



American International
Automobile Dealers



July 30, 2013

Dear Chairman Rockefeller and Senator Thune:

We the undersigned trade associations representing America's franchised automobile dealers, employing almost one million Americans, have important concerns regarding S. 921, the "Raechel and Jacqueline Houck Safe Rental Car Act." The bill would regulate fleets of 5 or more rental vehicles and subject these cars and trucks under any open recall to grounding within 24-48 hours.

Franchised dealers play a vital role in ensuring that defective and non-conforming vehicles are fixed and made safe to drive. Dealers support improvements to the effectiveness of the recall process to maximize safety recall completion rates; however, S. 921 represents a major departure from current vehicle safety recall practice. Not all safety recalls render a vehicle unsafe to drive, yet the bill treats all recalls the same and grounds all rental cars under any open recall.

We respectfully ask the Committee to consider the following concerns with S. 921 as drafted:

- **The bill is overbroad as it does not distinguish between serious and minor recalls.** Unlike many other industry recalls, auto recalls are not classified based on severity.ⁱ By grounding rental vehicles under open recall, S. 921 fails to differentiate between recalls that involve a defect that should be immediately addressed and those with a negligible impact on safety. Vehicle manufacturers issue "Do Not Drive" letters when recalls are of a particularly urgent and severe nature, and dealers support the immediate grounding of vehicles in this category. Yet under S. 921, rental vehicles could be grounded for something as minor as the wrong phone number for NHTSA's vehicle safety hotline in the owner's manual.ⁱⁱ
- **The measure does not reflect marketplace realities.** The availability of recall remedies are often delayed when parts needed to fix the vehicle are unavailable through no fault of the dealer. Section 3 of the bill acknowledges and purports to address this problem by allowing dealers to perform a "temporary fix", but only if the vehicle manufacturer includes in its recall notice a provision that "specifies actions to temporarily alter the vehicle that *eliminates* the safety risk" (emphasis added). Unfortunately, this provision will be unworkable in practice because "eliminating a safety risk" is a near impossible standard for automakers to meet.
- **This new federal mandate regulates multinational companies renting hundreds of thousands of vehicles in the same manner as a small business automobile dealer** who has a loaner fleet of five vehicles for their service customers. The bill even favors these big businesses by allowing the largest rental car companies additional compliance time.ⁱⁱⁱ

While we support the intended purpose behind S. 921, we believe the bill needs further scrutiny to address the flaws outlined above before it is considered by the full Senate. Thank you for your consideration.

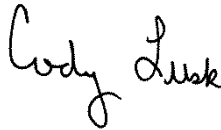
Sincerely,



Peter K. Welch
President
National Automobile Dealers Association



Damon Lester
President
National Association of Minority Automobile Dealers



Cody Lusk
President
American International Automobile Dealers Association

ⁱ Several other industries currently have a tiered recall structure that categorizes recalls based on the level of hazard associated with the product defect. The federal government employs a tiered recall system for products such as airplanes, medical devices, drugs, vaccines, and food.

ⁱⁱ Under the bill, vehicles could be grounded for reasons that have little safety impact. For example, in 2006, NHTSA ordered a recall (NHTSA campaign number 06V270000) when the wrong phone number for the NHTSA vehicle safety hotline was misprinted in the owner's manual. Vehicles have also been recalled for: text in the owner's manual describing the air bag system required clarification; the seat belt chime would not sound if the driver buckled his seat belt before starting the vehicle; incorrect date of manufacture on the Federal Certification Label; improper airbag caution label adhesion on the driver's sun visor; and inaccurate spare tire size and cold inflation pressure information on the placard. All of these examples could potentially ground vehicles under S. 921.

ⁱⁱⁱ Large rental car companies also have the legal and regulatory compliance staffs to administer the new mandates in this bill; small business auto dealers often lack such resources. In the case of an inadvertent error, large rental car companies have the financial resources to pay the penalties that could be imposed under this bill; for many dealers, such penalties would be ruinous. Additionally, since some dealers may only have a single model in their loaner pools, one recall of that model would ground a dealer's entire fleet for potentially weeks or months. In contrast, large rental car companies maintain a wide array of vehicle makes and models in their fleets, making it highly unlikely their entire fleet would ever be grounded at one time. As written, the bill risks making it uneconomical or impractical for some dealers to provide loaner or rental cars for their customers.