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June 2, 2014

Honorable Susan Bonilla, Chair
Assembly Committee on Business, Professions,
and Consumer Protection
State Capitol, Room 4140
Sacramento, CA 95814

RE: **SB 686 (Jackson) - Oppose**

Dear Assembly Member Bonilla:

On behalf of our client, CarMax Auto Superstores, Inc. (CarMax), I write to express their opposition of SB 686. CarMax is the nation's leading specialty retailer of used cars operating more than **100 stores in over 40 markets**, including 16 stores in California.

SB 686 (Jackson) is well-intended, but is significantly flawed as currently drafted. This bill would prohibit the sale of a vehicle if it is subject to a manufacturer's safety recall and that recall has not been repaired. Manufacturer's safety recalls should be taken seriously by manufacturers, dealers, and consumers which is why CarMax carefully advises its customers to register their vehicles with its manufacturer as soon as they purchase the vehicle so they can be apprised of any future recalls. Unfortunately, manufacturers do not permit independent auto dealers like CarMax to repair recalls. Further, the manufacturers do not even grant independent auto dealers like CarMax access to their internal databases in order to determine whether a vehicle is subject to a recall. Thus, independent dealers are left to search a manufacturer's website (which typically requires a person to register the vehicle and provide a name and both an email and physical address) or call a manufacturer's franchisee and inquire about a vehicle's recall status. This system is broken.

SB 686 fails to address the root cause of recall related issues. In recently publicized recalls, the manufacturers failed to announce the recalls. SB 686 does nothing to force manufacturers to disclose this information in a timely manner. A recent proposal by US Senators Blumenthal (CT), Nelson (FL) and Markey (MA) would remove the cap on fines when a manufacturer unnecessarily delays announcing recalls. This is a solution that will result in better consumer safety.

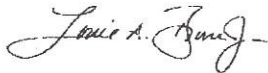
The National Highway Traffic Safety Administration (NHTSA) issued a rule in 2013 which takes effect August 2014 requiring all automakers to post on their website a database of recalls which can be searched using the Vehicle Identification Number (VIN).

SB 686 is premature and will only create more liability for companies doing business in California.

For these reasons, we respectfully request you oppose SB 686. Please contact me if you have any questions or concerns regarding this bill.

Sincerely,

KAHN, SOARES & CONWAY, LLP



Louie Brown

Cc: Members, Assembly Committee on Business, Professions, and Consumer Protection