



**WRITTEN STATEMENT OF
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before the

**House Commerce, Manufacturing and Trade Subcommittee
of the
House Energy and Commerce Committee**

a hearing entitled

“Examining Ways to Improve Vehicle and Roadway Safety”

October 21, 2015

Mr. Chairman, Ranking Member Schakowsky, and Subcommittee members, thank you for inviting me to testify.

My name is Peter K. Welch, and I am President of the National Automobile Dealers Association (NADA). NADA is a national trade association that represents the interests of over 16,000 franchised new car and truck dealer members. NADA members are primarily engaged in the retail sale and lease of new and used motor vehicles, but also engage in automotive service, repairs and parts sales. America’s franchised new car and truck dealers collectively employ over one million individuals and are on track to sell or lease over 17 million new cars and trucks this year and over 15.5 million used vehicles. Last year, our dealer members completed over 285 million repair orders, including 59 million warranty and recall repair orders, and they are on track to exceed those numbers this year. NADA members operate in practically every

congressional district in the country, and 39 percent of our members sell fewer than 300 new vehicles per year. NADA appreciates the opportunity to comment on the draft legislation before the Subcommittee which seeks to improve motor vehicle safety.

Congress has made great strides in improving highway safety in the recent past. For example, in the 2005 highway bill [SAFETEA-LU, P.L. 109-59], Congress tripled funding to combat drunk driving. That legislation also established grants to states to encourage the enactment of primary safety belt laws. This data-driven focus resulted in drunk driving deaths declining from 16,885 in 2005 to 10,076 in 2013, and in safety belt usage rising to a record 87 percent in 2013. These reductions in fatalities are proof that government action based on data and proven counter-measures can make a difference.

America's franchised new automobile dealers are committed to improving road safety through a number of programs. For example, in 2011, NADA launched "Dealers Driving Road Safety", a program that brings together a core group of auto dealers to educate and encourage other dealers to host safe driving events at their dealerships to promote child passenger safety, safe teen driving, and rural road safety. To bolster those efforts, the National Automobile Dealers Charitable Foundation initiated a micro-grant program whereby qualified dealers can sponsor a road safety event at their dealerships and be reimbursed up to \$500. The goal of these programs is to encourage auto dealers to sponsor road safety programs tailored to meet the local safety needs of the communities they serve.

Dealers are making a difference in safety every day, all across our country. One of our member dealers, Fitzgerald Auto Malls, with dealerships in Maryland, Florida and Pennsylvania, has installed or checked more than 46,500 child passenger safety seats since 1999. Similarly,

during extraordinary circumstances (such as the 2010 Toyota unintended acceleration recall), many dealerships stayed open 24 hours a day to meet the demand for safety repairs.

Against this background of our members' broad-based commitment to safety, I offer the following comments on the provisions of the discussion draft which affect franchised new car dealers:

Sec. 106. Electronic Odometer Disclosures

NADA strongly supports this provision, which mirrors language in the Senate-passed highway bill (H.R. 22). Congress correctly recognized the importance of this issue when it required the U.S. Department of Transportation (DOT) to implement regulations providing for electronic odometer disclosures within 18 months after enactment of MAP-21 in 2012. Those regulations have yet to be proposed.

Presently, the law governing odometer disclosures requires it to be on paper, which is archaic. Enactment of Sec. 106 will enable individual states to move forward with secure electronic odometer disclosure programs until such time the DOT issues the regulation Congress required three years ago.

Sec. 201. Improvement in Availability of Motor Vehicle Safety Recall Information

Under the recall system Congress created, franchised new car dealers faithfully fix millions of recalled vehicles every year at no cost to consumers. Dealers support a 100 percent recall completion rate. In general, Congress should focus on strategies that boost recall completion rates, while avoiding policies that indiscriminately ground recalled vehicles that may not result in them actually getting fixed.

In 2012, Congress created a new NHTSA database (accessed at www.safercar.gov) to identify recalled vehicles by vehicle identification number (“VIN”). However, that database only allows for one VIN to be looked up at a time. A single dealer can have dozens, hundreds, or even thousands of used vehicles in inventory, some of which may be subject to the ever-changing list of open, unremedied safety recalls. This section lacks a provision directing NHTSA to upgrade its VIN lookup database to allow dealerships to automatically check which used vehicles in inventory are subject to open recall. For franchised dealerships, a tool that is searchable on both an automated and batched basis is critical to assessing the recall status of multiple vehicles involving many brands, and thus increases the likelihood of getting recalled vehicles fixed. Therefore, NADA urges the Subcommittee to include such a provision.

Sec. 202(d). Option for Purchasers to Provide Email to Manufacturers

NADA supports efforts to increase recall completion rates by allowing for electronic mail and other communication channels to notify vehicle owners of open recalls. However, portions of this section are overbroad and could impede legitimate commerce. Additionally, to boost notification of open recalls to owners, Members should consider adding language clarifying that no federal telemarketing, email, or other restrictions apply to recall communications if such communications are exclusively limited to the recall.

Sec. 203. Recall Notification at State Vehicle Registration.

NADA supports a requirement that DMVs provide recall notifications at the time of registration renewal, as it would help boost recall completion rates. NADA would also support such notifications in conjunction with state and local emissions and safety inspections.

Sec. 205. Application of Remedies for Defect and Noncompliance

With the average age of vehicles at a record 11.4 years, this provision to extend recalls from 10 to 15 years makes sense, and is supported by NADA.

Sec. 301. Vehicle Data Privacy

NADA supports protecting the privacy of dealership customers and giving them control over the telematics and related data generated when they drive. NADA supports auto manufacturer privacy principles with respect to such data and will continue to work to provide consumers with choices and control over such data. However, we are concerned that as drafted, the restrictions and obligations in Section 301 only apply to auto manufacturers. NADA believes that those restrictions should be broadened to include any party that accesses or seeks to access vehicle data.

Sec. 302. Motor Vehicle Data Hacking

NADA is concerned about the potential risks not only to the driving public but also to dealers that could result from hackers or from insufficient security measures in automobile systems. NADA believes that ensuring security is a prerequisite to deployment of autonomous vehicles and new advanced automotive technologies designed to bring greater efficiencies and safety gains.

To be effective, however, automobile privacy and cybersecurity efforts must address the entire vehicle ecosystem, including dealer service and other systems. Without protection as robust as that afforded the vehicle, we are concerned that dealership service departments could become the “weak link in the chain” of automotive privacy and security and may become the

targets of hackers and others seeking to gather and misuse customer and vehicle data. We urge the Subcommittee to recognize that to fully protect consumers and vehicle data, dealer systems need to be afforded the same hacking protections as the vehicles themselves.

Sec. 303. Automotive Cybersecurity Council

NADA supports the creation of this council, and believes it will be instrumental in facing the important challenges ahead in this arena. We commend the Subcommittee for including franchised dealer representation on the council.

Title V. -- Advanced Automotive Technologies

This title would “incentivize the adoption of crash avoidance technologies and other connected vehicle technologies that improve roadway safety and fuel efficiency.”

For the public to reap the benefits of the latest automotive safety technologies, vehicles must be affordable. If government regulations make cars unaffordable for more and more Americans, deployment of safety improvements will be delayed.

Currently, the average price of a new vehicle is \$33,114. Adding to this cost are new NHTSA/EPA/California Air Resources Board fuel economy mandates for model year 2017-2025. These rules are the most expensive auto regulations of all time (costing \$151 billion), and come on the heels of the 2010 fuel economy rules (costing \$51 billion). These combined fuel economy mandates will raise the average price of a vehicle by more than \$3,000 when fully implemented.¹

¹ The \$3,000 average vehicle price increase may be low, as a NADA study of EPA’s price projections for heavy duty truck emissions found that EPA’s estimate was off by 320 percent. See *A Look Back At EPA’s Cost and Other Impact Projections for MY 2004-2010 Heavy-Duty Truck Emissions Standards* (February, 13 2012).

More expensive vehicles delay fleet turnover. With a cumulative price tag of over \$200 billion for current fuel economy rules, fewer resources will be available to develop new safety technologies by the automakers and their suppliers. For these reasons, NADA generally supports efforts such as in Title V to ensure that highway safety is always made an integral part of a vehicle's design, and that appropriate credit is given for safety technologies that help improve the efficiency of vehicle operations.

Mr. Chairman, thank you for your time and attention, and I welcome any questions.