

**SUBMITTED WRITTEN STATEMENT
OF THE
AMERICAN CAR RENTAL ASSOCIATION
AND
CONSUMERS FOR AUTO RELIABILITY AND SAFETY
AT THE
HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON
COMMERCE, MANUFACTURING & TRADE
HEARING ENTITLED
“AN UPDATE ON THE TAKATA AIRBAG RUPTURES AND RECALLS”
June 2, 2015**

Introduction

Good afternoon, Chairman Burgess, Ranking Member Schakowsky and Members of the Subcommittee on Commerce, Manufacturing & Trade. The American Car Rental Association (ACRA) and Consumers for Auto Reliability and Safety (CARS) respectfully submit this joint written statement as part of the Subcommittee’s hearing entitled “An Update on the Takata Airbag Ruptures and Recalls.” ACRA and CARS ask that this statement be made a part of the official record of the hearing.

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.

CARS, based in Sacramento, California, is a national award-winning non-profit auto safety and consumer advocacy organization dedicated to preventing motor vehicle-related injuries, fatalities and economic losses. CARS has spearheaded promulgation of several federal motor vehicle safety standards, and successfully advocated for numerous landmark bills signed into law by Governors from both major parties. CARS has been working to enact safe rental car legislation in close collaboration with Cally Houck, whose two daughters were killed in a crash caused by a safety defect in an unrepaired rental vehicle that was under a safety recall.

ACRA and CARS applaud this Subcommittee for its interest in the Takata airbag and other recent automobile recalls. We have come together in an unusual partnership of an industry trade group and a consumer safety organization to urge Congress to pass the “Raechel and Jacqueline Houck Safe Rental Car Act,” which was recently introduced as bipartisan legislation in the House and Senate and has been referred to this Subcommittee. We believe that passing this bipartisan bill is one important step that Congress can and should take immediately to help get unsafe recalled vehicles off the roads.

The Car Rental Industry and Consumer Safety

In 2004, Raechel and Jacqueline Houck were killed by a rental car that had been recalled due to a defective steering component that was prone to causing an under-hood fire and a loss of steering. The car had been rented to them prior to being repaired. The legislation named in their memory, the “Raechel and Jacqueline Houck Safe Rental Car Act” (H.R. 2198/S. 1173), was introduced in the House and the Senate on May 1, 2015. The House bill is sponsored by Reps. Lois Capps (D-CA), Walter Jones (R-NC), G.K. Butterfield (D-NC) and Jan Schakowsky (D-IL). The Senate bill is sponsored by Sens. Charles Schumer (D-NY), Barbara Boxer (D-CA), Claire McCaskill (D-MO), and Bill Nelson (D-FL).

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 and CARS worked very hard to develop a legislative proposal that is supported by consumer safety organizations and the rental car industry. The bill fairly balances the public's interest in safety with the rental car industry's business model. It represents a reasoned, rational compromise that is effective, and also workable, given the realities of the auto rental marketplace.

From the industry’s point of view, 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 recall and the legislation provides that confidence.

From a consumer safety point of view, it is just common sense that rental cars subject to safety recalls should be repaired before they are put into the hands of consumers and their families. People who are renting vehicles need them right away, for a business trip, vacation or sometimes in an emergency. There is no time to take a rental car to get repaired. And consumers expect that the car they are renting is safe. Most people are shocked to learn that it isn’t already illegal, under federal law, to rent out an unrepaired recalled vehicle.

Important Safety Provisions of S. S. 1173/H.R. 2198

- **Timing of Notice and Grounding**

S. 1173/H.R. 2198 define the timeframe in which rental companies need to ground the vehicles 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 bills call for the vehicles to be grounded 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 S. 1173/H.R. 2198 to the “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. S. 1173/H.R. 2198 require that rental car companies permanently 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 when a vehicle has been so severely damaged that it will only be sold for parts, 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 and CARS believe 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 at will and with the blessing of the renting companies.

CARS agreed with the rental car companies to join together in support of this legislation in order to create a uniform federal standard, rather than pursuing legislation on a state-by–state basis. California

Senator Bill Monning, who represents the district where the tragic crash occurred that claimed the lives of Raechel and Jacqueline Houck, agreed to forestall pursuit of state legislation he authored beginning in 2010, in order to allow Congress time to address the problem nationally.

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 and CARS 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 and CARS are united in our conviction that rental car safety should be addressed on the federal level.

Conclusion

As the supporters of S. 1173 and H.R. 2198 continue to talk to members of Congress and their staff in support of this legislation, ACRA members 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 uniform federal standard across the country.

ACRA and CARS urge Congress to enact this bill, named for Raechel and Jacqueline. It is beyond your power to bring them back to life, but the fate of others who rent vehicles to visit their parents, take a vacation, or go on a business trip -- or share the roads with them -- rests squarely in your hands.

As a first step toward enactment, we respectfully request that this Subcommittee hold a hearing on the Raechel and Jacqueline Houck Safe Rental Car Act, to hear first-hand from the stakeholders why now is the time to pass this critical safety legislation.

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