

SB412: Consumer Protection: Right to Repair

Finance Committee February 3, 2021 FAVORABLE

Maryland Public Interest Research Group (Maryland PIRG) is a citizen funded public interest advocacy organization with grassroots members across the state. For forty years we've stood up to powerful interests whenever they threaten our health and safety, our financial security, or our right to fully participate in our democratic society.

We support SB412, Right to Repair, or as we call it, the "Just Let us Fix our Stuff Act." In order to repair an electronic device, whether it be a <u>smart phone</u>, a washing machine, a <u>computer enabled tractor</u>, or a <u>ventilator</u>, repair technicians need some basic things: Spare parts, repair documentation (like schematics and manuals), diagnostic software and any special tools.

But when the companies that make our stuff block access to all of those essential things, repair becomes difficult -- and in many cases *only* the manufacturer or their "authorized" repair technicians can do the repairs.

Manufacturers essentially have a monopoly on repairs. When only the manufacturer or their 'authorized technician' can fix something, they can charge whatever they want or they can say "it can't be fixed" and push you into buying a new device. <u>They do both.</u>

How Right to Repair Policies Work

Right to Repair requires manufacturing companies to make the diagnostic tools, manuals, replacement parts and tools available to the user or a third party <u>available at a fair price</u>. These are the critical things repair shops and consumers need to fix broken things.

The statute is adapted from the "Right To Repair" agreement for cars -- so we know the structure of the law works. The automotive industry agreed to these terms in 2014. There have been no ill-effects from the application of this law, and consumers have the option of taking their car to whichever mechanic they choose.

As the COVID-19 pandemic has laid bare, repair affects many aspects of our lives:

- School districts in Maryland experienced <u>massive laptop shortages</u> as they shifted to e-learning. Repair rights would help close the digital divide, enabling schools to maintain and refurbish equipment, saving taxpayers money and expanding digital access.
- As ventilators and other hospital equipment was pressed into service, health care providers struggled to maintain their devices. <u>Maryland Treasurer Nancy Kopp joined the call</u> pushing reluctant manufacturers to share repair information for ventilators.
- As Marylanders struggle with the financial fallout of the COVID-19 economic crisis, repair
 rights are estimated to save Marylanders \$735 million per year, leaving more money in
 consumer pockets, and more money recirculating in the local repair economy instead of
 going overseas.

Protecting property rights and trade secrets.

This policy does not infringe on copyright, intellectual property, or warranty protection. Repair is already specifically legal under both copyright and patent law. Right to Repair does not, and cannot, alter federal law, and none of the diagnostic tools and data enabled by this law would increase access to proprietary property.

Trade secrets are specifically disclaimed in the statute. Manufacturers don't give access to trade secrets to their own technicians, and we aren't asking them to do so here.

Protecting consumers' warranty.

This bill does not impact warranty. Most electronic repairs covered by this bill aren't under warranty. If they were, they would probably take the equipment back to a manufacturer so they don't have to pay for the repair (that's the whole point of a warranty, after all).

For repairs that aren't covered by warranty, but the product is, federal law already enables consumers to seek 3rd party repair without impacting warranty and this bill does not change that. ALI this bill does is make those repairs more likely to be successful.

Repair ensures safety.

Manufacturers have built their repair tools, parts, and diagnostics to be used by minimally trained technicians in order to control labor costs. These same parts, tools, and diagnostics can be used with equal outcomes by any trained technician. There is no empirical support for the idea that manufacturer repair is safer than any of their competitors. This is true for all devices from medical equipment to tractors.

Repair makes our world more secure.

Cybersecurity experts at Harvard's Berkman Klein Center for Internet & Society have testified that Right to Repair increases cybersecurity, a position echoed by leading industry experts which have formed the group SecuRepairs.

In restricting access to the materials consumers need to fix their devices, manufacturers prevent them from carrying out necessary maintenance. This creates a lapse in security, and an opportunity for malicious actors to attack.

We respectfully request a favorable report.

| RIGHT TO REPAIR + SB412 HB84

We need to fix our stuff.

When only the manufacturer or their "authorized technician" can fix something, they can charge whatever they want or they can say "it can't be fixed" and push you into buying a new device.

Manufacturers' repair restrictions affect a wide variety of products from cell phones, computers and appliances to medical devices and hospital equipment, to farm equipment and boats.

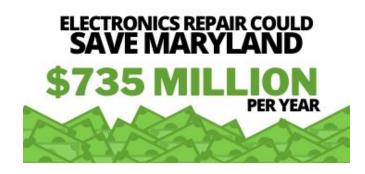
Repairing the digital divide

Early in the pandemic, a <u>nationwide laptop</u> <u>shortage</u> left millions of students unprepared for virtual learning. Due to disruptions in the supply chain, school districts in Maryland experienced <u>months-long delays</u> before receiving their laptop orders.

Right to Repair will give schools and other institutions the information they need to maintain equipment, and empower the refurbished computer market, saving taxpayer dollars and improving digital access for Maryland families.



Access to cost-effectiveness devices is a critical part of the digital divide. Right to Repair expands low-cost secondary repair markets.



Repair saves families money

Our research finds that repair can save Maryland \$735 milion per year, leaving more money in consumer pockets.

And with stronger repair rights, this money spent on repair will circulate in the local economy rather than stimulate factory jobs overseas.

Ensuring repair rights also:

- Prevents price-gouging from manufacturers for replacement parts.
- Gives consumers more options, and fosters a more competitive marketplace.

HB84 SB412

Sen. Hester and Del. Feldmark

Requires manufacturers of electronic equipment to provide "fair and reasonable" access to replacement parts, tools, schematics or repair manuals, and diagnostic software

The policy is based on an existing, effective agreement between car manufacturers and independent repair shops.

This policy does not infringe on copyright, intellectual property, or warranty protection.



No monopoly on safety

Manufacturers have built their repair tools, parts, and diagnostics to be used by minimally trained technicians in order to control labor costs. These same parts, tools, and diagnostics can be used with equal outcomes by any trained technician.

There is no empirical support for the idea that manufacturer repair is safer than any of their competitors.



A <u>survey of biomeds conducted by the U.S. PIRG Education</u>
<u>Fund indicated that 92% of respondents had been denied access to service information for critical equipment.</u>

Supporting our hospitals

Without repair competition, hospitals have been forced into expensive fees and contracts with manufacturers to maintain and service medical equipment, needlessly driving up cost to patients.

During the COVID-19 pandemic, these restrictions hurt hospital's ability to care for patients. Some have not been able to maintain or repair essential equipment, like ventilators.

Supporting cybersecurity

Cybersecurity experts at Harvard's Berkman Klein Center for Internet & Society have testified that Right to Repair reforms increase cybersecurity, a position echoed by leading industry experts which have formed the group SecuRepairs.

In restricting access to the materials consumers need to fix their devices, manufacturers prevent them from carrying out necessary maintenance. This creates a <u>lapse in security</u>, and an opportunity for malicious actors to attack.



Farmers can experience delays in harvesting crops due to software errors that only authorized technicians can fix.

Standing up for farmers

Maryland farmers deserve protection from price gouging and consumer ripoffs. We need our farmers to be resilient and not dependent on manufacturers to ensure their equipment works.

Farm equipment manufacturers use repair restrictions to prevent <u>farmers from making</u> <u>necessary repairs</u>, which increases costs and creates downtime.

Reducing toxic e-waste

E-waste is the <u>fastest growing waste stream</u> in the world, and it adds toxic heavy metals like <u>lead</u>, mercury, and cadmium into our landfills.

Maryland households produce 195,000 tons of electronic waste per year. With more repair, these materials will remain in use instead of filling up landfills, be more useful for recyclers, and reduce the burden or new source material, manufacturing, and transportation of new devices. recyclers, and reduce the burden or new source material, manufacturing, and transportation of new devices.

