



May 21, 2014

The Honorable Thomas M. McGee
Massachusetts State House
Room 109C
Boston, MA 02133

The Honorable William M. Straus
Massachusetts State House
Room 134
Boston, MA 02133

Re: S.2141 relating to Automatic License Plate Reading Systems

Dear Senator McGee and Representative Straus:

I write on behalf of the American Financial Services Association (AFSA),¹ to register our serious concerns about restrictions included in S.2141 as it relates to the use of Automatic License Plate Reading (ALPR) technology. Our particular interest in this legislation relates to the use of ALPR to identify and recover vehicles with owners who have defaulted on their loans and are not responding to good-faith efforts to contact them.

We emphasize the purpose of license plates is identification. While consumers certainly have a reasonable expectation of privacy inside their homes, there is no reasonable expectation of privacy in identifying a publically-displayed plate issued by the state for the very purpose of identifying that vehicle. Furthermore, this technology only records the date, time and location of where a photograph was taken. It does not contain personally identifiable information, which is protected by the Federal Driver's Privacy Protection Act.² AFSA understands concerns about privacy and the vehicle finance industry is committed to vigorously maintaining the privacy of consumers. We believe, however, that the use of these technologies in public does not interfere with an individual's reasonable expectation of privacy—and it is the single best way we have of recovering collateral where the consumer is in serious default and may be deliberately trying to hide the vehicle.

S. 2141 Section 8 requires that non-governmental entities destroy data “not later than 90 days following the date it was captured” However, ALPR systems work best when they are used to string together the historical locations of vehicles. When this ability is restricted, the system cannot be used efficiently.

ALPR saves time and effort in the repossession process – which translates to cost savings for vehicle finance companies. It reduces the financial risk to the creditor of extending credit and thus helps to keep financing prices low and allows a broader field of consumers to access vehicle

¹The American Financial Services Association is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA member financial institutions offer vehicle financing, cards, personal installment loans and mortgage loans. The Association encourages and maintains ethical business practices and supports financial education for consumers of all ages.

² Federal Driver's Privacy Protection Act of 1994, 18 U.S.C. §2721 *et seq.*

credit. If the use of ALPR in Massachusetts is restricted, the cost of recovering vehicles in the state will increase tremendously, increasing costs to financial institutions and thus likely consumers.

Restrictions on APLR technology usage would end up hurting Massachusetts' poorest consumers more than others, as creditors offering auto financing to higher credit risk customers (who are statistically more likely to default) may choose to limit default exposure by either choosing to only extend credit to very low-risk consumers or exiting the state entirely rather than return to the days of hunting for collateral the old fashioned way.

We respectfully request that you allow robust ALPR systems for the use of asset recovery in the vehicle finance industry. If you have further questions, I can be contacted by phone 952-922-6500 or email dfagre@afsamail.org.

Respectfully,



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CC:

Members of the Joint Committee on Transportation
Senate Ways & Means Chair Stephen Brewer
House Ways & Means Chair Brian Dempsey
Joint Committee on Financial Services Co-Chair Senator Anthony Petruccelli
Joint Committee on Financial Services Co-Chair Representative Michael Costello