal justice agencies throughout the State of Arizona. The applications are reviewed and grants awarded according to the AATA Grant Policy. This policy requires that:
 - Grant applications be reviewed by staff with recommendations submitted to the appropriate AATA Board Subcommittee,
 - AATA Board Subcommittees review and evaluate grant applications with staff support, and report recommendations to the full Board of Directors,
 - AATA Board members review Subcommittee recommendations and approve the final grant awards based on the current scope of the vehicle theft problem and available resources,
 - Staff prepares grant award letters and grant contracts, which include requirements for quarterly performance measures and financial reports.
- iii. The Authority has acted in the public interest by taking steps to implement and to improve the tracking and monitoring of its grants. These steps include a Grant Database which is currently being completed and will allow the Authority to improve its tracking, monitoring and reporting of grant program and financial data from its grants. In addition, the Authority has instituted a program of site visits and compliance audits of its grantee agencies.

- iv. The Authority acts in the public interest by initiating public awareness and community education programs to inform the public on how to protect their vehicles from theft. These efforts have included:
- Co-sponsoring Public Awareness campaigns and free VIN Etching events in targeted communities, at shopping malls, safety fairs, senior centers, home owners associations and neighborhood block watch meetings,
 - Promoting vehicle theft prevention awareness through targeted advertising, (See Tab 10)
 - Promoting and maintaining partnerships with government, private and public sector entities,
 - Developing and promoting Public Service Announcements (PSA) throughout the State including an AATA grant which funded a 30 second TV and Radio Public Service Announcement (PSA) developed by the Tempe Police Department featuring the voice of Al McCoy, (See Tab 11)
 - Developing and promoting a uniform message throughout the State on vehicle theft prevention,
 - Developing a vehicle theft prevention curriculum for middle and high school students, (See Tab 12)
 - Developing media exposure of the AATA's mission and its public awareness vehicle theft prevention message through the effective use of media releases,
 - Continued partnership with Motor Vehicle Division Service Centers, AAA Arizona Travel Offices, apartment community and rental offices and other community organizations for distribution of Watch Your Car Program enrollment forms and other theft prevention materials,
 - Initiated a corporate outreach program to local businesses in order to educate their employees about vehicle theft prevention. The AATA has responded to numerous requests to conduct employee presentations and host on-site safety fairs and/or VIN etching events from various companies including Arizona Public Service, Bedford Group, Blue Cross and Blue Shield, Farmers Insurance, Farnam Companies, Motorola, State Farm Insurance, Target, University of Phoenix and Honeywell, (See Tab 13)
 - The AATA has participated in greater outreach to the Hispanic community with the creation and printing of Spanish Watch Your Car brochures and literature, and increased media relations with local Spanish language newspapers, radio and television.
- v. The Authority has acted in the public interest by sponsoring the Watch Your Car Program. The Watch Your Car Program is a free, voluntary enrollment program designed to deter vehicle theft, assist in the recovery of stolen vehicles, and apprehend auto thieves. After enrolling and signing an application form, participants in the program affix Watch Your Car decals to their vehicle, which authorizes law enforcement officials to stop the vehicle between the program hours of 1:00 AM and 5:00 AM when most vehicle thefts occur, or within one mile of the international border. Enrollment forms are obtained by contacting the AATA by phone or accessing the information





at events and/or via the Internet at the Agency's web site at www.azwatchyourcar.com. The Watch Your Car Program is free and available to all citizens with cars registered in the State of Arizona. By September 2006 there were 90,000 vehicles enrolled statewide. This program has proven to be effective not only in preventing vehicle theft but in apprehending vehicle theft criminals. (See Tab 14)

- vi. The Authority has acted in the public interest by responding immediately to requests for assistance from vehicle owners enrolled in the Watch Your Car Program. In addition it has been successful in lowering the costs of maintaining the Watch Your Car Program with the utilization of technology thus realizing significant program savings.
- vii. The Authority has acted in the public interest by keeping the general public, news media and criminal justice agencies informed of current events through the AATA's web site at www.azwatchyourcar.com. The AATA's web site continues to be updated and enhanced for greater public accessibility and averages approximately 100 hits per day. The site provides information on the AATA, current auto theft statistics, theft prevention tips, current community events, posting of all grant program application procedures and requirements, as well as information for the insurance industry on the semi-annual insurance assessment and numerous relevant links. For the public's convenience, an on-line Watch Your Car application form is available for easy enrollment in the program. The AATA's website is continually updated to contain the most current motor vehicle theft related information and upcoming special events. (See Tab 15)
- viii. The Authority has acted in the public interest in utilizing technology to the greatest extent possible to serve its customers. This has been done by providing vehicle owners the capability to enroll in the Watch Your Car Program through its website. In addition, grantee agencies access applications, grant information and application forms needed to submit quarterly performance and financial reports and other information from the AATA website. (See Tab 16)
- ix. The Authority has acted in the public interest by standardizing its grant application, holding annual grant writing workshops and reviewing grant applications at staff, Subcommittee and full Board levels. These grants are available to all criminal justice agencies within Arizona and all criminal justice agencies are notified in writing when grants applications are solicited. (See Tab 17)
- x. The Authority has acted in the public interest by complying with the State of Arizona Opening Meeting Law and notifying the public of its Subcommittee and Board of Directors meetings by posting meeting notices and agendas at its office location as well as at the State Capital. The Authority has also acted in the public interest by responding quickly to requests for public information.

- xi. The Authority has acted in the public interest by maintaining procedures for strict internal controls to safeguard its financial resources and ensure that the assessment revenue is received when due. The Authority has established procedures and developed a database for the tracking of revenue and collection of past due assessments.
- xii. The Authority has acted in the public interest by complying with A.R.S §41.3451.K requiring that certified copies of audits of the Automobile Theft Authority Fund by a certified public accountant be submitted to the Office of the Auditor General in a timely manner.
- xiii. The Authority has acted in the public interest by complying with the statutory mandate (A.R.S. §41.3451.H), "The costs of administration shall not exceed ten percent of the monies in any one year so that the greatest possible portion of the monies available to the authority is expended on motor vehicle theft." For FY 2006 administrative costs were 6.88% of the fund.
- xiv. The Authority has acted in the public interest by exceeding the goal set by the Joint Legislative Budget Committee of administrative expenses of 9% or less of total expenditures. In FY 2006 administrative costs were 6.30% of total expenditures.

4. The extent to which rules and regulations promulgated by the agency are consistent with the legislative mandate.

This factor is currently not applicable because the Authority does not have rules or regulatory authority.

5. The extent to which the agency has encouraged input from the public before promulgating its rules and regulations, and the extent to which it has informed the public as to its actions and their expected impact on the public.

The Authority currently has no authority to promulgate rules and regulations. However, it does keep the public, Arizona criminal justice agencies and other stakeholders in both the public and private sector informed through meetings that are open to the public and by maintaining its website. The Authority complies with Open Meeting Laws by posting public meeting notices and agendas and ensures compliance by regularly consulting with its counsel in the Attorney General's Office. The Authority also keeps the public informed on vehicle theft issues through media releases, sponsoring public awareness events and publishing newsletters. It works closely with criminal justice agencies within the State through active participation in organizations such as the Arizona Auto Theft Investigators Association and North American Export Committee and by sponsoring the annual AATA Auto Theft Summit, a seminar for theft investigators in law enforcement and the insurance industry. (See Tab 18)

6. The extent to which the agency has been able to investigate and resolve complaints that is within its jurisdiction.

The AATA does not have law enforcement powers so that it does not conduct external investigations. However, the AATA does conduct internal investigations of complaints by grantees or members of the public. The AATA seldom receives complaints; however, complaints received are quickly resolved.

7. The extent to which the attorney general or any other applicable agency of state government has the authority to prosecute actions under the enabling legislation.

The Authority does not have investigative, regulatory or oversight authority and consequently the factor would not apply except for A.R.S §41.3453, which authorizes the following provisions for the collection of past due assessment revenue:

- a. The automobile theft authority shall notify the director of the department of insurance of an insurer's failure to pay the fee prescribed by section 41-3451, subsection J. On receiving notice of an insurer's failure to pay the fee, the director may suspend the insurer's certificate of authority or impose a civil penalty of not more than one hundred twenty per cent of the amount due, or both. The insurer shall pay the civil penalty to the director. The director shall deposit, pursuant to sections 35-146 and 35-147, the civil penalty in the automobile theft authority fund. (Refer to Tab 9)
- b. For the purposes of this section "insurer" means an insurer that writes motor vehicle insurance in this state, including reciprocal insurers, mutual companies, mutual associations and Lloyd's plans.

Because of the effectiveness of the Authority's revenue collection procedures, this provision has only been implemented once in the last five years.

8. The extent to which the agency has addressed deficiencies in the enabling statutes that prevent it from fulfilling its statutory mandate.

The Authority has experienced difficulty meeting a quorum in order to conduct its business and in the 2006 Legislative Session the legislature passed SB1181, which permits six Board members: (2) police chiefs, (2) sheriffs, and (2) county attorneys to have designees attend meetings on their behalf. This legislation became effective on September 21, 2006 and the first Board meeting after this enabling legislation occurred on September 29, 2006. It is anticipated this legislative change to ARS 41-3451 will assist the Board in easily meeting its required quorum.

9. The extent to which changes are necessary in the laws of the agency to adequately comply with the factors listed in the Sunset Laws.

The Authority is not currently recognized as a criminal justice agency. Only criminal justice agencies have access to law enforcement data and are able to use this information to conduct analytical studies in their respective areas of interest. ARS 41-3451 which creates the Authority mandates the agency determine the scope of the auto theft problem, analyze the various methods of combating the problem, and develop and implement a plan of operation.

In order to successfully accomplish this legislative mandate, the Authority needs access to stolen vehicle data gathered by law enforcement agencies. The Authority has relied on the Arizona Vehicle Theft Task Force and the Arizona Criminal Justice Commission to provide us with information or contracted with them to conduct comprehensive stolen vehicle studies.

The AATA has its own internal staff that is able to conduct studies which would allow us to use funding resources to combat vehicle theft elsewhere in the program.

Adequately funding the Arizona Vehicle Theft Task Force is a growing concern that can be partially addressed by removing the fee exemption from vehicles or vehicle combinations with a declared gross vehicle weight of more than twenty-six thousand pounds and providing language that requires self-insured vehicles licensed in Arizona to pay a semi-annual fee to the AATA.

10. The extent to which the termination of the agency would significantly harm the public health, safety or welfare.

The termination of the Arizona Automobile Theft Authority would have a negative effect on the public safety and welfare of Arizona's communities due primarily to the reduction in resources and abilities of Arizona criminal justice agencies to continue the successful efforts in reducing the impact and economic costs of vehicle theft. Vehicle theft and related criminal activity is an epidemic in the State of Arizona, the nation and throughout the world. It accounts for significant economic losses and affects the overall quality of life in our State.

Vehicle theft is more than just a nuisance crime; it is a gateway crime to other serious felonies. The real impact is the victimization often caused in our mobile society in terms of lives lost for economic gain. According to the 2005 Crime in the United States Report by the Federal Bureau of Investigation (FBI), there were nearly 1.2 million motor vehicle thefts in the United States in 2005, with an estimated value of \$7.6 billion. According to the Arizona Department of Public Safety (DPS), there were 53,198 vehicles reported stolen in the State of Arizona in 2005, with an estimated value of \$343 million. This translates to nearly 146 motor vehicle thefts every 24 hours in Arizona. Arizona has been one of the leading states in the nation in vehicle theft per capita for the past ten years. The Phoenix metropolitan area is identified by the National Insurance Crime Bureau (NICB) as having one of the highest motor vehicle theft rates in the nation. Fortunately, statistical information indicates that the total number of vehicle thefts has decreased in the State of Arizona (-3.9%), and with the increase in population our theft rate dropped in 2005 (-4.9%). We attribute the decrease in the vehicle theft rate to the combined efforts of our criminal justice partners and ongoing public awareness and community education campaigns.

Vehicles are stolen for a variety of reasons. Criminals often steal vehicles simply for a means of transportation or to facilitate other more egregious crimes such as armed robberies, drive-by shootings, smuggling activities and so forth. Professional thieves steal vehicles for economic benefit. They operate "chop-shops" where vehicles are stripped and component parts are sold to unsuspecting buyers or unscrupulous auto repair shops. Thieves also

attempt to conceal the identity of stolen vehicles by "VIN-switching" with wrecked or salvaged vehicles in an attempt to sell them to unsuspecting buyers. The "VIN" is the vehicle identification number and is unique to only one vehicle. Vehicles are also stolen and smuggled out of the country. There is a growing trend of carjacking due in part to anti-theft technology advances and automobile thieves resort to stealing cars when they are occupied.

There are a number of factors that contribute to the vehicle theft problem in Arizona. Arizona has experienced a dramatic population increase over the past 15 to 20 years. Current census information indicates that Arizona's population is approximately 6,240,000. This reflects an increase of more than 1,110,000 people since 2000. Arizona's population continues to grow at a phenomenal rate, and this trend is expected to continue. Also there is a rather transient nature in our communities, with many people living in multi-family housing units such as apartment complexes and condominiums, etc. In these types of residential areas, vehicles are at a greater risk for theft. Because of the dry moderate climate in Arizona, our vehicles tend to maintain a higher value than in other areas of the country. This single factor alone is why chop shops can make more money by selling old automobile parts rather than selling the entire vehicle.

The greatest influence on Arizona's vehicle theft rate is most likely due to the state's proximity to Mexico. The National Insurance Crime Bureau (NICB) indicates that motor vehicle theft is highest in major metropolitan areas and vicinities near seaports or international borders. There are seven official ports-of-entry along the 354-mile Arizona - Mexico border and major California seaports are less than eight hours away. One of the biggest problems with most vehicle thefts occurring at night is that victims typically discover their vehicle is gone several hours after the crime has occurred. A stolen vehicle can be stripped for parts, used to facilitate other crimes or smuggled into Mexico before the owner realizes that it is missing.

The vehicle theft problem has steadily increased since 1987. By 1994, Arizona had become the highest-ranking state in vehicle theft per capita. It should be noted that a Department of Justice study reported that 60% of vehicle thefts are related to other crimes including drug and human trafficking, illegal weapons, drive-by shootings, burglary, credit card fraud and theft. Statistics indicate that vehicle theft significantly impacts residents and visitors. Vehicle theft leaves thousands of Arizona citizens feeling violated and without transportation. In some cases, such as car-jackings, the victim faces direct confrontation with violent offenders leaving the victim terrified, injured or killed. (See Tab 19)

Vehicle theft not only affects the quality of life of our citizens, but impacts businesses and insurance companies. A vehicle is no longer considered a luxury, but a necessity for Arizona residents. The growth throughout Arizona, particularly the metropolitan cities of Phoenix and Tucson areas, along with the lack of reliable and convenient mass transit systems, promotes dependency upon personal vehicles as a main source of transportation. Personal vehicles are a necessary component to quality of life and economic survival. The higher cost of vehicles, insurance deductibles, and potential 30 day waiting periods for insurance settlements creates a financial hardship for many auto theft victims. Those victims with only liability coverage suffer a total loss if their vehicle is not recovered or recovered with severe damage.

The high rate of vehicle theft in Arizona over the past several years has been partially attributed to Arizona's proximity to the international border with Mexico as well as to the successful anti-vehicle theft programs implemented by other states such as California, Texas, Illinois and Michigan. Additionally, the Federal government deployed significant resources to both California and Texas to deter smuggling activities, which has resulted in the unintended consequence of redirecting smuggling activities to the Arizona border region. There is evidence that the success of these programs has caused the migration of criminal activity to Arizona.

Stolen vehicles from the U.S. and other affluent countries end up in developing countries such as Asia, Eastern Europe, the Middle East, Mexico, Central and South America. The continuing decline in the recovery rate of stolen vehicles indicates greater organized criminal activity. Additionally, the international intelligence community (Interpol) has identified vehicle theft and related criminal activity, including insurance fraud, as a primary illicit fund-raising source for supporting international terrorism.

In 2003, the statewide Arizona Vehicle Theft Task Force, which is fully funded by the AATA, investigated and exposed a vehicle theft ring involved in the theft of expensive vehicles, Operation Wounded Jaguar. After a year of investigation, which included cooperation with law enforcement agencies in other states and the Federal Government, 19 indictments were filed in Federal Court. Of the 19 indictments, only one was an American citizen who worked for the Arizona Motor Vehicle Department. The other 18 were all foreign nationals, some from Eastern Europe, but most were from the Middle East. While there has never been any official confirmation of the

fact, the possibility clearly exists that this successful investigation exposed a terrorist finance ring. Operation Wounded Jaguar also demonstrates the capability of the Arizona Automobile Theft Authority in sponsoring programs which will improve the ability of the State of Arizona to shut down the flow of stolen vehicles to foreign countries for the possible benefit of criminal or terrorist organizations. (Refer to Tab 2)

Accordingly, without the joint statewide efforts, focus and leadership of the Authority, working with its criminal justice partners and concerned citizens; vehicle theft would greatly increase and result in negative impact to the public safety, welfare and economy.

11. The extent to which the level of regulation exercised by the agency is appropriate and whether less or more stringent levels of regulation would be appropriate.

This factor does not apply to the Authority since the Arizona Automobile Theft Authority is not a regulatory agency and therefore has no regulatory authority.

12. The extent to which the agency has used private contractors in the performance of its duties and effective

Section G of A.R.S. §41.3451 defines how the Authority is to carry out its mission: "The automobile theft authority shall allocate monies in the fund to public agencies for the purpose of establishing, maintaining and supporting programs that are designed to prevent motor vehicle theft, including":

- Financial support to law enforcement and prosecution agencies for programs that are designed to increase the effectiveness of motor vehicle theft prosecution.
- Financial support for programs that are designed to educate and assist the public in the prevention of motor vehicle theft.

While the Authority has always considered ways to utilize private contractors to effectively and efficiently fulfill its mission, the focus of the fight against vehicle theft must be waged through the efforts of public sector criminal justice agencies within the State of Arizona. These efforts are funded through grant funding from the Authority. Authority grants or funding are not available to private sector entities.

ARIZONA AUTOMOBILE THEFT AUTHORITY

Sunset Factors – Additional Questions

October 1, 2006

1. An identification of the problem or the needs that the agency is intending to address.

As mentioned earlier, vehicles are stolen for a variety of reasons. Vehicles may be stolen simply as a means of transportation. Criminals often steal vehicles in order to facilitate other crimes, such as armed robberies, kidnappings, drive-by shootings, smuggling activities and so forth. Professional auto thieves steal vehicles for economic benefit. They operate "chop shops," where vehicles are stripped and component parts are sold to unsuspecting buyers, or unscrupulous auto repair shops. They also attempt to conceal the identity of stolen vehicles by "VIN-switching" with wrecked or salvaged vehicles and then sell them to unsuspecting buyers. The "VIN" is the vehicle identification number and is unique to only one vehicle.

Thieves gain access to vehicles in many ways. Unfortunately, the most common way thieves are able to gain access to a vehicle occurs when the owner does not properly secure their vehicle, often leaving the keys in the ignition and/or the vehicle left running. Thieves have learned to gain access to vehicles using a device known as a "slim jim" to unlock doors or through the use of jiggle keys or master keys. Common tools used in lock-smithing are also readily available. In some cases, doors are forced open or windows are broken to gain access to a vehicle. Once inside the vehicle, thieves are also able to use ignition key blanks to force the ignition. Many of the items used by auto thieves to aid in the theft of a vehicle can be purchased on the Internet or obtained from local criminal sources. In some instances, the auto thief may resort to towing the vehicle away.

For many years, auto theft has been a low risk, high profit crime for thieves. If vehicle theft were a legitimate business it would be listed in the top 250 companies of the Fortune 500. According to the Crime in the United States Report by the Federal Bureau of Investigation (FBI), there were nearly 1.3 million motor vehicle thefts in the United States in 2004, with an estimated value of \$8.6 billion. According to the Arizona Department of Public Safety (DPS), there were 53,198 vehicles reported stolen in the State of Arizona in 2005, with an estimated value of \$343 million. This translates to nearly 146 motor vehicle thefts every 24 hours in Arizona. Arizona has been one of the leading states in the nation in vehicle theft per capita for the past ten years. The Phoenix metropolitan area is identified by the National Insurance Crime Bureau (NICB) as having one of the highest motor vehicle theft rates in the nation. Fortunately, statistical information indicates the total number of vehicle thefts decreased in the State of Arizona (-2.21%) in 2005. The Authority attributes the decrease in the vehicle theft rate to the combined efforts of our criminal justice partners and ongoing public awareness and community education campaigns.

Criminals are known to follow the path of least resistance. As vehicle theft is commonly referred to as a property crime by law enforcement agencies. The reality is that the law enforcement community must prioritize calls for service. In most, if not all instances, there are insufficient resources to adequately address the investigation of all criminal activity. Due to the priority of resources of vehicle theft as a property crime, it falls to the bottom of the priority crimes list and does not receive the attention needed to reverse its affect on our state. In summary, local authorities do not have the means (funding) to focus on this insidious and far-reaching crime.

The continuing vehicle theft problem and growing population in Arizona requires a coordinated statewide effort to develop, implement and sustain successful programs and inter-agency cooperation to combat vehicle theft in the state. Arizona's proximity to Mexico, the declining recovery rate and homeland security concerns mandate employing partnerships on a national and international level to curtail vehicle theft by organized criminal groups and deter exportation of stolen vehicles to finance other criminal activities and international terrorism.

The Authority believes its current initiatives, programs and partnerships are beginning to take hold and have an impact on Arizona's vehicle theft rate. Although the Agency is encouraged by the reduction, a great deal of work remains to continue to reduce Arizona's vehicle theft rate. The AATA remains committed to reducing the incidence of vehicle theft in the state with support from the insurance industry, criminal justice agencies, community organizations, and business partners, and looks forward to continued service to the citizens of Arizona.

2. A statement, to the extent practicable, in quantitative and qualitative terms, of the objectives of such agency and its anticipated accomplishments.

The Authority's Operational Plan outlines the various methods the Authority has determined will best combat vehicle theft in the State of Arizona. (See Tab 20)

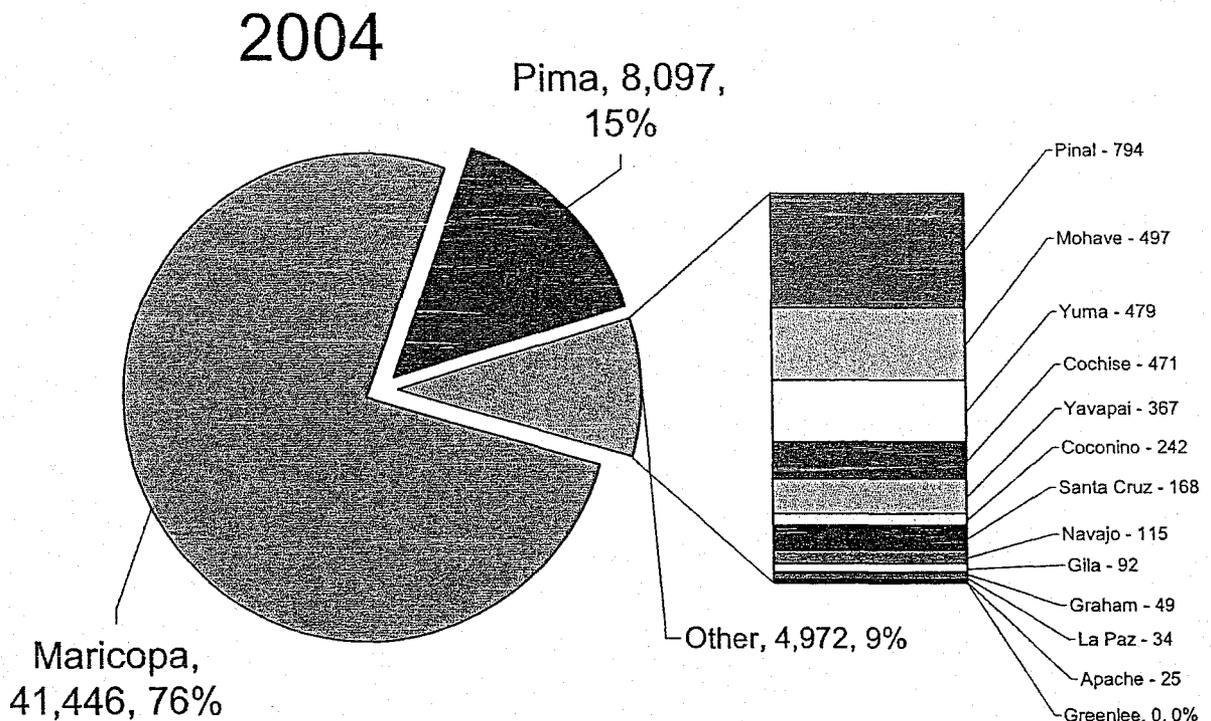
A. Law enforcement activities:

i. The Arizona Vehicle Theft Task Force

In November 1996, the AATA approved a grant proposal by the Arizona Department of Public Safety (DPS) to establish a statewide, multi-agency vehicle theft task force. The AATA Board of Directors supported the concept of a unified and collaborative approach to combat the problem of vehicle theft in the State of Arizona. Upon reviewing existing programs in other states, it was determined that a state task force would be most efficient and cost effective. This offered the greatest control and accountability, with the lowest associated administrative cost. The Arizona Vehicle Theft Task Force also referred to as the RATTLER (Regional Auto Theft Team Law Enforcement Response) Task Force, commenced limited operation in January 1997. By the end of December 2001, the Task Force consisted of three enforcement squads located in Maricopa County, Pima County, and two "border" enforcement squads, with personnel located throughout the southern counties bordering Mexico. Task Force personnel are currently located in Cochise, Maricopa, Mohave, Pima, Pinal, Santa Cruz, Yavapai and Yuma Counties and represent fourteen different law enforcement agencies. The Task Force will continually evaluate its deployment strategies. (Refer to Tab 2)

The deployment of AATA funded resources is based upon the vehicle theft rates in our counties; along with where it is determined the greatest return on investment will be made. Generally 75% to 80% of vehicle thefts occur in Maricopa County; with 15% to 20% occurring in Pima County and 5% to 10% occurring in the remaining 13 Arizona counties (refer to attachments 2 and 3). Since the overwhelming majority of vehicle thefts occur in Maricopa and Pima Counties, most of the Task Force's resources have been directed there.

***Arizona Vehicle Thefts By County**



*Source: Arizona Department of Public Safety - Crime in Arizona 2004

This does not mean that the AATA or Task Force discounts the impact that vehicle theft has on our citizens in the other counties. The Task Force currently has personnel in Arizona counties with the highest number of vehicle thefts, and/or border counties. Upon request, the Task Force routinely responds statewide to provide investigative support and technical expertise to local law enforcement agencies. It is ultimately the desire of the AATA to have Task Force personnel located in every Arizona county.

The Task Force is administered by the AZ. DPS and includes both sworn and civilian personnel, and is almost entirely funded by the AATA. The DPS Vehicle Theft Investigations squad, (including a sworn supervisor and six detectives) was incorporated into the Task Force. All of the other FTE's in the Task Force (excluding the NICB special agents, MVD investigators and border liaison personnel) are funded by the AATA grant.

The Task Force serves as a statewide resource for the investigation of property crimes involving vehicles, related components and insurance fraud. It provides technical expertise, training and investigative support to law enforcement agencies targeting vehicle theft and related crimes. The unit is comprised of local, state and federal law enforcement agencies, along with other entities participating in a concerted effort to identify, apprehend and prosecute individuals and criminal organizations that profit from motor vehicle theft or related criminal activity, and insurance fraud.

The Task Force provides a vital mission on behalf of the AATA to reduce vehicle theft in the State of Arizona through public awareness and community education, and the deterrence of criminal activity through aggressive, proactive enforcement and prosecution. Without funding by the AATA, the Vehicle Theft Task Force would not exist and it does not appear that any other agencies or funding sources are readily available to support this valuable program.

Based on the significant results of the Task Force since its inception, the AATA approved continuation and expansion of this grant through June 30, 2007.

ii. Other Law Enforcement Grants

As a philosophical policy matter, the AATA Board of Directors is committed to supporting the multi-agency, statewide law enforcement Task Force concept. The other law enforcement grants that are available generally support specific tasks and applications, such as training, equipment and promoting the Agency's public awareness and community education activities. All Arizona criminal justice agencies are eligible to apply for AATA grants. These grants will be available for investigation of vehicle theft crimes, purchase of equipment for vehicle theft investigations, and training of vehicle theft investigators. (See Tab 21)

The Authority has approved the following grant programs to Arizona Law Enforcement agencies to combat vehicle theft through law enforcement investigation:

Law Enforcement Grants — awarded to law enforcement agencies to promote more efficient and effective law enforcement activities of vehicle theft investigation, enforcement and prevention within their jurisdiction. Law enforcement agencies in the State of Arizona will be notified of the availability and purpose of grant funds and will be continue to be eligible to submit applications for grants provided they comply with the terms and conditions of the grant. The Authority will continue to use this grant program to assist police agencies around the state to combat vehicle theft through proven strategies such as bait vehicles, mobile license plate readers and overtime funding.

- **Professional Training Grants** — awarded to law enforcement and prosecutorial agencies to promote professional training and development of its law enforcement officers or prosecutors. Agencies and prosecutorial offices within the State of Arizona will be notified of the availability and purpose of grant funds and will be eligible to submit applications for grants provided they comply with the terms and conditions of the grant. Awards will be based on the evaluation of the training requested as well as the impact the training will have on the statewide effort to combat vehicle theft. The AATA staff and subcommittee of the AATA Board will evaluate requests, with final approval given by the full Board. Both tuition and travel expenses will be considered (See Grant Policy & Procedure ATA 705).
- **Emergency Assistance Grants** — Any law enforcement agency in the State of Arizona may contact the Executive Director of the Arizona Automobile Theft Authority for assistance with training, investigation or funding of any immediate need relating to combating vehicle theft in Arizona. Each

such request will be handled individually, based on urgency, merit, and available resources. Requests may be forwarded to the Arizona Vehicle Theft Task Force.

Vertical Prosecution

The County Attorney Offices have primary jurisdiction over vehicle theft related cases in the State of Arizona. In fiscal year 2002, the AATA awarded grants to the Maricopa, Pima and Pinal County Attorney's Offices to support vertical prosecution. In fiscal year 2003, grants were awarded to the Cochise, Mohave and Santa Cruz County Attorney's Offices to support part-time vertical prosecution. The Authority currently funds six grants that provide dedicated Vertical Prosecutors in Cochise, Maricopa, Mohave, Pima, Pinal and Santa Cruz counties. In addition to handling cases, these prosecutors also provide technical expertise and training to law enforcement personnel and other prosecutors throughout the state. (See Tab 22)

The Authority plans to expand this program to other counties in the future and continues to support the imposition of the maximum penalty permitted by law as well supporting payment of restitution by those convicted of vehicle theft crimes. The grants are awarded with the understanding that cases brought by the Task Force will take priority and will be subject to vertical prosecution. In addition to the prosecution process, the attorney will work with the Task Force to offer legal training and provide advice on cases under investigation.

Public Awareness

A vital component in the AATA's mission statement is the public awareness and education area. The Authority increases public awareness by educating Arizona citizens about vehicle theft prevention through use of media campaigns and community events throughout the state. The AATA collaborates with law enforcement agencies and several other community partners to increase awareness of Arizona's vehicle theft rate as well as preventative measures that should be practiced by all Arizona residents.

Watch Your Car Program

The Watch Your Car Program will continue to be promoted as a means of disseminating vehicle theft prevention information to the citizens of Arizona. This program is designed to assist law enforcement in checking vehicles found on the street between 1 AM and 5 AM, when the owner is typically not operating their vehicle, or when the vehicle is in close proximity to an international border. Information on this program will be made available to the citizens of Arizona by:

1. The AATA website (www.azwatchyourcar.com)
2. Statewide law enforcement agencies receiving AATA public awareness grants, as well as those not receiving AATA grant funding
3. Public awareness events sponsored by the AATA
4. Newspaper, radio and television news stories, advertisements and PSA's
5. Homeowner associations, civic groups, and insurance companies
6. Mailings by MVD and local communities

Public Awareness Grants to statewide law enforcement agencies

Grants to law enforcement agencies will be awarded by the AATA to promote public awareness of vehicle theft prevention strategies and the Watch Your Car Program. Criminal justice agencies in the State of Arizona will be notified of the availability and purpose of grant funds and will be eligible to submit applications for grants provided they comply with the terms and conditions of the grant. Awards will be based on the evaluation of the grant proposal by the AATA staff and subcommittee of the AATA Board, with final approval given by the full Board of Directors. (See Tab 23)

Continuation of the partnership with the Motor Vehicle Division for the mailing of vehicle theft prevention materials to every registered vehicle owner in the state.

Develop and implement an auto theft prevention curriculum for middle and high school students in the state.

According to the Department of Public Safety, in 2004, approximately 15% of vehicles were stolen by juveniles. In reviewing the vehicle theft problem, the AATA will address resources to educating students in middle school and high school on the facts regarding vehicle theft. (Refer to Tab 12)

Utilization of the AATA website

The Authority will continue to utilize its website to provide easy access to the AATA and its programs. The agency website will include:

1. Information on available AATA grants
2. Vehicle theft prevention information and on-line enrollment form for the Watch Your Car Program
3. Listing of current events sponsored by the AATA and its law enforcement partners
4. Information for insurance companies addressing frequently asked questions concerning the semi-annual assessment requirements
5. Statistical data on vehicle theft (Refer to Tab 15)

Expansion of AATA media and advertising efforts

The Authority will continue to disseminate vehicle theft prevention and Watch Your Car Program information via press releases through coordinated media outreach efforts. In addition, development of Public Service Announcements (PSA's) will be distributed to broadcast media outlets throughout the state. (Refer to Tabs 11 & 8)

3. An identification of any other agencies having a similar, conflicting or duplicate objectives, and an explanation of the manner in which the agency avoids duplication or conflicts with other such agencies.

There does not appear to be any duplication of efforts performed by the Authority in regards to activities currently performed by other agencies. By statute, the Authority is the agency mandated to administer programs related to vehicle theft prevention and deterrence in the State of Arizona. This is accomplished by developing and supporting comprehensive anti-vehicle theft programs and by providing financial resources to assist criminal justice agencies to fulfill this mission.

4. Assessment of the consequences of elimination of the agency or of consolidating it with another agency.

i. Assessment of the consequences of eliminating the agency

Eliminating the Authority would essentially do away with the collaborative partnerships fostered by the AATA and those existing within the Arizona Vehicle Theft Task Force comprised of multiple law enforcement agencies in various counties. The Task Force is fully funded by the AATA budget and has been recognized in 2006 by the International Association of Chief's of Police as the top premier vehicle theft task force in the country. In addition, funding providing for vertical prosecution and community awareness theft prevention programs would be abolished. Florida State eliminated their Automobile Theft Prevention Authority because of the success it had experienced and today they are looking to re-establish this agency because of the growing automobile theft problem.

The effects of eliminating the Authority could include the following:

- Vehicle theft would significantly increase
- The recovery rate of stolen vehicles would decrease, the international exportation of stolen Arizona vehicles would increase
- Criminal justice agencies would not have additional resources to combat vehicle theft or to invest in new technology such as bait vehicles and mobile license plate readers
- The vertical prosecution programs would disappear and the State of Arizona would experience a reduction in harsher imposed sentences for vehicle theft cases,
- Funding for public awareness/community education on how the general public can and should protect their vehicles would be eliminated,

- Without the funding provided by the Authority, the statewide efforts of the Arizona Vehicle Theft Task Force would be discontinued,
- Arizona citizens would pay higher insurance premiums due to an increase in the automobile theft rate.

ii. Assessment of the consequences of consolidating the Authority with another Agency.

Consolidating the Authority with another agency would not serve in the best interest of Arizona's citizens. Funding for the Authority comes solely from the insurance industry and investment income. In addition, the Authority's administrative costs remain low; 6.31% of total expenditures for FY 2006; the performance target set by the Joint Legislative Budget Committee (JLBC) for an administrative cost was 9%.

Consolidating the Authority with another state agency would add another layer of bureaucracy that would lessen the AATA's ability to affect public policy impacting this state's automobile theft problem. The Arizona Automobile Theft Authority currently serves as a model agency that several other states are attempting to copy and create to combat auto theft. Other States that have an Automobile Theft Prevention Authority that is under the umbrella of another state agency has not been as effective as Arizona. In addition, the insurance industry has expressed concerns that if the Authority were to be placed under the control of another agency, its funding may be used for other, non-auto theft programs.

ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE OPEN TO THE PUBLIC

SENATE TRANSPORTATION AND HOUSE OF REPRESENTATIVES TRANSPORTATION COMMITTEE OF REFERENCE FOR THE SUNSET HEARING OF THE ARIZONA AUTOMOBILE THEFT AUTHORITY AND PERFORMANCE AUDIT OF THE PINAL COUNTY TRANSPORTATION EXCISE TAX

Date: Tuesday, December 12, 2006

Time: 9:30 A.M.

Place: HHR 3

AGENDA

1. Call to Order
2. Opening Remarks
3. Sunset Review of the Arizona Automobile Theft Authority
 - Presentation by the Arizona Automobile Theft Authority
 - Public Testimony
 - Discussion
 - Recommendations by the Committee of Reference
4. Performance Audit of the Pinal County Transportation Excise Tax
 - Presentation by the Office of the Auditor General
 - Public Testimony
 - Discussion
 - Recommendations by the Committee of Reference
5. Adjourn

Members:

Senator Thayer Verschoor, Co-Chair
Senator Carolyn Allen
Senator Chuck Gray
Senator Rebecca Rios
Senator Victor Soltero

Representative Pamela Gorman, Co-Chair
Representative Meg Burton Cahill
Representative Russ Jones
Representative John Nelson
Representative Tom Prezelski

12/6/06
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ARIZONA STATE LEGISLATURE
Forty-seventh Legislature – Second Regular Session

SENATE TRANSPORTATION AND HOUSE OF REPRESENTATIVES
TRANSPORTATION COMMITTEE OF REFERENCE FOR THE
SUNSET HEARING OF THE ARIZONA AUTOMOBILE THEFT
AUTHORITY AND THE PERFORMANCE AUDIT OF THE
PINAL COUNTY TRANSPORTATION EXCISE TAX

Minutes of Meeting
Tuesday, December 12, 2006
House Hearing Room 3 -- 9:30 a.m.

Chairman Gorman called the meeting to order at 9:35 a.m. and attendance was noted by the secretary.

Members Present

Senator Chuck Gray
Senator Rebecca Rios
Senator Victor Soltero
Senator Thayer Verschoor, Cochair

Representative John Nelson
Representative Pamela Gorman, Cochair

Members Absent

Senator Carolyn Allen

Representative Meg Burton Cahill
Representative Russ Jones
Representative Tom Prezelski

Speakers Present

Rene Guillen, Assistant Majority Research Analyst
Anne Hunter, Office of the Auditor General (AG)
Shannon Ortiz, Town Clerk, Town of Mammoth
Terry Doolittle, Manager, Pinal County
Enrique Cantu, Executive Director, Arizona Automobile Theft Authority (AATA)
Mikel Longman, Chief, Criminal Investigations, Department of Public Safety (DPS)
Don Isaacson, representing State Farm Insurance Company
Brian Salata, Prosecuting Attorney, Pinal County
John Wintersteen, Chief, Paradise Valley Police Department
Ralph Ogden, Sheriff, Yuma County
Names of persons who did not speak (pages 5 and 7)

Chairman Gorman announced that the Committee will hear discussion on the Arizona Automobile Theft Authority. In addition, the Office of the Auditor General will give a presentation on the Pinal Excise Tax audit. She announced that no action will be taken on the Pinal County Transportation Excise Tax.

PRESENTATIONS:

Rene Guillen, Assistant Majority Research Analyst, advised that the purpose of today's meeting is to review the Arizona Automobile Theft Authority (AATA). The Committee has the option to either terminate the agency, continue the agency for a number of years, or to continue the agency with additional recommendations. In addition, in June of this year, the Office of the Auditor General conducted an audit of the Pinal County Transportation Excise Tax. A performance audit is required of every transportation excise tax in the State. The first audit occurs after the first ten years and then subsequently every five years. With the Office of the Auditor General Performance Audit, the Committee is not required to take any action.

PERFORMANCE AUDIT OF THE PINAL COUNTY TRANSPORTATION EXCISE TAX:

Anne Hunter, Office of the Auditor General (AG), presented information from the Auditor General's performance audit of the Pinal County transportation excise tax which was completed in June, 2006 (Attachment 1). A copy of the performance audit was distributed as well as report highlights of the audit (Attachments 2 and 3). Statute requires that the Auditor General conduct a performance audit in the tenth year that a transportation excise tax is in effect and then every five years thereafter. The AG is required to determine whether the excise tax revenues are used for street and highway purposes or transportation projects, review past and future planned expenditures, and determine the impact of those expenditures on solving transportation problems. The one-half cent excise tax was established in 1987 by the voters and has generated more than \$107 million dollars. The tax is shared with the 10 incorporated cities and towns in Pinal County and distribution is based on population. The excise tax was re-authorized in a special election held in November, 2005, and will remain in effect until 2026. It is expected to generate approximately \$951 million in the next 20 years. The excise tax has allowed Pinal County and the cities and towns to address a variety of transportation needs.

The audit identified the following findings:

- It was found that two cities can more effectively demonstrate the impact of the transportation tax. The City of Coolidge should apply the results of a recently completed capital improvement plan and a small area transportation study that is underway to identify and prioritize transportation projects; and the Town of Mammoth should formalize its planning process and keep a record of routine maintenance and any completed transportation projects that are funded with excise tax monies.
- The incorporated cities and towns that receive excise tax revenues need to implement policies and procedures to help ensure that they appropriately spend the revenues and comply with the excise tax's statutory requirements. A sample of 43 of Pinal County's

excise tax expenditures were reviewed and it was determined that the expenditures complied with the tax's statutory restrictions. A sample of 52 expenditures from the City of Apache Junction's road fund was reviewed and two minor, inappropriate expenditures were identified, both less than \$50 each. A sample of 31 expenditures from the Town of Mammoth's road fund showed inappropriate or unsupported expenditures totaling less than \$500. In the Town of Superior, 29 expenditures were reviewed. One inappropriate expenditure that was less than \$30 was identified and one cost of \$322 was incorrectly charged to its road fund.

Ms. Hunter advised that the audit showed that although the incorporated cities and towns in Pinal County rely on a variety of mechanisms to help ensure that excise tax monies are used appropriately, all the cities and towns lack written policies and procedures that specifically address the expenditure of statutorily restricted road monies, including excise tax monies. She said this may have contributed to the inappropriate, unsupported and incorrectly recorded expenditures identified by the AG's office. It was recommended that all cities and towns develop and implement written policies and procedures that specifically address restricted road monies. It was further recommended that when policies and procedures are adopted, they be provided to public works officials and others who are responsible for approving expenditures.

Shannon Ortiz, Town Clerk, Town of Mammoth, advised that the Town of Mammoth is in the process of implementing all the recommendations made by the audit team. The Auditor General's Office is working with the Town to address the issues raised by the audit.

Terry Doolittle, Manager, Pinal County, testified that in 2005 the voters reauthorized the extension of the transportation excise tax for another 20 years. The County has been able to convert many miles of dirt roads to paved roads with the extension of the excise tax.

Senator Verschoor queried whether the County is doing anything to ensure that the monies are being properly used. Mr. Doolittle related that the countywide policies are being developed.

SUNSET HEARING OF THE ARIZONA AUTOMOBILE THEFT AUTHORITY:

Enrique Cantu, Executive Director, Arizona Automobile Theft Authority (AATA), provided background information on the Arizona Automobile Theft Authority (AATA) for its sunset review (Attachment 4). He related that the AATA provides vital information to the citizens of Arizona. Since its creation in 1992, it has been very successful in combating vehicle theft. In 1997 the Legislature established the AATA in its present form which consists of a twelve-member board of directors. The purpose of the Authority is to combat vehicle theft throughout the State. The AATA is funded by revenues collected by the insurance industry; it does not receive any General Fund monies. The Authority supports programs that effectively deter and prevent vehicle theft:

- Law Enforcement Program:
 1. Arizona Vehicle Theft Task Force
 2. Law Enforcement, Professional Training and Emergency Assistance Grants

3. Statewide Bait Vehicle Program
 4. License Plate Reader Program
- Vertical Prosecution Program:
 1. Vertical Prosecution, Professional Training and Emergency Assistance Grants
 - Public Awareness/Community Education Programs:
 1. Public Awareness Grant
 2. Watch Your Car Program
 3. Vehicle Identification Number (VIN) Etching Program
 4. Partnerships with statewide law enforcement, criminal justice and community partners to promote vehicle theft prevention
 5. Advertising and media campaigns

Mr. Cantu provided 2005 statistics. He advised that 90 percent of Arizona thefts occurred in Maricopa and Pima Counties, which supports the national trend of automobile thefts occurring in major metropolitan areas. The Phoenix Metropolitan area ranked sixth in the top ten of U.S. metropolitan areas with the highest vehicle theft rate; approximately 150 vehicles are stolen every day in the State. About 65 percent of stolen vehicles are recovered. Those not recovered are often shipped overseas; driven across U.S. borders; stripped by chop shops and resold as parts; or hidden or destroyed by owners to collect an insurance settlement. Stolen vehicles are frequently used to commit other criminal acts, including robberies, illegal drug and human trafficking and drive-by shootings. He asked the Committee of Reference to support a five-year continuance of the Arizona Automobile Theft Authority.

Senator Soltero asked the number of people employed by ATA. Mr. Cantu advised that the AATA has six staff employees. He said there are 50 full-time employees on the task force.

In response to Senator Soltero, Mr. Cantu related that the task force is administered by the Department of Public Safety and is fully funded by the AATA.

Senator Verschoor questioned the length of time the 131 individuals who have been prosecuted involving the use of bait cars stay in jail. Mr. Cantu replied that he is not sure; however, stiff sentences are being asked for. Senator Verschoor asked whether any of these individuals have been caught more than once. Mr. Cantu said he does not know.

Senator Verschoor asked about license plate scanners. Mr. Cantu noted that they are manufactured to be either placed in vehicles so they are mobile or placed at fixed sites.

Senator Gray wondered whether insurance rates have gone down as a result of the work of the AATA. Mr. Cantu answered that is a complex question. He explained that the majority of money paid for insurance goes for liability. Comprehensive coverage is a small portion of rates.

Senator Gray stated that the Authority has the opportunity to be a resource to the Legislature to address issues that will help lower insurance rates. He said he would like to see how the task force's work in reducing and deterring theft is affecting rates.

Mikel Longman, Chief, Criminal Investigations, Department of Public Safety (DPS), advised that the Department of Public Safety (DPS) administers the task force through grants that come from the Arizona Automobile Theft Authority. The task force began limited operations in January, 1998 and has grown substantially since that time. Along with other programs, he stated it is seriously making a dent on auto theft. The task force consists of approximately 50 people from 16 to 22 agencies statewide. He related that vehicle theft is a tough crime to fight because the theft may occur in one jurisdiction and the person may go to a different jurisdiction to commit another crime. Stolen vehicles are used in facilitating other crimes, such as smuggling drugs and people. He noted that Arizona is a major smuggling port.

Senator Soltero said he has heard that vehicle theft is a low priority for law enforcement. He asked what happens when a car is stolen. Chief Longman advised that when a person informs the local jurisdiction of a theft, the information is entered into both a statewide and national computer system. He revealed that 54,000 cars are stolen in Arizona annually.

Senator Soltero again said he has heard that the priority given to stolen vehicles is not what it should be. Chief Longman responded that law enforcement has to prioritize calls. Violent crimes receive the highest level of response. He said that automobile theft is a major crime and it is given significant attention by law enforcement.

Senator Gray asked for suggestions that the Legislature can do, using the AATA as a resource, to help deter vehicle theft. Chief Longman recommended enhanced penalties, making a concerted effort to track down predators, and coming up with a statewide strategy to address this problem. He mentioned hiring more DPS officers, a greater prosecutorial effort and placing more attention on insurance fraud.

Senator Gray asked about working with the tribes on the reservations to address crossing jurisdictions. Chief Longman said he has had no experience with that. Senator Gray queried whether the tribes have representation on the task force. Chief Longman replied in the negative.

Persons in support of the continuation of the AATA who did not speak:

Rares Almasan, Arizona Automobile Theft Authority (AATA)
Eric Hitchcock, Arizona Automobile Theft Authority (AATA)
Robert Ticer, Arizona Department of Public Safety (DPS)
Matt Reed, State Farm Insurance Company
Joe Brocus, Arizona Automobile Theft Authority (AATA)

Don Isaacson, representing State Farm Insurance Company, expressed support of the Arizona Automobile Theft Authority (AATA). He stated that over the years, State Farm has come to recognize that states that have an Automobile Theft Authority are three times more effective in the reduction of vehicle thefts. He advised that auto theft is under the comprehensive coverage

of insurance coverage. Any time there is a decrease in the incidence of theft, there is a decrease in the overall rate component of comprehensive coverage, and that helps reduce rates.

In response to Senator Gray, Mr. Cantu reviewed the membership of the Authority: two police chiefs, two sheriffs, two county attorneys, two employees of insurers, two members of the general public, the assistant director of the Motor Vehicle Division, and the Director of the Department of Public Safety. The task force is comprised mainly of representatives of 18 different law enforcement agencies.

Brian Salata, Prosecuting Attorney, Pinal County, spoke about the Vertical Prosecution Program. Under this program, a single prosecutor is involved in the case all the way through sentencing. 70 percent of the cases are prosecuted and the conviction rate is over 95 percent. He related that about 35 percent of stolen vehicles are not recovered; they are exported out of the country or chopped up and sold for parts. Approximately 90 percent of the stolen vehicles in Pinal County are mob-related and are used in the commission of other crimes, such as drug or human smuggling.

Senator Verschoor moved that the Committee of Reference make the recommendation to continue the Arizona Automobile Theft Authority for five years. The motion carried by a roll call vote of 6-0-0-4 (Attachment 5).

Senator Soltero wondered whether automobile manufacturers can do anything to reduce auto theft. Mr. Salata pointed out that they have come up with the STAR technology to make recovery easier and quicker. He advised that other countries are using microdot technology to identify specific parts as a means of tracing stolen parts. He also brought up the use of bait cars and the license plate reader.

Senator Gray asked the percentage of auto theft prosecutions that are vertical. Mr. Salata answered that 100 percent of cases in Pinal County are vertical prosecutions. Senator Gray wondered whether vertical-type prosecution would be successful in other areas of crime. Mr. Salata said that is his belief.

John Wintersteen, Chief, Paradise Valley Police Department, spoke about the prevention component of automobile thefts. He related that theft in Paradise Valley has been reduced by 70 percent since the Arizona Automobile Theft Authority's participation. Without the AATA, this reduction could not have been accomplished. He advised that the Paradise Valley Police Department is involved in Vehicle Identification Number (VIN) etching. He stated that VIN etching is requested by communities.

Chairman Gorman asked whether communities can request VIN etching. Chief Wintersteen answered that Phoenix is funded to do VIN etching. Chairman Gorman queried whether Home Owners Associations can request VIN etching or whether the request must go through a police department. Chief Wintersteen stated that it is better to go through law enforcement.

Ralph Ogden, Sheriff, Yuma County, stated that the Arizona Automobile Theft Authority is a great program. All law enforcement agencies work together so these cases can be prosecuted. He said the program is very effective.

In response to Senator Gray's question concerning recommendations to the Legislature, Sheriff Ogden asked the Legislature to continue to support the program, require both front and back license plates on vehicles and have the vehicle license plate stay on the vehicle. He pointed out that Yuma County works closely with law enforcement counterparts in Mexico to recover stolen vehicles and with law enforcement counterparts in other states.

Persons in support of the continuation of the AATA who did not speak:

Mel Kogal, Paradise Valley

Ellen Poole, Board Member, Arizona Automobile Theft Authority (AATA)

Without objection, the meeting adjourned at 11:13 a.m.



Joanne Bell, Committee Secretary
December 21, 2006

(Original minutes, attachments and tape on file in the Chief Clerk's Office)