

Written Testimony in Opposition of Senate Bill 36
Senate Committee on Transportation

Prepared by
Colonel Herman T. Jones
Kansas Highway Patrol

January 25, 2020

The Kansas Highway Patrol (KHP) appreciates the opportunity to provide written testimony in opposition of Senate Bill 36, and we respectfully request the Committee consider our agency's concerns. This bill would allow employees of salvage vehicle pools to perform vehicle identification number (VIN) inspections. The Kansas Highway Patrol has an extremely high degree of interest in protecting the integrity of the VIN inspection program. Our largest concern with this bill is allowing a non-law enforcement entity with a financial interest in the vehicle being inspected to perform a VIN inspection that will be changing the title status of a vehicle. Allowing this inspection process to take place outside of law enforcement control increases the potential for fraud. Some of these instances could include VIN cloning, title washing, VIN switching, and intentional incorrect branding for monetary benefit.

The purpose of the Kansas Highway Patrol's Motor Vehicle Enforcement Program (MVE) is to protect consumers, discourage motor vehicle theft, prevent the trafficking of stolen motor vehicle parts, and ensure proper title branding and proper documentation of vehicle ownership. Automobile theft in the United States is big business. Statistics from the Federal Bureau of Investigation indicate that 721,885 vehicles were stolen in 2019, costing American citizens and the automobile insurance industry more than \$6 billion.

The MVE program protects Kansas' citizens from purchasing stolen vehicles or vehicles that were declared as salvage by state and insurance standards. We strive to ensure that a vehicle's title stays true so that it cannot be "washed" or altered to increase the value of the vehicle, which ultimately protects the consumer.

The KHP listened to the salvage pools' request to conduct their own inspections to expedite their process. Their claims, however, do not accurately correspond with the number of vehicles they request us to inspect. It has been our experience that the salvage pools frequently have trouble acquiring the ownership documents needed for a proper inspection. Insurance companies are essentially abandoning vehicles at salvage pool lots with no ownership documentation. This lack of proper documentation does prevent a vehicle from receiving a VIN inspection. It is the Kansas Highway Patrol's understanding the Kansas Department of Revenue has offered guidance to the salvage pool industry to properly obtain vehicle ownership documentation from an insurance company. That process involves seeking power of attorney from the insurance agency to receive a Kansas title in the insurance company's name. Also, K.S.A. 8-198 (d)(2) allows for the insurance industry to obtain vehicle ownership documentation through the Kansas

Department of Revenue. Perhaps it would be beneficial for the salvage pool auctions to be included in this language.

Currently, the KHP has the personnel to cover the inspections requested at salvage locations, but we do not have the personnel to provide the type of oversight this addition to our program would require. Adding a program such as this would cause a financial burden to the Patrol that would require new forms, manuals, training courses, and perhaps additional personnel.

In closing, we oppose Senate Bill 36 because of the risks it presents to the VIN program that we are statutorily required to maintain, and the risks of fraud for future buyers/consumers. We sincerely thank members of the Committee for their consideration of our testimony.

###