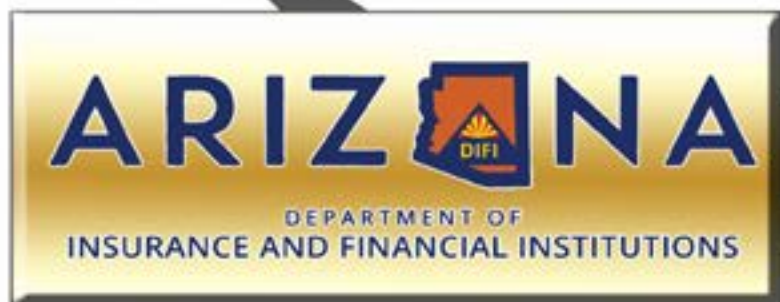


2020

***Arizona
Automobile Theft
Authority***



Annual Report



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Director's Message

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

Pursuant to A.R.S. § 41-3451(C)(8), the Arizona Automobile Theft Authority (AATA) is pleased to present its annual report for Fiscal Year 2020. As you may know, on July 1, 2020, the AATA was consolidated with the Department of Insurance and the Department of Financial Institutions into the newly-formed Department of Insurance and Financial Institutions (DIFI).

The data included in this report covers the AATA's activities for FY20 and also includes statistics from CY19, as automobile theft numbers are reported by the Federal Bureau of Investigation (FBI) nationally using a calendar year reporting period. Statistics presented in this way allows for using FBI data to compare Arizona with all other states.

Arizona reported 18,151 stolen vehicles in 2019; a 5.2% decrease from 2018 (19,139), and a \$161,289,786 million economic loss for the state. Once the worst state in the nation for vehicle theft rate, Arizona now places outside the nation's top ten. In 2019, Arizona's ranking for rate of theft fell to 18th in the country and 11th in total number of vehicle thefts. The 2019 vehicle theft numbers in Arizona are encouraging, especially considering Arizona's population growth and increase in registered vehicles. Still, behind every vehicle theft statistic is at least one victim – a vehicle owner, an innocent bystander, or an insurance company. Often coupled with vehicle thefts are egregious acts of violence, human trafficking, smuggling, and fraud. Such insidious crime remains a threat to our state's communities, residents, and law enforcement.

With its mission now incorporated into DIFI's, the AATA remains well-positioned to assist other public and law enforcement agencies in addressing vehicle theft and related crimes by granting dollars to programs with a history of success in combating vehicle crime. AATA programs prioritize law enforcement, prosecution and innovation; all while keeping administrative costs low. The AATA's current and future strategies emphasize agency grant funding priorities for the Arizona Vehicle Theft Task Force and continuing to support vertical prosecution programs in six counties. The AATA also funds efforts to leverage data collected within the Arizona Criminal Information Center system.

On behalf of DIFI's dedicated AATA staff, as well as its law enforcement and insurance industry partners, thank you for your continued support.

Respectfully,



Evan G. Daniels, Director
Arizona Department of Insurance and Financial Institutions

Our Mission

The AATA's mission is to deter vehicle theft in Arizona through a cooperative effort by supporting law enforcement activities, vertical prosecution, and public education programs.

Agency At A Glance

The Arizona Automobile Theft Authority (AATA) was established by the Arizona Legislature in 1992 to create a statewide effort to reduce auto theft. Per A.R.S. § 41-3451, the agency is governed by a 12-member Board of Directors, appointed by statute, the Governor's Office and Arizona law enforcement organizations.

The AATA operated in FY20 with a five-member staff responsible for supporting the agency's mission and programs. We function as a stakeholder agency in a statewide network of law enforcement, criminal justice, and crime prevention partners working together to combat vehicle crimes across Arizona. By focusing resources in these areas, the AATA and its statewide grantees and partners impacted the state's vehicle theft rate.

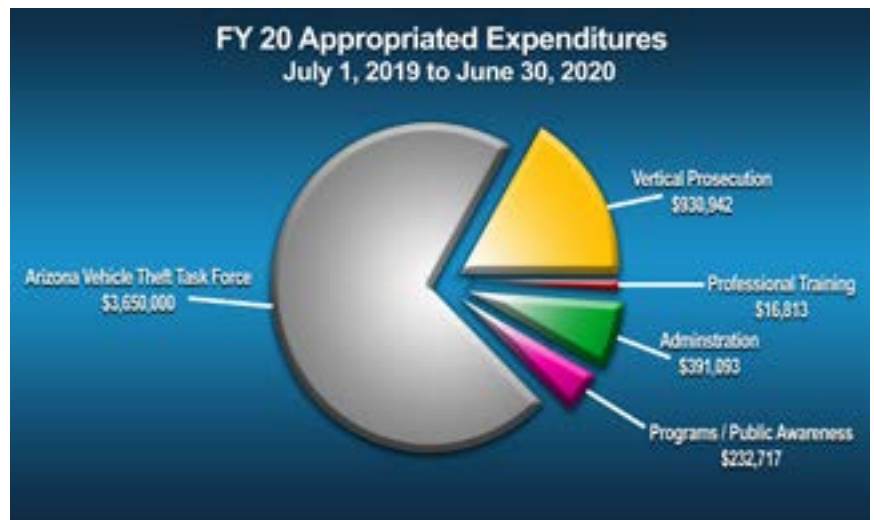
The AATA is funded through semi-annual assessments of over 400 insurance companies writing auto policies in Arizona and receives no funding from the State's General Fund.

The AATA collects approximately \$6.7 million annually from the insurance industry through the assessment collection. Over 94% of collected funds are issued for Law Enforcement, Vertical Prosecution and Public Awareness grant programs administered by AATA staff.

The Arizona Vehicle Theft Task Force (VTTF) remains the AATA's largest grant project at \$3,650,000 annually or 79.2% of the total AATA appropriation for grants. Remaining funds support the AATA's Vertical Prosecution and Law Enforcement grant programs.

The AATA administers the free, statewide Watch Your Car program, sponsors free VIN etching events, and numerous community & police-based prevention projects. Our message encourages the public to be diligent about practicing theft prevention and utilize a "multi-layered approach" to safeguard property.

In FY20, the AATA initiated projects to begin establishing the foundations of what will become a statewide database to compile information regarding vehicle theft. Currently, Arizona does not have a centralized crime records system for auto theft; requiring researchers and analysts to contact individual law enforcement agencies for vehicle theft-related intelligence and statistics.



Current Auto Theft Trends in Arizona & U.S.

FY20 Auto Theft Trends

In FY20 Arizona experienced a reduction of motor vehicle thefts according to the Federal Bureau of Investigation's Uniform Crime Reporting (UCR) data. Arizona reported 18,151 stolen vehicles in calendar year 2019, a decrease of 5.2% from 2018 (19,139). Arizona ranks 11th in total number of vehicle thefts and 18th in the U.S. for the rate of vehicle theft (thefts per 100,000 residents).

Of the 18,151 vehicles stolen in Arizona in 2019, motor vehicle thefts in Maricopa and Pima counties accounted for 86.1% of total thefts. This high percentage is consistent with population centers in Arizona.

The total number of vehicle thefts in Arizona has decreased by 41.1% when comparing the number of thefts in 1992 to 2019. When comparing auto thefts in 2002, Arizona's highest auto theft year to the 2019 total, motor vehicle thefts in Arizona have decreased by 68.1%. The decline of vehicle theft numbers is even more impressive when the rapid growth of Arizona's population and corresponding increase in registered vehicles is considered. While some vehicles are stolen as a crime of opportunity for a thief to gain quick transportation, many are stolen by sophisticated, professional theft rings whose tactics often involve violence, financial fraud, identity theft, and international trafficking. Many crimes begin with the theft of a vehicle and are further facilitated through subsequent crimes committed with the stolen vehicle. Vehicle theft and associated crimes often turn violent and impact the quality of life for Arizona communities, law enforcement, residents and visitors to Arizona.

YEAR	TOTAL NO.	RATE
2002	56,876	1039 (#1 IN U.S.)
2008	37,218	573
2009	25,986	394
2010	21,508	336
2011	19,829	306
2012	19,158	292
2013	17,438	263
2014	17,587	261
2015	16,785	246
2016	18,421	266
2017	19,058	270
2018	19,139	267
2019	18,151	249

RATE = NUMBER OF STOLEN VEHICLES PER 100,000 RESIDENTS

Where Arizona's Cities

Rank Nationally

For reporting purposes, population centers in the United States are combined into Metropolitan Statistical Areas (MSA) by the FBI. These MSAs allow for comparisons between larger population areas that include multiple cities, towns and unincorporated areas. The graphic to the right shows where Arizona's highest MSAs rank nationally for rate of vehicle theft.



- 71 Tucson M.S.A.
- 90 Lake Havasu City-Kingman, M.S.A
- 97 Phoenix-Mesa-Chandler M.S.A
- 134 Yuma, M.S.A.
- 266 Flagstaff, M.S.A.
- 298 Sierra Vista- Douglas M.S.A.
- 346 Prescott Valley- Prescott, M.S.A

Arizona's Most Stolen Vehicles in 2019

The specific vehicles listed here are Arizona's most frequently stolen vehicles. There are likely many reasons a vehicle makes this list - such as: popularity of the vehicle with thieves, a black market parts demand, or an engineering/design flaw that makes the vehicle easier to steal. Of interest for Arizona is the presence of four pick-up trucks in the top ten represented.



Ongoing challenges for Arizona include our shared international border with Mexico as well as our proximity to neighboring states with high auto theft rates.

Vehicle Theft in the Southwest Region

While vehicle theft in Arizona experienced a decline in 2019, that was not the case for four of our neighboring states. Four of the five states that border Arizona ranked in the top six in the nation for rate of vehicle theft. The reasons why Arizona has been somewhat insulated from these high theft rates is not immediately apparent but as auto theft knows no boundaries, the high theft rate within the southwest region is cause for concern. The graphic below shows the vehicle theft rankings by rate of vehicle theft (thefts per 100,000 residents).



Rate of Stolen Vehicles by State

New Mexico	427.2
Colorado	384.0
Nevada	365.6
California	358.8
Arizona	249.4
Utah	210.2

Vehicle Theft in the U.S.

Nationwide in 2019, there were an estimated 721,885 thefts of motor vehicles; a 4% decrease from 2018. The estimated rate of motor vehicle theft was 219.9 per 100,000 inhabitants, indicating Arizona's rate still exceeds the national average. In addition, \$6.4 billion was lost nationwide to motor vehicle theft in 2019. The average dollar loss per stolen vehicle, as reported by the FBI, was \$8,886.

While Arizona and the United States experienced decreases in theft rates in 2019, the AATA and its partners continue to see the negative effect vehicle crimes are having in our communities.

FY20 Initiatives

Contract Compliance Review (CCR) Program - This year the AATA created a best practices initiative to ensure grantee contract compliance with provisions pertaining to grants awarded by the AATA Board of Directors. The program requires grantees to provide AATA staff with documentation that answers important questions regarding financial handling of grant funding, personnel records for grant-funded positions, and performance and other related statistics. The Contract Compliance Review (CCR) process applies to all grantees, with the exception of the Vehicle Theft Task Force, due to the complexity of that specific grant. The CCR process is administered internally by AATA staff. Grantees will participate in the CCR process on an annual basis, unless the frequency of the CCR process is adjusted by the Assistant Director of the ATA/PIO division, the AATA Board of Directors, or the agency Director.

Stolen Vehicle Data Projects - In FY20, the AATA initiated a project that will eventually aid in creating or participating in a stolen vehicle database. Currently, there is no statewide method to extract timely stolen vehicle data from Arizona law enforcement agencies for the purposes of crime and statistical analysis, or the ability to share information within Arizona or regionally with other states. In partnership with the AATA, the Arizona Department of Public Safety (AZDPS) has created a phased technology project to better utilize the stolen vehicle data entered into the Arizona Criminal Information Center (ACIC) system. The stolen vehicle data in the ACIC system is currently available to AZDPS, in a very raw form. The first phase of this project will seek to capture the data to pull valuable statistics and identify trends.

The second initiative is to add a mandatory location data field that records the location of the stolen vehicle event and the location of stolen vehicle recoveries. The addition of this information will make the data more usable in Arizona and eventually available for sharing with other states. Using a combination of grant funding and an Interagency Service Agreement to AZDPS, the AATA funded \$65,000 at the end of the fiscal year to facilitate the modification of the ACIC system. AZDPS, through their system contractor, expects to complete this modification of the system in FY21.

2020 Auto Theft Prevention Programs

FY20 began with AATA staff attending many vehicle theft prevention events throughout the state. Some of these events included participating in VIN etching events and Blockwatch events as far north as St. Johns during the Apache County Fair and as far south as Sierra Vista with the Sierra Vista Citizen's Patrol. Other events were held in Camp Verde, El Mirage, Coolidge, Casa Grande, Eloy, and Quartzsite. In addition to supporting law enforcement agencies, AATA staff hosted booths at the Annual Law Enforcement Summit in Flagstaff, the 4th Annual Distracted Driving Summit at Wesley Bolin Plaza, along with numerous public safety events throughout the year. In September 2019, Executive Director James McGuffin was the guest speaker at a breakfast hosted by Phoenix Councilwoman Thelda Williams for local business owners and Phoenix residents.

Watch Your Car Program Upgrades

On April 20, 2020, the Arizona Department of Transportation (ADOT), Motor Vehicle Division (MVD) launched the AZ MVD NOW system to enhance the online services offered to customers of the MVD. This system has made it possible for the AATA to offer interactive, self-managed options for the Watch Your Car program (WYC). As soon as this feature went live, the AATA saw the bi-weekly enrollments for WYC increase to an average of 350 new members. Prior to the AZ MVD Now system, the WYC program averaged only ten new member enrollments bi-weekly and had a total of 350 new enrollments for all of 2019. As of June 30, 2020, the WYC program has a total enrollment of 18,289.



Holiday Billboard Campaign

In November 2019, the AATA launched a “Lock It or Lose It” Holiday Theft Prevention Billboard Campaign in the Phoenix and Tucson metro areas, where 87% of the state’s vehicle thefts occur. The goal of the campaign was to educate Arizonans about the significance of vehicle theft and learn ways to safeguard their vehicles and property.



FY20 AATA Grant Programs

The purpose of AATA grant programs is to provide funding to public agencies throughout the state for law enforcement, prosecution, public awareness activities and training. The AATA currently has five major grant programs, which include the Vehicle Theft Task Force (VTTF), Vertical Prosecution, Law Enforcement, Professional Training and Public Awareness. The programs are intended to reduce the number of vehicle thefts through law enforcement efforts and to educate the public on how to protect their vehicles more effectively.

Currently, the AATA dedicates the majority of its funding in the counties of Maricopa and Pima. Statistics demonstrate a consistent history (86.1% in 2019) of auto thefts in Arizona occur in these two counties. However, auto theft creates victims throughout all Arizona counties, creating a need for additional law enforcement and outreach efforts across the state.

Law Enforcement Grant Program

Law Enforcement grants from the AATA fund valuable equipment and technology used by law enforcement agencies within their jurisdictions to deter and reduce auto theft and related criminal activity. These grants are also a very effective means of placing resources in smaller and more rural areas of the state, such as the communities near the international border and along the Colorado River. The AATA is able to concentrate those limited resources in areas with the greatest or expanding need.

Over 94% of AATA's appropriated budget provides grant funding to public agencies throughout Arizona for law enforcement, prosecution, public awareness and training initiatives. These programs are intended to reduce the number of vehicle thefts through law enforcement efforts and to educate the public on effective prevention strategies. In FY20, total grant funding expenditures totaled \$4,607,392.

FY20 Arizona Vehicle Theft Task Force (VTTF) Grant

To support proactive law enforcement activities throughout Arizona, the AATA partners with the Arizona Department of Public Safety (AZDPS) to provide funding for the Vehicle Theft Task Force (VTTF). The VTTF is comprised of state, county, and local law enforcement agencies in a coordinated effort to identify, apprehend, and prosecute individuals and criminal organizations that profit from the theft of motor vehicles and related crimes.

The VTTF is the AATA's largest annual grantee (\$3.65 million - 79.2% of AATA's annual grant budget). See FY20 program results graph on the next page.

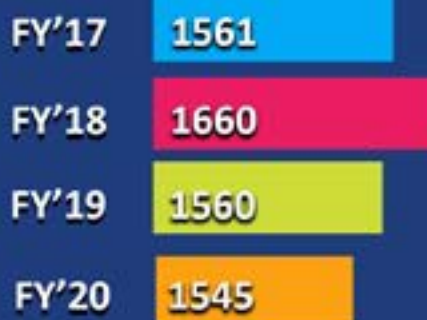


Vehicle Theft Task Force

Estimated value of recovered vehicles

\$21,524,545

Recovered Stolen Vehicles



Chop Shops Investigated



Altered/ Switched VIN's



Business Inspections



Insurance Fraud Cases



Assists to Other Agencies



Felony Arrests Totals



Felony Arrests Adults



Felony Arrests Juveniles



FY20 Vertical Prosecution Grant Program

Vertical Prosecution is an effective prosecution model reinforcing the efforts of the VTTF and regional auto theft detectives. The concept of vertical prosecution requires the same attorney (or small unit) handle the case from beginning to end (charging to trial/sentencing). Presently, there are eight vertical prosecutors in six participating counties in the Vertical Prosecution program and it's the second largest AATA grant funding expenditure at \$930,942.

FY20 Vertical Prosecution Results	Number/ Dollar
Auto theft cases charged	1,627
Felony convictions	1,216
Plea agreements	1,178
Restitution ordered	\$1,494,597
Avg. prison sentence- (non-repeat offenders)	6.0 years
Avg. probation sentence - (non-repeat offenders)	3.0 years

FY20 Public Awareness Grant - Gilbert P.D.'s "Lock It or Lose It Campaign."

December and January are historically two of the highest months for vehicle crimes in Arizona. Through a Public Awareness grant from the AATA, the Gilbert Police Department developed a prevention campaign along with PSA's aimed at reducing the number of vehicle burglaries in Gilbert utilizing public outreach and Over-the-Top (OTT) marketing strategies with media partners, AZFamily (Channels 3 and 5).

OTT technology delivers streaming TV content to viewers over the internet through an app or device onto a TV, PC, tablet or smartphone without requiring users to subscribe to a wired, cable, telcom or satellite service. OTT technology targeted specific Gilbert households and/or demographics in those areas experiencing the highest vehicle burglary rates.

The campaign ran December 2019 through January 2020. Vehicle burglaries showed a substantial decrease after December which could potentially have occurred from the increase in education and awareness of the issue.



Financial Report

For the Year Ended June 30, 2020

Arizona Automobile Theft Authority Fund

The Automobile Theft Authority Fund is a special revenue fund, which was established by the Arizona Legislature and is the only operating fund of the Automobile Theft Authority. The AATA does not receive any tax dollars or appropriations from the general fund of the State of Arizona. All revenues received by the Authority, including investment income and monetary gifts, are deposited in the Automobile Theft Authority Fund, with the exception of court ordered awards. Expenditures of the Authority are appropriated by the legislature and paid from collected monies in the fund. The financial statements for the fiscal year ending June 30, 2020, of the AATA have been audited by the accounting firm of Heinfeld, Meech & Co., P.C., Certified Public Accountants in accordance with generally accepted accounting principles and government auditing standards. Their report gave an unmodified opinion of the Authority's financial statements.

Revenue

The revenue of the AATA is derived from a statutory semi-annual assessment of 50 cents per vehicle paid by each insurance company writing automobile liability coverage in Arizona on motor vehicles weighing 26,000 pounds or less gross vehicle weight (GVW). Current year revenue collections from insurance assessments for the fiscal year ending June 30, 2020 were \$ 6,743,063, an increase of \$200,519 or 3.06% from the prior year. All excess cash is invested with the State Treasurer and the Authority earned \$102,678 in investment income during the current fiscal year.

Expenditures

Total expenditures for the current year were \$5,231,203, an increase of \$35,175 from the total expenditures from the previous year of \$5,196,028. Arizona Revised Statute, A.R.S. §41-3451.H requires that "The costs of administration shall not exceed ten percent of the monies in the fund in any one year so that the greatest possible portion of the monies available to the authority is expended on combating motor vehicle theft." Accordingly, the Arizona Automobile Theft Authority tightly controls its administrative costs. For the fiscal year ending June 30, 2020, the Authority was in compliance with this statute with "costs of administration" being 4.45%, of "the monies in the fund" as verified by the audit. The AATA's administrative costs as a percent of total expenditures for the fiscal year were 5.89%. The AATA ended the year with investments in the amount of \$5,956,953 with the State Treasurer.

Revenue Forecast

The AATA 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 AATA has also continued to grow. However, due to unusual circumstances caused by the pandemic, for the fiscal year ending June 30, 2021 (FY21), the agency projects the revenue from insurance collections to stay at the same level as FY20, this means that the anticipated revenue in FY21 from insurance collections should be approximately \$6,743,063. Going forward, the agency expects revenue to increase at a conservative 1% rate for the fiscal year ending June 30, 2022 (FY21), with a projected revenue of \$6,810,493. The AATA reviews each assessment submitted by an insurance company and verifies statutory compliance.

STATE OF ARIZONA
ARIZONA AUTOMOBILE THEFT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE BY PROGRAM - GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2020

	<u>Special Revenue Fund</u>
Revenue:	
Assessment fees	\$6,743,063
Investment Income	102,678
Miscellaneous income	160
Total cash collections	<u>6,845,901</u>
Changes in revenues accrued	<u>80,145</u>
Total revenues	<u>6,926,046</u>
Expenditure:	
Expenditure by Program	
Administrative Costs ^(1,2)	304,441
Arizona Vehicle Theft Task Force	3,650,000
Other law enforcement grants	16,813
Public Awareness	242,356
Vertical prosecution	930,942
Total cash payments	<u>5,144,552</u>
Change in expenditures accrued	<u>20,662</u>
Total expenditures	<u>5,165,214</u>
Other financing sources (uses):	
Transfer to primary government	(86,653)
Total other financing sources (uses)	<u>(86,653)</u>
Changes in fund balance	<u>1,674,179</u>
Fund balances, beginning of year	<u>7,757,324</u>
Fund balance, end of year	<u><u>9,431,503</u></u>
<i>Footnotes</i>	
1. Administrative costs as a percentage of cash collections	4.45%
2. Administrative costs as a percentage of total expenditures	5.89%
Total Expenditures	

2020 AATA Board of Directors

The AATA Board of Directors includes twelve (12) members, appointed by the Governor and other organizations; representatives include: two police chiefs, two sheriffs, two county attorneys, two insurance industry representatives, two members of the general public, and the Directors of the Arizona Department of Public Safety and Arizona Motor Vehicle Division.

In FY20, the AATA Board welcomed four new members appointed by the Governor's Office of Boards and Commissions. Joining the Board were: Kent Volkmer, Pinal County Attorney, Brian Wright, Travelers Insurance, Robert E.M. Smith as the Board's second public member and Maricopa County Attorney Allister Adel, representing a county with a population of two million or more. A fifth member, Superior Police Chief Frank Alanis, was appointed by the Arizona Association of Chiefs of Police (AACOP), representing a jurisdiction less than 100,000 population.

Current Board Members:



A collage of 12 circular portraits of the 2020 AATA Board of Directors members, arranged in a circular pattern. The portraits are set against a background featuring the AATA logo, which reads "ARIZONA AUTOMOBILE TRAFFIC AUTHORITY". Red ribbon banners above certain portraits indicate "2020 Appointment".

- Board Chair**
Chief Michael Soelberg
Gilbert Police Department
- 2020 Appointment**
Board Vice-Chair
Kent Volkmer
Pinal County Attorney
- Director Heston Silbert
AZ. Department of Public Safety
- Director Eric Jorgensen
AZ. Motor Vehicle Division
- 2020 Appointment**
Sheriff Paul Penzone
Maricopa County
- Sheriff Joseph A Dedman, Jr.
Apache County
- 2020 Appointment**
Chief Frank Alanis
Superior Police Department
- 2020 Appointment**
Allister Adel
Maricopa County Attorney
- 2020 Appointment**
Robert E.M. Smith
Public Member
- 2020 Appointment**
Brian Wright
Travelers Insurance
- Matt Reed
Stable Farm Insurance
- Joe Brosius
Public Member

AATA Staff



James McGuffin
Executive Director

Art Myer
Chief Financial Officer

Ann Armstrong
Grant Administrator

Frank Ceballos
Administrative Services Officer

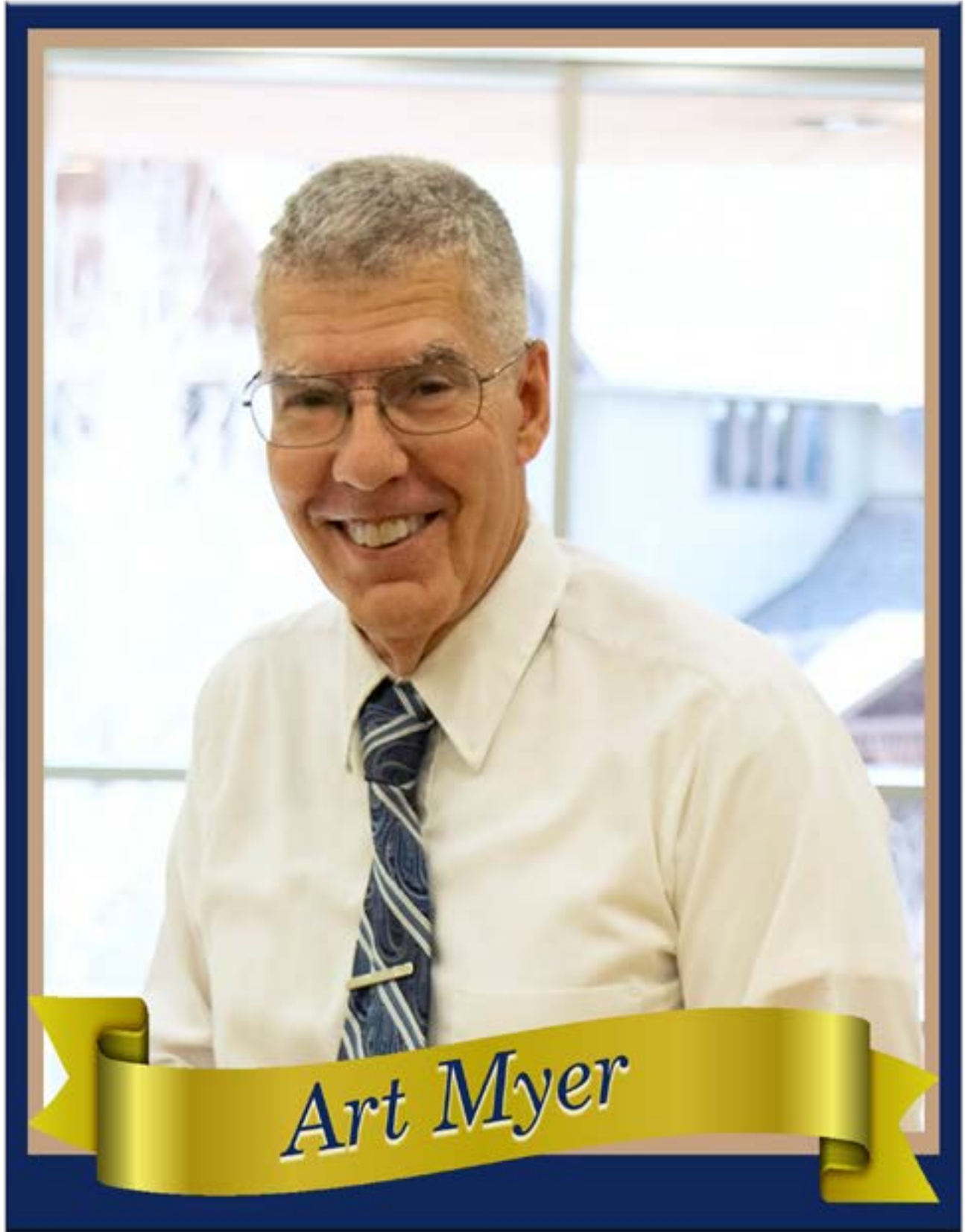
Amanda O'Halloran
Public Outreach Specialist

Art,

*Thank You for your 20 years
of dedicated service to the
State of Arizona and your
many contributions to combat
automobile theft.*

*Your friends at the AATA
wish you a Happy & Healthy
retirement.*





ARIZONA



DEPARTMENT OF
INSURANCE AND FINANCIAL INSTITUTIONS



An Equal Employment Opportunity Agency

AATA.Az.Gov

AzWatchYourCar.com

1110 W. Washington Street, Suite 105
Phoenix AZ 85007

Tel: 602-364-AUTO (2886)

Toll Free: 1-888-668-4433

State of Arizona

Arizona Automobile Theft Authority

Persons with disabilities may request materials be presented in an alternative format by contacting the ADA Coordinator at (602) 364-3100. Requests should be made as early as possible to allow time to procure the materials in an alternative format.

