

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Representative Rex Crowell at
Chairperson

1:30 ~~xxx~~/p.m. on January 31, 1985 in room 519-S of the Capitol.

All members were present ~~except~~

Committee staff present:

Hank Avila, Legislative Research Department
Fred Carman, Office of the Revisor of Statutes
Donna Mulligan, Committee Secretary

Conferees appearing before the committee:

Captain David Hornbaker, Kansas Highway Patrol
Mr. Pat Barnes, Kansas Motor Car Dealers' Association
Lt. Lee Sipes, Topeka Police Department
Sgt. Jim Gilchrist, Topeka Police Department

Chairman Crowell called the meeting to order and announced the first order of business would be a hearing on HB-2024 concerning altering or tampering with readings on odometers, tachometers and other devices used for registering mileage.

Mr. Hank Avila of the Legislative Research Department briefed the Committee on the contents of HB-2024 and said the bill was a result of the interim study on Proposal No. 53--Kansas Titles for Out-of-State Used Vehicles.

Chairman Crowell requested Mr. Avila to also explain HB-2026 concerning authorizing adoption of rules and regulations by the Superintendent of the Kansas Highway Patrol. Mr. Avila briefed the Committee on the contents of the bill and said it too was a result of the interim study on Proposal No. 53.

Captain David Hornbaker of the Kansas Highway Patrol testified favorably concerning HB-2024. (See Attachment 1) Captain Hornbaker told the Committee a recent study of the National Highway Traffic Safety Administration of the U. S. Department of Transportation traced the ownership of 1,150 motor vehicles sold by national lease car companies. It was found that the odometers on 1,068 of the vehicles (93%) had been altered to reflect lower cumulative mileage readings.

Captain Hornbaker further stated that based on figures compiled by NHTSA, as a result of their odometer tampering investigation, it has been determined that for every 10,000 miles a vehicle's odometer is altered, there is a \$300-\$500 increase in the retail value depending on the model. Captain Hornbaker went on to say that on a national basis, odometer fraud costs consumers roughly \$2.8 billion each year.

Representative Freeman asked if there were figures available on how many vehicles are involved in odometer tampering in the state of Kansas. Captain Hornbaker said he doesn't have exact figures but cases are widespread due to the fact we are close to areas such as Kansas City, Missouri and Lebanon, Missouri where numerous rollbacks occur.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S, Statehouse, at 1:30 ~~am~~/p.m. on January 31, 1985

General discussion took place among committee members and Captain Hornbaker regarding instances of odometer rollbacks.

Captain Hornbaker distributed among committee members actual titles which had been altered to demonstrate what is taking place.

Mr. Pat Barnes of the Kansas Motor Car Dealers' Association, expressed support for HB-2024. (See Attachment 2) Mr. Barnes stated strong penalties designed as a deterrent for fraudulent practices, such as altering the mileage shown on a motor vehicle, can serve to provide benefits to the consuming public and automobile dealers alike. He added that statistics show the average odometer rollback is 30,000 miles per vehicle.

Lt. Lee Sipes of the Topeka Police Department spoke briefly in support of HB-2024. He indicated odometer rollbacks are a definite problem in the Topeka area, and introduced Sgt. Jim Gilchrist, Supervisor of the Auto Theft Unit of the Topeka Police Department.

Sgt. Jim Gilchrist of the Topeka Police Department was the next conferee supporting HB-2024. He discussed in detail cases he had worked on involving rollbacks, pointing out the large volume of vehicles involved and the lucrative nature of such illegal activity.

Sgt. Gilchrist said they estimate the average rollback in the Topeka area is 30,000 to 50,000 miles, and the average cost to the consumer who purchases a vehicle whose odometer has been rolled back is \$1,000 to \$1,500.

Representative Spaniol asked if the main problem was with habitual offenders. Sgt. Gilchrist said that is correct.

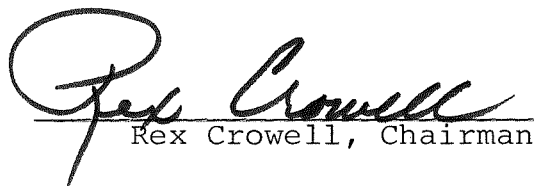
Representative Spaniol asked if the penalty in the bill wasn't too severe for the first time offender. Sgt. Gilchrist said he had never met an offender who had only done one rollback.

The hearing on HB-2024 was concluded.

The next order of business was HB-2026, concerning adoption of rules and regulations by the Superintendent of the Kansas Highway Patrol and providing for penalties for violations regarding KSA 1984 Supp. 8-116a.

Captain David Hornbaker of the Kansas Highway Patrol appeared in support of HB-2026. (See Attachment 3) He told the Committee since an important part of the verification procedure is the validation of the mileage on the used vehicle, it is imperative to have rule and regulation authority in order to have uniformity and provide guidance to the respective designees. Captain Hornbaker requested that the Committee consider HB-2026 favorable for passage.

The meeting was adjourned at 3:00 p.m.


Rex Crowell, Chairman

Summary of Testimony - House Bill 2024

House Committee on Transportation

Kansas Highway Patrol
(Captain David Hornbaker)

January 31, 1985

Appeared in Support

House Bill 2024 changes the wordage in KSA 8-611 to make it unlawful to alter or tamper with an odometer in a motor vehicle plus increases the penalties for violation to a Class D felony. A Class D felony carries a fine of not more than \$10,000 and/or imprisonment for not less than one year nor more than three years and a maximum of not less than five years nor more than 10 years.

A recent study of the National Highway Traffic Safety Administration of the United States Department of Transportation traced the ownership of 1,150 motor vehicles sold by national lease car companies. It was determined that the odometers on 1,068 of the vehicles (93%) had been altered to reflect substantially lower cumulative mileage readings and that the average wholesale profit on the vehicles sold with altered odometers was \$750 per vehicle. Furthermore, based on figures compiled by NHTSA as a result of their odometer tampering investigation, it has been determined that for every 10,000 miles that a vehicle's odometer is altered, there is a \$300-\$500 increase in the retail value of the vehicle depending on the model. Even more startling is the fact that nationally, odometer fraud costs consumers roughly \$2.8 billion each year.

It also should be pointed out that odometer tampering impacts on public safety. Purchasers of late-model, supposedly low mileage vehicles may be less concerned that their vehicle has a defect in a major component of the vehicle. Thus, they may be less likely to have their vehicle inspected because of their belief that the vehicle is in reasonably good condition.

I have brought with me some examples of titles which show obvious odometer tampering. These documents show tampering that is so obvious that anyone could detect it, but the new titles were issued by Oklahoma reflecting the lower mileage.

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Attach. 1

The second method involves much more effort and is considerably harder to detect. This method involves what is known as "title washing" in order to "erase" mileages and previous owners from a title history. The scenario is as follows:

- A. Individual "Smith" trades his late model high mileage car to a dealer.
- B. High mileage vehicle is wholesaled, either directly or through an auto auction, to the "rollback" dealer.
- C. "Rollback" dealer applies for a duplicate title in "Smith's" name, forging "Smith's" name and obtains a new title showing original new miles. This transaction is usually handled through a title service.
- D. Vehicle is now sold direct from "Smith" to the "rollback" dealer showing new rolled-back mileage. In addition the first sale is totally erased.
- E. The vehicle now is usually passed through several dealers in several states to help "wash" the title and make the paper trail extremely difficult to handle.
- F. Vehicle is almost always sold through an auto auction to a used car dealer and then on to the final purchaser.

By "rolling back" the odometer reading, the vehicle has now increased a minimum of \$750 in value with a minimum of effort.

The Kansas Highway Patrol strongly supports this legislation and we ask that this Committee give it favorable consideration.

BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION

IN RE: HOUSE BILL 2024

TAMPERING WITH ODOMETERS OR OTHER
DEVICES FOR REGISTERING MILEAGE

KANSAS MOTOR CAR DEALERS' ASSOCIATION - CONFERREE

Mr. Chairman, members of the Committee, my name is Pat Barnes and I serve as legislative counsel for the Kansas Motor Car Dealers' Association. Our membership would like to express their support for H.B. 2024 dealing with the tampering or alteration of devices used for registering mileage on motor vehicles.

In the long run, strong penalties designed as a deterrent for fraudulent practices, such as altering the mileage shown on a motor vehicle, can serve to provide benefits to the consuming public and automobile dealers alike. Currently, tampering with an odometer costs the consuming public from \$750 to \$1,600 per car. This results in total average annual costs to the consumer of over 2 billion dollars. Our statistics also show the average odometer roll-back is 30,000 miles per vehicle.

Under H.B. 2024 odometer tampering is redefined as a Class D felony. K.S.A. 1984 Supp. 21-4501(d)(2) and K.S.A. 1984 Supp. 21-4503 would provide the penalties for conviction if H.B. 2024 were adopted by this Legislature. A minimum prison term of one to three years with a maximum of five to ten years could be imposed for conviction as well as a fine of up to \$10,000. Because this bill would make tampering with an odometer or other mileage

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registering device a felony, a second or subsequent conviction would allow the sentencing judge the opportunity to increase, double or even triple the term of imprisonment depending upon the offender, his felony record and the circumstances of his particular case. (K.S.A. 1984 Supp. 21-4504).

Federal law also provides criminal penalties for odometer tampering. Under the federal enactment a violator may be fined not more than \$50,000 or sentenced to not more than one year imprisonment, or both. (15 U.S.C.A. §1990c). However, in this area federal law does not preempt state penalties which have been specifically reserved for the states. (15 U.S.C.A. §1991).

It is our opinion that upgrading this crime to a Class D felony will help give law enforcement officers in this state the ability to effectively police the tampering or alteration of devices used for registering motor vehicle mileage. A favorable report of this bill will help protect the quality of the automobile industry in this state which will necessarily benefit the consuming public.

Thank you for your attention.

Summary of Testimony - House Bill 2026

House Committee on Transportation

Kansas Highway Patrol
(Captain David Hornbaker)

January 31, 1985

Appeared in Support

House Bill 2026 authorizes adoption of rules and regulations by the superintendent of the Kansas Highway Patrol and provides for penalties for violations, regarding KSA 1984 Supp. 8-116a.

The inspection bill as passed by the 1984 Legislature provided for the superintendent of the Patrol to designate the verification procedure if deemed necessary. At the present time we have designated agents in the greater Kansas City area and that procedure is working well.

Since an important part of the verification procedure is the validation of the mileage on the used vehicle, it is imperative that we have rule and regulation authority in order to have uniformity and provide guidance to the respective designees.

In addition, rules and regulations concerning the proper disposition of the completed forms and monies received are necessary to insure the integrity of the program.

We respectfully request the Committee's favorable consideration of House Bill 2026.

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Attach. 3