

**SUBMITTED WRITTEN STATEMENT**  
**OF THE**  
**AMERICAN CAR RENTAL ASSOCIATION**  
**HOUSE SUBCOMMITTEE ON COMMERCE, MANUFACTURING AND TRADE**  
**LEGISLATIVE HEARING ON**  
**VIN DATABASE AND AUTO WHISTLEBLOWER BILLS**  
**IN SUPPORT OF H.R. 2198**  
**“THE RAEHEL AND JACQUELINE HOUCK SAFE RENTAL CAR ACT OF 2015”**

**September 25, 2015**

**Introduction**

Good morning, Chairman Burgess, Ranking Member Schakowsky and Members of the Commerce, Manufacturing and Trade Subcommittee of the Energy and Commerce Committee. The American Car Rental Association (ACRA) respectfully submits this written statement and ask that it be included as part of the Subcommittee’s record for the hearing today.

The hearing today focuses on two legislative proposals -- the “Motor Vehicle Safety Whistleblower Act” and the “Improving Recall Tracking Act” -- that concern the vehicle notification and recall process under the Motor Vehicle Safety Act. To the extent that the hearing is in contemplation of legislative action by the Subcommittee in this area, ACRA would like to take this opportunity to express the car rental industry’s strong support for H.R. 2198, “The Raechel and Jacqueline Houck Safe Rental Car Act of 2015,” that concerns the recall process and the car rental industry. Further, ACRA respectfully encourages the Subcommittee’s favorable action on this bill and its inclusion in the “base text” of surface transportation legislation that the Subcommittee or full committee may consider in the near future.

ACRA is the national representative for over 98% of our nation’s car rental industry. ACRA's membership is comprised of more than 300 car rental companies, including all of the brands you would recognize such as Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National and Thrifty. ACRA also has as members many mid-size, regional car rental companies as well as smaller, “Mom & Pop” operators. ACRA members have over two million registered vehicles in service, with fleets ranging in size from one million cars to ten cars.

ACRA applauds this Subcommittee for its continued interest in auto safety legislation. Our 300-plus member organization has come together in an unprecedented partnership between an industry trade group and consumer safety organizations and advocates in support of H.R. 2198 and to urge Congress

to enact the legislation. H.R. 2198 was introduced in the House early this year on a bipartisan basis and a companion bill (S. 1173) also was introduced in the Senate. The House bill was referred to the Committee on Energy and Commerce and to this Subcommittee. In July, the Senate passed S. 1173, as a part of that chamber's long-term reauthorization legislation of federal surface transportation programs. We strongly encourage the House to follow the Senate's example and incorporate H.R. 2198 into the House's surface transportation reauthorization legislation.

### **The Car Rental Industry and Consumer Safety**

In 2004, Raechel and Jacqueline Houck were killed while driving a rental car that had an unrepaired safety recall. H.R. 2198, the legislation named in their memory, was introduced in the House by Representatives Lois Capps (D-CA), Walter Jones (R-NC), G.K. Butterfield (D-NC) and Jan Schakowsky (D-IL) on May 1, 2015.

The Safe Rental Car Act would prohibit rental companies from renting or selling cars subject to a federal safety recall unless they have been repaired. The only exception to this rule would be if the manufacturer identified an interim measure that could be taken while the permanent repair was being developed that would eliminate the risk. Once the permanent repair becomes available, however, the car must be grounded until the repair is made.

ACRA worked collaboratively with consumer advocates to develop the provisions that are part of H.R. 2198. The bill fairly balances the public's interest in safety with the rental car industry's business model. The provisions of the bill are well-reasoned, effective and workable, given the realities of the auto rental marketplace. Moreover, in these aspects the legislation embodies the safety practices that have been adopted and followed by ACRA members for many years. Our organization strongly supports the legislation and encourages Congress to enact it this year.

Properly maintained vehicles in the rental industry are paramount. It's about trust – between customers and the individual businesses of ACRA members. Customers should have confidence that their rental is not the subject of a safety recall and the legislation provides that confidence. It is common sense that the laws require that which ACRA already recommends -- that rental cars subject to safety recalls be repaired before they are put into the hands of consumers.

### **Important Safety Provisions of H.R. 2198**

- Timing of Notice and Grounding

H.R. 2198 defines the timeframe in which rental companies have to take a vehicle out of service (i.e., “ground” or “lock down” the vehicle) after receiving the safety recall notice. There is a period of time the companies need in order to receive the notice and successfully lock down the appropriate vehicles. The bill calls for the vehicles to be grounded as soon as practicable, or within 24 hours of receiving the safety recall notice. In the situation of a particularly large recall

– one that affects more than 5,000 vehicles for one company, the lock down timeframe is 48 hours.

- Interim Remedy

The only exception under H.R. 2198 to the grounding or “do not rent,” requirement is when the manufacturer has issued a safety recall and has not developed the permanent repair, but offers a temporary fix – or interim remedy – that eliminates the safety risk. If the rental car company performs the interim remedy, then the car may continue to be rented. Once the permanent repair is offered by the manufacturer, the vehicle must be pulled from service and permanently repaired before being re-rented.

- Car Sales From Rental Fleets

The American car rental industry is the largest single purchaser of cars from domestic and foreign car manufacturers every year. The industry, in turn, sells a large number of cars each year through retail and wholesale channels. H.R. 2198 requires that rental car companies repair any safety recall to any vehicle prior to selling that vehicle – either through retail or wholesale markets. The only exception to this requirement is if a vehicle has been so severely damaged that it will only be sold for parts. In this instance, the rental company does not need to perform the recall work.

### **Federal versus State Role**

This is a critical national issue and deserves a national solution. The motor vehicle safety recall process is overseen by the National Highway Traffic and Safety Administration (NHTSA) and has its origins in the Federal Motor Vehicle Safety Act, originally enacted in 1966. Therefore, ACRA believes strongly that major changes to rental vehicle safety recall procedures should be made by Congress, rather than individual states. Rental cars are an integral part of interstate commerce and car rental customers cross state borders in rental vehicles that are rented in one state, driven and then returned in another state.

As attention to vehicle safety recalls remains squarely in the public spotlight, policy makers at the local, state and federal level are understandably eager to address safety concerns. There have been several initiatives at various levels of government to particularly address safety recalls concerning the rental industry. No two proposals are the same. ACRA believe a patchwork of state and local laws would be disruptive to consumers and the car rental industry since rental cars regularly are rented in one state and driven and left in another. In addition, these state and local proposals create challenges because each attempts to address a regulatory process that is controlled and overseen by a federal agency (NHTSA). ACRA’s conviction is that rental car safety should be addressed on the federal level.

## **Organizations Supporting H.R. 2198**

ACRA is not alone in its support for H.R. 2198. This legislation is also supported by the following companies and organizations:

- Consumers for Auto Reliability and Safety (CARS)
- Advocates for Highway and Auto Safety; Center for Auto Safety
- Consumers Union
- Consumer Federation of America; Consumer Action
- National Association of Consumer Advocates
- Trauma Foundation
- American Automobile Association (AAA)
- Truck Renting and Leasing Association
- State Farm

## **Conclusion**

As strong supporters of H.R. 2198, we continue to talk to members of Congress and their staff in support of this legislation and are often asked why the car rental industry is willing to accept new federal regulation of the industry's practices. The response to that is easy. After listening to customers, ACRA engaged and became part of the process. The end result is a proposal that will provide car rental customers additional assurance that the vehicles they rent are safe and provides the car rental industry with a critical and clear uniform federal standard across the country.

Again, ACRA urges Congress to enact this bill as soon as possible. As this Subcommittee works on legislation regarding all aspects of auto-safety, we respectfully request that H.R. 2198 be included in the safety title this Subcommittee will develop for the House highway bill..

Thank you for providing ACRA with the opportunity to submit this statement.