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June 9, 2022

The Honorable Patrick J. Diegnan Jr.
New Jersey Senate Transportation Committee
State House Annex
P.O. Box 068
Trenton, NJ 08625

Re: Support for Senate Bill 2004 (Improving Vehicle Recall Completion Rates)

Dear Chairman Diegnan and Members of the Committee:

Thank you for the opportunity to express Honda's strong support for SB 2004, which would require safety recalls to be repaired as part of the motor vehicle registration process in New Jersey. Despite the best efforts of automakers to encourage consumers to take advantage of free recall remedies, millions of vehicles currently travel on U.S. roadways with unrepaired safety defects. This puts drivers, passengers, and everyone on the road at risk of death or serious injury. Addressing this public safety challenge has been a longstanding priority for Honda, and we appreciate the committee's willingness to consider legislation that will help us meet our obligations to help ensure the safety of our customers.

Under federal law, vehicle manufacturers are required to identify safety-related defects in their products, notify vehicle owners of those defects, and provide consumers with the ability to have those defects repaired at no cost to them. For Honda, this isn't just a legal obligation, but a moral one as well. Our goal with any vehicle recall is to repair or otherwise account for 100% of vehicles affected by a safety defect. Unfortunately, there are two shortcomings with the existing federal law that make it nearly impossible for us to reach this goal without support from the states.

The first problem is that it can be very difficult for vehicle manufacturers to obtain accurate contact information for the owners of affected vehicles. Vehicle recalls tend to emerge later in the life of a car, and the reality is that most cars change hands many times over their useful life. Because automakers aren't informed when vehicles are sold on the secondary market, we primarily rely on information from state motor vehicle registries to provide notices to consumers. Unfortunately, the information in those databases is often incorrect or outdated by the time we obtain it. This means that the owners of affected vehicles who bought those vehicles on the secondary market may not be receiving critical notifications in a timely manner.

This problem disproportionately impacts disadvantaged communities and communities of color as these groups rely primarily on the used car market to obtain vehicles. The problem is compounded because these same consumers tend to get vehicles serviced by independent repair shops and not authorized dealerships where OEM's can ensure that consumers receive supplemental notifications about open recalls and have the repairs performed at that time. Senate Bill 2004 will address this public safety challenge by ensuring that the owners of used vehicles receive timely notification of vehicle recalls from inspection facilities and the state Motor Vehicle Commission. These notices will provide a critical supplement to, but not replace, the notices sent out by automakers as required under federal law.

The second obstacle automakers face in achieving 100% recall completion rates is that consumer participation in recall campaigns is entirely voluntary. There is no state or federal law that requires consumers to take advantage of these free repairs. In surveys conducted by Honda and other industry groups, many customers acknowledge receipt of multiple recall communications but still fail to act for a variety of reasons. One owner of a vehicle impacted by the ongoing Takata airbag inflator recall told Honda representatives that he wasn't going to get the vehicle repaired because he considered himself a good driver and didn't plan on ever needing his vehicle's airbags. As part of our ongoing Takata recall campaign, Honda has gone to extreme lengths to educate consumers about the recall and entice owners to have their vehicles fixed, including offering customers free rental cars or performing repairs at the owner's home. Despite these efforts, many owners still refuse to act, even after being told that not doing so could result in injury or death.

The failure of vehicle owners to promptly remedy safety-related recalls puts everyone on the road at risk, including passengers, other motorists, pedestrians and subsequent owners of those vehicles. Additionally, consumers are increasingly taking advantage of new personal mobility options such as carpool services, rideshares and peer-to-peer car sharing, and those consumers deserve to know that the vehicle they're riding in does not have an open safety recall.

Because every state requires vehicle owners to register their vehicles on a regular basis, we believe that this is the most logical point to perform an additional check for open safety recalls and ensure that all necessary repairs are completed. Making the registration of vehicles contingent upon additional action is not unprecedented, as many jurisdictions already do this when vehicle owners do not have proof of insurance, when they have unpaid tickets, or if they have outstanding child support. In California, state law mandates that auto emissions recalls be fixed before a vehicle can be registered. As a result, emissions-related recall completion rates are over 90% within two years of when the recall began. Senate Bill 2004 would implement a similar requirement for safety recalls in the state of New Jersey, which we believe will help save lives and prevent serious injuries.

Honda worked closely with a wide range of stakeholders and safety advocates to ensure this legislation addresses the problem while posing a minimal inconvenience to the public. Under the provisions of SB 2004, vehicle owners would receive notice of any open recalls when they go to register their vehicle. They would then be able to extend their registration for one year, at which point they would need to have the recall repaired to re-register their vehicle the following year. Additional time is provided for certain circumstances outside of a vehicle owners control, such as when parts availability is an issue or if the vehicle owner demonstrates an undue hardship. Honda believes that this approach effectively balances the public safety need of having recalls repaired in a timely manner with the desire to not unduly inconvenience vehicle owners.

Honda strongly supports SB 2004 and its potential to save lives and prevent serious injuries, and we look forward to working with you to make New Jersey roads safer. Customer safety has always been at the core of our philosophy, which is why nine Honda and Acura models earned the Insurance Institute for Highway Safety's Top Safety Pick rating for model year 2022, and why Honda is considered a safety leader in the industry.

Honda is proud of our relationship with New Jersey, which is home to 279 authorized Honda and Acura dealers that employ more than 4,800 people and provide New Jersey consumers with a wide range of products that utilize the latest environmental and safety technologies. Mt. Laurel is also home to a Honda parts center and regional zone office that provides critical support to our dealer network throughout the northeastern United States. This facility employs 125 people and represents a \$57.9 million capital investment in the state.

For more information on Honda's presence in New Jersey or our safety leadership, please visit www.hondainamerica.com or follow us on Twitter at @HondaInAmerica.

If you have any questions, or if Honda can otherwise be a resource for you, please do not hesitate to contact me or our New Jersey representative, Lynn Nowak of Porzio Governmental Affairs, at (609) 396-6100. Thank you again for your time and interest in this important safety issue.

Sincerely,

A handwritten signature in cursive script, appearing to read "Craig Orlan".

Craig Orlan
Director of State and Local Government Affairs
American Honda Motor Co., Inc.