

Arizona Automobile

Theft Authority



2022 Annual Report

Director's Letter

Governor Ducey, Senate President Fann, and House Speaker Bowers:

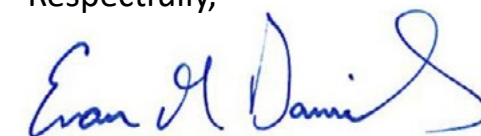
Pursuant to A.R.S. § 41-3451(C)(8), the Automobile Theft Authority (ATA) Division of the Department of Insurance and Financial Institutions (DIFI) is pleased to present its annual report of the ATA's activities for Fiscal Year 2022 (FY22). The ATA continued its long tradition of awarding grants to worthy law enforcement agencies across Arizona to combat vehicle theft and related crime. This report is intended to instill confidence that appropriated funding is being awarded to agencies that demonstrate competency and that the ATA provides a high degree of oversight as a responsible steward of state funding.

The data included in this report covers the ATA's activities for FY22 and also includes statistics from calendar year 2021, as vehicle theft numbers are reported by sources nationally using a calendar year reporting period. Statistics presented in this way allows for using Federal Bureau of Investigation (FBI) data to compare Arizona with other states. This year, the ATA elected to use National Insurance Crime Bureau (NICB) data for Arizona's total theft number. NICB data shows Arizona ending CY21 with 20,637 vehicle thefts, a 9.9% increase from 2020, when 18,785 thefts were reported. Arizona's theft rate (thefts per 100,000 residents) showed a corresponding increase in 2021 to 283.6, from 2020's rate of 253.1.

Statistics aside, the ATA's significant accomplishment in FY22 was to launch, in conjunction with the Department of Public Safety (DPS), a two-year project to export stolen vehicle data from a DPS computer system into the Auto Theft Crime Tracking (ACT) database. The ATA believes this database, when sufficiently populated, will fulfill statistical, investigative, and analytical needs that previously were not available to Arizona law enforcement agencies. This type of innovation, working in conjunction with proven ATA grant programs such as the Vehicle Theft Task Force, Vertical Prosecution, and Public Awareness, provides a multifaceted response to vehicle crimes that will continue to make Arizona safer and more effective in combating crime.

DIFI sincerely appreciates the support the Governor's Office and the Legislature have shown to the ATA through increases in appropriation and a recognition of the value the ATA brings to victims, the insurance industry, and agencies on the front line of combating vehicle theft.

Respectfully,



Evan G. Daniels
Director



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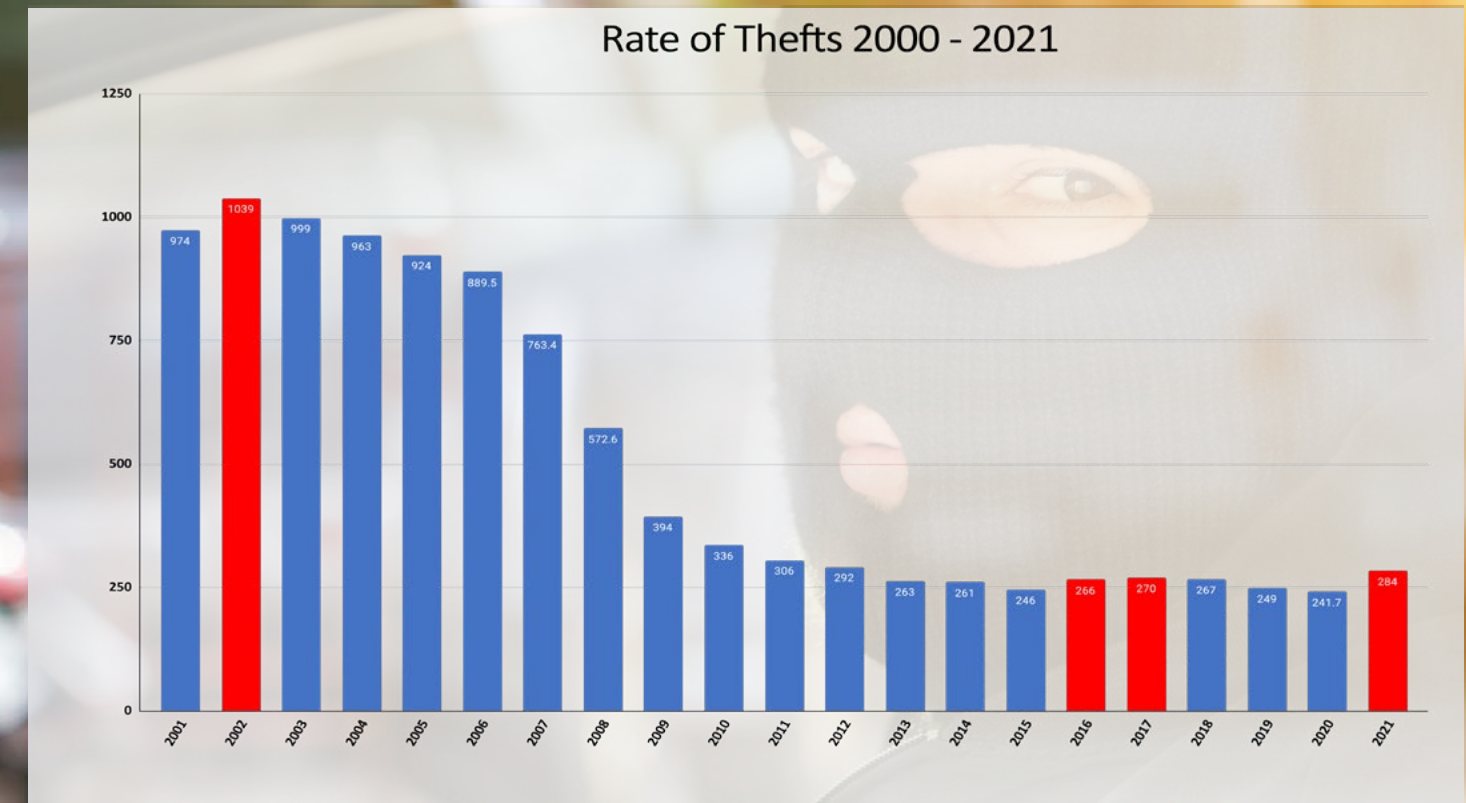
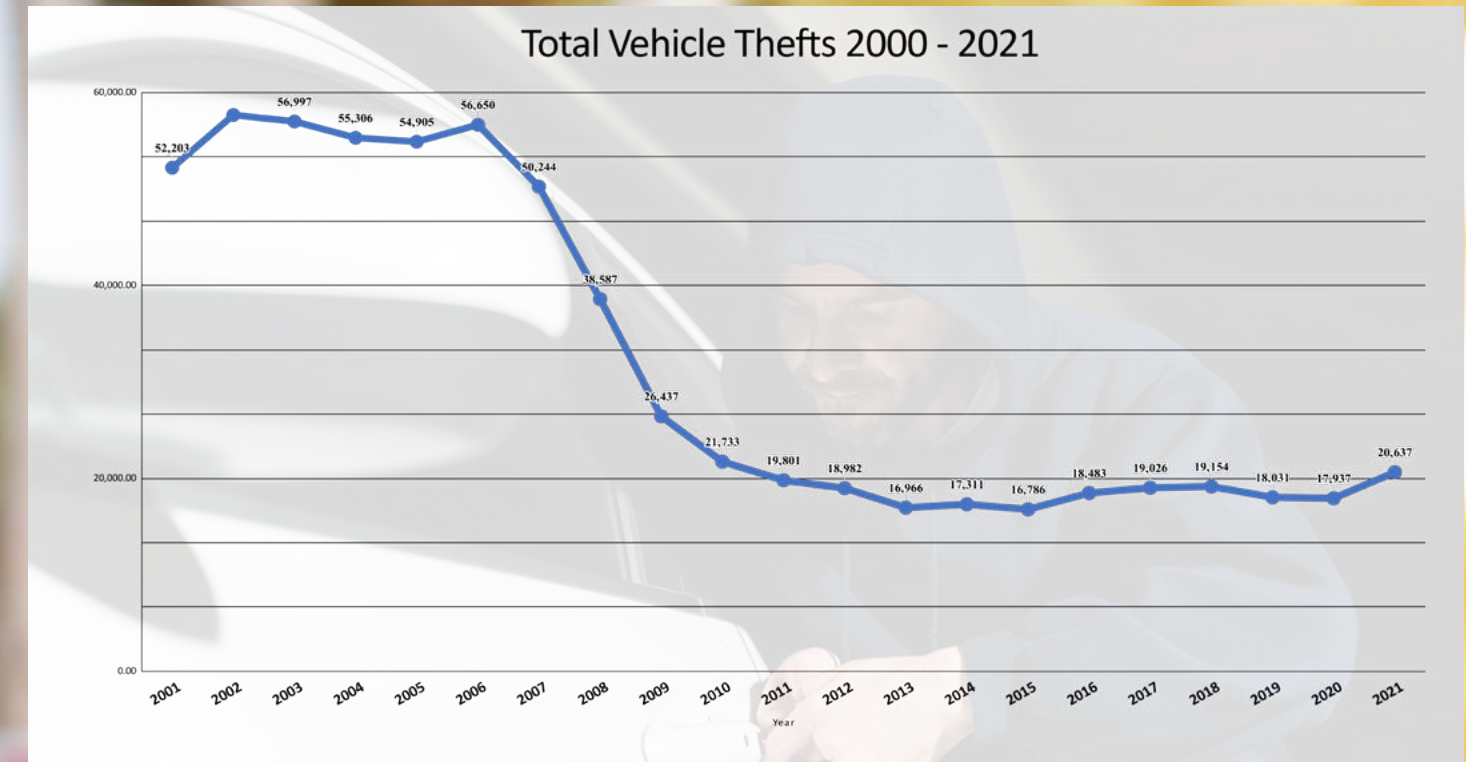
Vehicle Theft Appears to Increase in Arizona in CY21

While the FY22 ATA Annual Report covers the activities of the ATA on a fiscal year basis, vehicle crime statistics are most often reported by calendar year. Capturing statistics in a particular calendar year allows the ATA to compare Arizona to all other states for the same period of time - thus allowing a consistent look at trends in Arizona and nationally.

According to the National Insurance Crime Bureau (NICB) there were 932,329 vehicles reported stolen across the U.S. in 2021, a 6% increase over 2020, and a 17% increase since 2019.

For Arizona, NICB reported 20,637 vehicle thefts in 2021, a 9.9% increase from 2020, when 18,785 thefts were reported. Arizona's theft rate (thefts per 100,000 residents) also increased in 2021 to 283.6, from 2020's rate of 253.1.

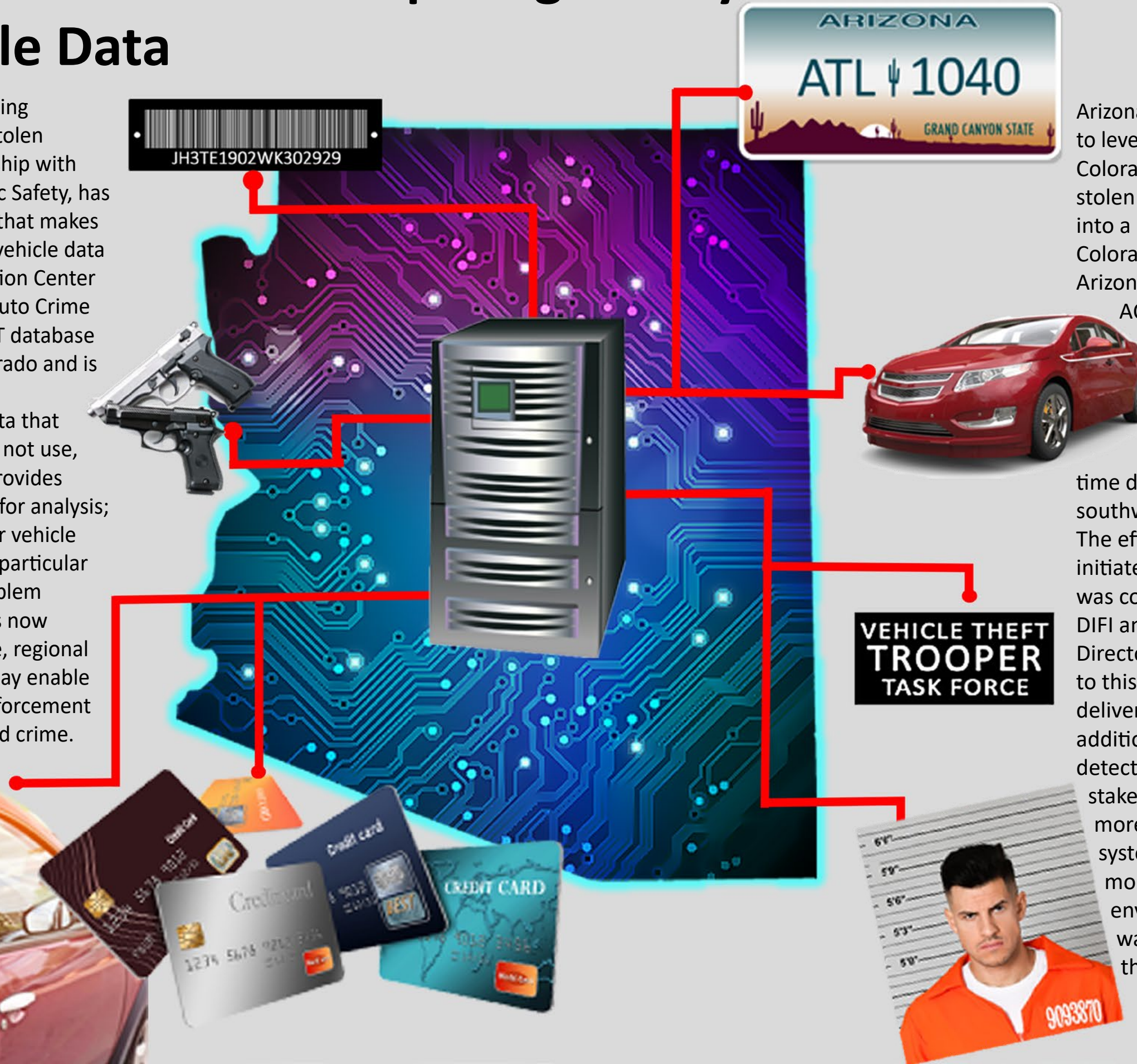
While the theft numbers for Arizona and nationally appear disappointing, it is important to note that a portion of the increases are directly attributable to changes in how crime statistics are reported to the FBI, a predominant source for crime data in the U.S. The FBI has mandated the National Incident Based Reporting System (NIBRS) for agencies to report crime data. NIBRS more accurately counts crime numbers than the preceding Unified Crime Reporting (UCR) system. As law enforcement agencies transition to NIBRS, the expectation is that reported crime numbers will increase. The increases in crime in Arizona and nationally are to some degree a product of a more accurate way to collect statistics and do not necessarily indicate an increase in the volume of crime. A full transition to NIBRS and several years of reporting will provide a more accurate assessment of the incidence of crime.



The ATA Achieves Goal of Acquiring Timely Stolen Vehicle Data

After almost three decades of being frustrated by the lack of timely stolen vehicle data, the ATA, in partnership with the Arizona Department of Public Safety, has completed a technology project that makes possible the exporting of stolen vehicle data from the Arizona Crime Information Center (ACIC) computer system to the Auto Crime Tracking (ACT) database. The ACT database was created by the State of Colorado and is currently in use there.

The project leverages Arizona data that DPS possessed, but largely could not use, by exporting it into ACT, which provides investigative aid; crime statistics for analysis; and statistics to determine motor vehicle theft scope in Arizona, including particular areas of the state where the problem may be greatest. With two states now contributing to the ACT database, regional data sharing is possible, which may enable faster and more effective law enforcement response to stolen vehicle-related crime.



Arizona was in a unique position to leverage the successes of Colorado by combining Arizona stolen vehicle information into a proven system utilizing Colorado's database blueprint. Arizona's initiative to join the ACT database not only solved a significant data deficiency, but by working with Colorado, allowed for regional sharing of near real-time data envisioned by multiple southwestern states.

The effort to join the ACT was initiated in January 2020 and was completed in April of 2022. DIFI and the ATA Board of Directors has given full support to this project that is already delivering its promise to provide additional tools to vehicle theft detectives, crime analysts and stakeholders. As users become more proficient in use of the system and data becomes more robust, the ATA envisions new and exciting ways to combat vehicle theft in FY23 and beyond.

The ATA Issued Grants Totaling \$5.3 Million in FY22

The ATA's FY22 Vehicle Theft Reduction Grant Programs provide funding to combat and reduce the number of vehicle crimes in Arizona communities. In FY22, 88% of ATA's \$6,010,500 appropriated budget provided annual grant funding to Arizona agencies for law enforcement, vertical prosecution, public awareness and effective prevention/training initiatives. The Vehicle Theft Task Force continues to be the largest annual grantee, followed by Local Grants (Vertical Prosecution, Law Enforcement and Public Awareness and Professional Training).

In FY22, grant funding expenditures totaled \$5,301,200, awarded in the following amounts:

Vehicle Theft Task Force - \$4,343,500

Vertical Prosecution Program - \$930,941

Law Enforcement Grants - \$26,758

The ATA Ensures Grant Compliance Through Contract Compliance Review



The ATA's Contract Compliance Review (CCR) program has been fully implemented and administered by ATA staff for the past two fiscal years for the Vertical Prosecution and Local Grant programs. The CCR program is a best practices initiative to ensure grantee contract compliance with provisions pertaining to grants awarded by the ATA Board of Directors.

The goal of the program is to confirm grantee compliance with contract awards and identify deficiencies before they become problematic or habitual. Grantees participate in the CCR process on an annual basis, unless the frequency of the CCR process is adjusted by ATA leadership.

In FY22, all six Vertical Prosecution grantees had 100% participation and all were determined to be fully and/or significantly compliant with the terms of the contract. Additionally, seven Local grants were reviewed to ensure compliance. Any finding less than fully compliant allows ATA staff to work with the grantee to gain full compliance in follow-up and subsequent reviews.

Local Grants Awarded by ATA Funds Programs and Initiatives

The ATA Local Grants program offers public agencies a unique opportunity to fund innovative strategies; training opportunities; or conduct outreach and education. The ATA encourages agencies to apply for these limited dollars for start-up projects or to enhance existing efforts.

In FY22, the ATA awarded grants to the following four agencies:

Apache Junction Police Department - \$15,000 for the purchase and inaugural deployment of stationary license plate readers (LPRs) in their city.

Casa Grande Police Department - \$1,758 for theft deterrent equipment to perform public outreach events aimed at combating local auto thefts.

Arizona DPS Task Force - \$5,000 to support the PISA (Policia International Sonora Arizona) conference that is held every other year in Arizona.

Arizona DPS Task Force - \$5,000 to facilitate data integration into the newly deployed ACT database.

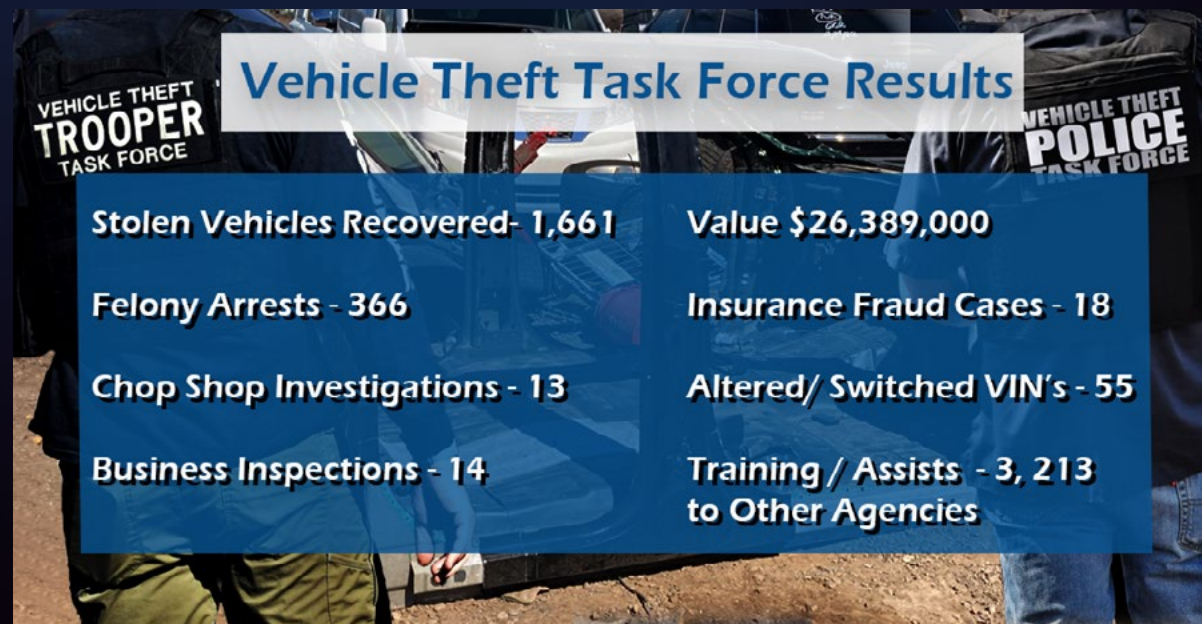
The Arizona Vehicle Theft Task Force Continues to be the Flagship of ATA Grant Programs



The ATA continued its long-term partnership with the Department of Public Safety (DPS) in funding the DPS-hosted Vehicle Theft Task Force (VTF). The VTF is a multi-agency, law enforcement task force that focuses on the recovery of stolen vehicles and the apprehension of suspects involved in all aspects of vehicle crime.

The VTF received ATA's largest grant award totaling \$4,343,500, plus an additional \$380,000 in transfers to supplement costs associated with vehicle purchase, vehicle build-up, training, and technology projects.

The VTF continues to be an excellent return on investment; producing the following statistics in FY22:

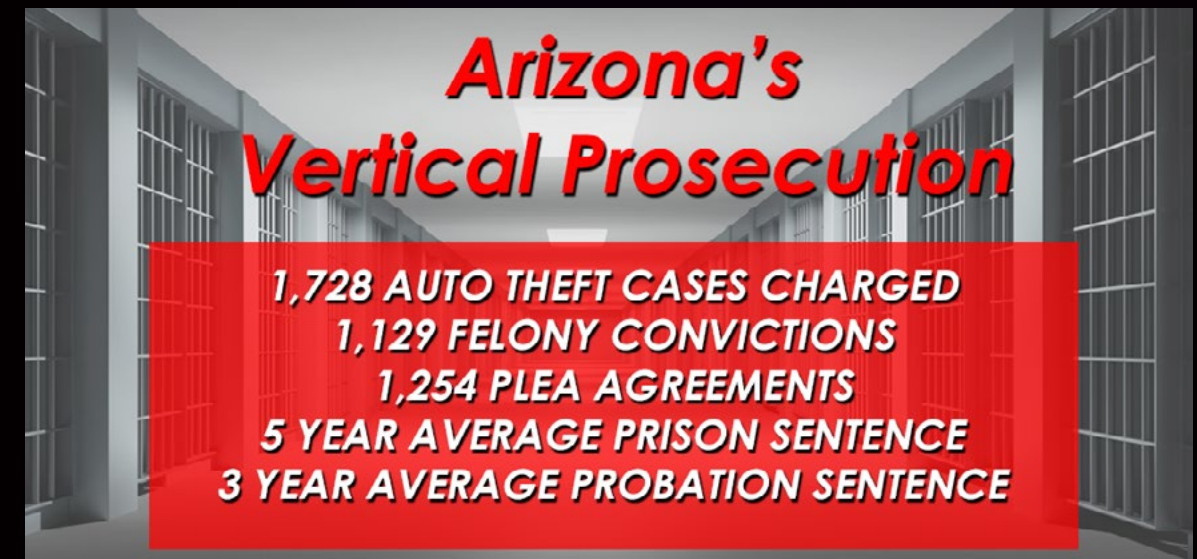


The ATA Supports Vertical Prosecution as a Critical Strategy to Supplement Law Enforcement Efforts



The ATA continued its financial commitment to the Vertical Prosecution program in FY22 with a grant award of \$930,942. The Vertical Prosecution program is the ATA's second largest grant program and is currently in its 21st year as a grant program. The Vertical Prosecution program has expanded over time and currently funds eight prosecutors and three administrative staff members in six counties. Vertical prosecution is an important strategy that utilizes a single, or small group of specially trained attorneys to prosecute vehicle theft and related vehicle crime cases from investigation to sentencing. Vertical prosecutors work closely with detectives throughout the investigation and all phases of the criminal justice process. Vertical prosecution has proved to be an important strategy to enhance the efforts of detectives and ultimately provides better outcomes in the areas of conviction rate, length of sentence and restitution ordered.

In FY22, the Vertical Prosecution program produced the following results:



ATA Refreshes the Watch Your Car Program



The ATA has a long history administering the Watch Your Car (WYC) program in Arizona. The ATA adopted the WYC program in 1998 and has overseen the program continuously ever since. Membership in the WYC program was at its pinnacle in 2006 when 89,552 Arizona vehicles were enrolled. Since that time, enrollments have declined but there has remained a steady interest from a smaller but still concerned group of vehicle owners.

While many states discontinued participation in the program over the years, the ATA continued to enroll participants and send out decals for placement on the rear window of enrolled vehicles. The WYC program has been a mainstay of the ATA outreach effort but staff realized there was an entire generation of law enforcement officers who were likely not familiar with the parameters of the program. This year, ATA staff embarked on a refresh of the marketing of the WYC program to both Arizona vehicle owners and to law enforcement officers. WYC program materials were reviewed and revised; the relationship with the Motor Vehicle Division, whose computer system facilitates enrollment, was solidified; and training materials were sent out to all law enforcement agencies in the state. At the end of FY22, there were 17,349 enrolled vehicles in the WYC program. Approximately 300 owners enroll their vehicles into the program each month; however, approximately the same number leave the program each month - keeping the number of enrollees relatively static.

Outreach Activities of the Automobile Theft Authority

The ATA's community engagement and outreach efforts focused on delivering the ATA's message through a variety of strategies to include social media; in-person attendance at conferences and meetings; and assistance provided to local agencies in the form of theft prevention materials and promotional items.

ATA staff attended in-person meetings and conferences, including the Arizona Crime Prevention Association (ACPA) and Policia Internacional Sonora Arizona (PISA) conferences. The ATA continues to support our law enforcement partners by supplementing their efforts with our message at public safety and community events.

The ATA is active on Facebook, Twitter, Instagram, and LinkedIn. In FY22, the ATA ran numerous social media campaigns to deliver helpful vehicle theft prevention advice, delivered in a variety of ways across these platforms.



Financial Report

For the Year Ended June 30, 2022

Revenue

The revenue of the ATA is derived from a statutorily authorized semi-annual fee of \$.50 cents per vehicle insured under a motor vehicle liability insurance policy issued by the insurer on motor vehicles weighing 26,000 pounds or less gross vehicle weight (GVW). Revenue collections from insurance assessments for the fiscal year ending June 30, 2022 were \$ 7,034,238, an increase of \$129,628 or 1.88% from the prior year. All excess cash is invested with the State Treasurer and the Authority earned \$44,950 in investment income during the current fiscal year.

Expenditures

Total expenditures for the current year were \$5,597,515, an increase of \$345,918 from the total expenditures from the previous year of \$5,251,597. A.R.S. §41-3451.H, requires the costs of administration shall not exceed ten percent of the monies in the fund in any one year; accordingly, the ATA tightly controls its administrative costs. For the fiscal year ending June 30, 2022, the Authority was in compliance with this statute with costs of administration being 4.19% of the monies in the fund. The ATA's administrative costs as a percent of total expenditures for the fiscal year were 5.29%. The ATA ended the year with investments in the amount of \$8,828,641 deposited with the State Treasurer.

Revenue Forecast

The ATA reviewed and analyzed the revenue collection trends for the previous five years in determining revenue projections. There are two collection periods per fiscal year. As the population of the state has continued to grow, the revenue collected by the ATA has also grown. For the fiscal year ending June 30, 2023 (FY23), ATA is projecting a revenue growth of 2.50% (over the previous year), this means the anticipated revenue for FY23 is projected to be \$7,210,094 (\$175,856 over the revenue received in FY22). The ATA conducts a review of each assessment that is submitted. The goal of the review is to verify any decreases over \$500 and the cause for the decrease.

FY22 ATA Financial Overview

ATA Beginning Fund Balance	\$7,703,631
Revenue Collected	
Assessment Revenue	\$7,177,598
Fines, Forfeitures & Penalties	\$38.00
Investment Income Interest	\$44,951
Total	\$7,222,587
Expenditure	
Department of Public Safety (DPS) Task Force Grant	\$4,343,500
Vertical Prosecution	\$930,941
Administrative Cost	\$271,897
Public Awareness Program	\$24,419
Law Enforcement Program	\$26,758
Total	\$5,597,515
Other Financing Sources (uses)	
DPS Interagency Services Agreement (ISA)	\$370,000
<p>\$370,000 was transferred to the Department of Public Safety (DPS), for Arizona Vehicle Theft Task Force (VTTF) expenditures in any of the following categories: purchase of vehicles; related police vehicle equipment; installation of police vehicle equipment; and costs associated with technology projects to accomplish the VTTF mission.</p>	
Ending Fund Balance	\$8,828,641

ARIZONA



DEPARTMENT OF
INSURANCE AND FINANCIAL INSTITUTIONS



An Equal Employment Opportunity Agency

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State of Arizona

Arizona Automobile Theft Authority

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