



April 7, 2016

The Honorable Maxine Grad
Chair, House Committee on Judiciary
Vermont General Assembly
301 Paddy Hill Road
Moretown, VT 05660

Re: SB 155 – Automated License Plate Recognition System Restrictions

Dear Charwoman Grad:

I am writing on behalf of the American Financial Services Association (AFSA),¹ to register our serious concerns with Senate Bill 155, which would restrict the use of automated license plate recognition systems (“ALPR systems”) to law enforcement. Our particular interest in the legislation relates to the vehicle finance industry’s use of ALPR systems to identify and recover vehicles associated 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 publicly-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 this technology 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.

ALPR systems save 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 financing. If private entities use of ALPR systems in Vermont is prohibited, the cost of recovering vehicles in the state will increase tremendously, increasing costs to financial institutions and thus likely consumers.

Restrictions on the use of ALPR systems would end up hurting Vermont’s poorest consumers more than others, as creditors offering vehicle financing to higher credit risk customers (who are

¹ Founded in 1916, the American Financial Services Association (AFSA), based in Washington, D.C., is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.

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

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 any questions or would like to discuss these concerns further, please do not hesitate to contact me at 952-922-6500 or dfagre@afsamail.org.

Respectfully,

A handwritten signature in black ink, appearing to read "Danielle Fagre Arlowe". The signature is fluid and cursive, written in a professional style.

Danielle Fagre Arlowe
Senior Vice President
American Financial Services Association
919 Eighteenth Street, NW, Suite 300
Washington, DC 20006-5517
Phone: 952-922-6500

CC:
Members of the House Committee on Judiciary
Senator Tim Ashe
Senator Joe Benning
Senator Dick Sears