Oppose H.R. 1181 and H.R. 2198, Overbroad Vehicle Recall Bills

Issue

H.R. 2198 and H.R. 1181 would ground all rental and used vehicles under open recall, respectively. H.R. 1181 would prohibit dealers from selling or even wholesaling a used vehicle under open recall. These bills are overly broad because the majority of vehicle recalls do not require the drastic step of grounding the vehicle. H.R. 2198 and H.R. 1181 should be opposed because they further miss the mark by requiring that recalled vehicles be *grounded* instead of actually *fixed*. Dealers support a 100 percent recall completion rate, and Congress should focus on legislation that helps increase recall completion rates

Background

Franchised auto dealers play a vital role in ensuring that recalled vehicles are fixed. According to the National Highway Traffic Safety Administration (NHTSA), the average recall vehicle completion rate is 75 percent. Often recalled vehicles are not repaired because the customer ignores or does not receive the recall notice, or parts are unavailable. Congress should focus on addressing why a quarter of recalls are never repaired, instead of policies which fail to actually get the recalled vehicle fixed.

Rep. Capps (D-Calif.) introduced H.R. 2198, which prohibits "rental car companies" from renting vehicles (and loaners) under open recall. Rep. Schakowsky (D-Ill.) introduced H.R. 1181, which grounds all used vehicles under open recall sold at a dealership (but not private sales). These bills fail to differentiate between recalls that should be immediately addressed, and those with a negligible impact on safety, such as an incorrect phone number in the owner's manual, or an airbag warning sticker that might peel off the sun visor. Additionally, H.R. 2198 gives favorable regulatory treatment and a competitive advantage to large rental car companies at the expense of small business dealers, and H.R. 1181 would instantly devalue the trade-in value of millions of vehicles. Bill proponents have also not answered how the bills would measurably benefit safety, which is important given the increased costs for consumers under these bills.

Key Points

- **H.R. 2198 favors multinational rental car companies and grounds vehicles for minor recalls.** It is unfair to penalize small business because of its size, or to regulate a dealer with a fleet of 5 loaner vehicles the same as a rental car company with hundreds of thousands of vehicles.
- **H.R. 1181 would instantly devalue the trade-in value of vehicles for millions of consumers.** The bill is estimated to reduce new vehicle sales by as much as a half million vehicles. This bill would also force unrepaired recall vehicles into the private market due to trade-in complications.
- **Policies should be tailored to boost consumer recall response and completion rates.** Dealers support a 100% vehicle recall completion rate. NHTSA could improve the recall process by designing the database (safercar.gov) to handle multiple VIN requests as a single inquiry.

Status

The Senate-passed highway bill (H.R. 22) included a provision that would ground all rental vehicles under recall. An amendment by Sen. Blumenthal (D-Conn.) that would ground all used vehicles under recall sold at a dealership (but not private sales) was rejected by the Senate Commerce Committee. H.R. 1181 and H.R. 2198 are expected to be offered as amendments to the House version of the highway bill. *Congress should focus on legislation that increases recall completion rates, and oppose H.R. 1181 and H.R. 2198 that raises costs for consumers without a commensurate safety benefit.*

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