March 6, 2023

The Honorable Chairman C.T. Wilson
Economic Matters Committee
House Office Building, Room 231
Annapolis, MD 21401

Re: (FAVORABLE) House Bill 1193 – An Act concerning Consumer Protection – Motor Vehicles – Right to Repair

Dear Chairman Wilson,

The Automotive Recyclers Association (ARA), and its sixteen member businesses located in Maryland, write in support of H.B. 1193, which is a bill to provide vehicle owners with a right to repair their vehicles. H.B. 1193 will give vehicle owners and independent vehicle repair shops access to a vehicle's repair and maintenance data. Right to repair will ensure the continued existence of the automotive recycling industry. Automotive recycling preserves natural resources, reduces the demand for scarce landfill space, and plays an important role in reducing air and water pollution. A study conducted by the Worcester Polytechnic Institute in Massachusetts found that automotive recyclers help to drive a circular economy in auto manufacturing and that the automotive recycling industry has a negative carbon footprint.

Right to repair legislation for motor vehicles is needed for the following reasons: (1) to protect vehicle owners' ability to repair their vehicles with affordable repair parts at a repair shop of their choice; (2) to protect vehicle owners from original equipment manufacturers needlessly undermining a vehicle owner's ability to fix their vehicle – thereby placing an artificial expiration on a vehicle owner's primary method of transportation; and (3) to protect several industries that will otherwise be crippled and ultimately eliminated.

According to the Federal Trade Commission, "A new car is second only to a home as the most expensive purchase many consumers make."[1] Historically, motor vehicle owners have had the ability to choose from a wide variety of repair part options and have been able to choose where to have their vehicles repaired. In some cases, motor vehicle owners with a little mechanical knowledge could even repair their vehicle themselves. Due to competition and the availability of a wide variety of repair parts (including recycled original equipment and aftermarket) as well as multiple options for where to have a vehicle repaired, motor vehicle owners have been able to affordably repair their vehicles.

In recent years, newly manufactured motor vehicles have become sophisticated machines that are completely reliant on centralized computer systems to manage the vehicle's operations down to the smallest components. According to the New York Times, new vehicles "are among the most sophisticated machines on the planet, containing 100 million or more lines of code."[2] As a consequence of the growing complexity of motor vehicles, it is becoming increasingly difficult for vehicle owners to repair their vehicles with parts and repairers outside of the original equipment manufacturers (OEMs) and their dealer networks.

Vehicle owners are becoming increasingly reliant on OEMs and their dealer networks to carry out motor vehicle repairs because many repair jobs cannot be completed without the repairer having the ability to calibrate and synchronize a newly replaced vehicle part with the vehicle's computer systems. Without being able to calibrate and re-synchronize a replacement part into a vehicle during the repair, the vehicle will not function properly. By withholding data necessary to make vehicle repairs from independent repairers, OEMs eliminate the ability for vehicle owners and independent repairers to repair vehicles. OEM dealer networks becoming the only option for parts and repairs would exert extreme pressure on independent repairers and alternative parts suppliers.

[1] Federal Trade Commission, *Buying a New Car*, Consumer Information. https://www.consumer.ftc.gov/articles/0209-buying-new-car.
[2] Gelles et al., *Complex Cart Software Becomes the Weak Spot Under the Hood*, The New York Times, 9/26/2015. https://www.nytimes.com/2015/09/27/business/complex-car-software-becomes-the-weak-spot-under-the-hood.html.

With the increase in computerized systems that govern individual components that were once relatively simple to replace, it is increasingly necessary that vehicle owners and independent repairers have access to repair and maintenance data. By withholding essential repair and maintenance data, OEMs are pushing vehicle owners to pay more to repair their vehicles. According to one of the leading collision estimating systems used by the vehicle insurance and repair industry, "the notion that a typical repair is $1,000-$1,500 is no longer true. It is probably closer to $3,500-$5,000."[3] Furthermore, costs of vehicle repairs are likely much higher than $5,000 since the start of the COVID-19 pandemic, which has placed significant stressors on the motor vehicle industry's supply chains. ***Vehicle owners and independent repairers need repair and maintenance data so that vehicle owners can choose to have their vehicles repaired with affordable parts from independent repairers***.

Another reason to give vehicle owners and independent repairers a right to repair and maintenance data is to protect from OEMs creating a situation where there is an artificial expiration date on a motor vehicle due to a lack of available replacement parts. Typically, OEMs produce replacement parts for a vehicle line for only a few years while the vehicle is under the manufacturer's warranty. As a result, OEMs do not always manufacture and have a widely available inventory of new replacement vehicle parts for vehicles five years or older.[4]

This scenario creates an environment where there is limited supply of new parts offered directly through OEM and dealer networks, which raises costs on vehicle owners. The limited supply of new OEM parts further highlights the need for consumers to have access to more replacement part options.

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[3] John Huetter, *CCC: Higher-dollar repairs see customer metrics fall; chance of returns 1 in 4 when bill $10k+*, Repairer Driven News, 11/25/2019. https://www.repairerdrivennews.com/2019/11/25/ccc-higher-dollar-repairs-see-customer-metrics-fall-chance-of-returns-1-in-4-when-bill-10k/.

[4] Automotive News, *Factory Parts for an Older Car? Good Luck.* 11/02/2013. https://www.autonews.com/article/20131102/OEM10/311049982/factory-parts-for-an-older-car-good-luck?adobe_mc=MCMID%3D71472279028112611162464912821114960316%7CMCORGID%3D138FFF2554E6E7220A4C98C6%2540AdobeOrg%7CTS%3D1646334945&CSAuthResp=1%3A%3A319898%3A20957%3A24%3Asuccess%3A626E30402359E96FFAE8BD8268C95B9F.

The United States Department of Transportation has found that the average age of a motor vehicle in operation in the United States is 11.9 years old.[5] Therefore, the average vehicle in operation in the U.S. is likely unable to be repaired using new OEM parts from within the OEM network due to lack of inventory of suitable parts. Even when there are new OEM parts suitable for older vehicles available, the replacement cost can be uncomfortably high. ***The average vehicle on the road in the U.S. is no longer covered by a manufacturer's warranty and is commonly repaired with affordable recycled and aftermarket parts. However, repairs using affordable recycled and aftermarket parts are made more difficult (if not impossible) due to the OEMs not providing vehicle owners and independent repairers with repair and maintenance data. Consequently, the difficulties created by the lack of repair and maintenance data by OEMs can produce an artificial expiration date on the second most expensive purchase made by U.S. households***. The functional creation of artificial expiration dates on motor vehicles pushes Americans to purchase a new vehicle rather than make what used to be an affordable vehicle repair.

H.B. 1193 is needed to ensure the continued existence of several industries that employ thousands of U.S. citizens. Without access to vehicle repair and maintenance data, vehicle owners and independent repairers will be unable to repair vehicles with affordable recycled original equipment parts. The end result of OEMs' refusal to provide vehicle owners and independent repairers repair and maintenance data is an elimination of the alternative parts industry and the independent repair industry. Vehicle owners will suffer from a lack of consumer choice in the repair part and repair industries. Independent repairers will be unable to compete with OEM approved repairers within their own closed network and will no longer be a viable option for consumers.

[5] United States Department of Transportation, *Average Age of Automobiles and Trucks in Operation in the United States*, Bureau of Transportation Statistics. https://www.bts.gov/content/average-age-automobiles-and-trucks-operation-united-states.

Since 1943, ARA has represented the professional automotive recycling industry. Professional automotive recycling facilities play an important role in the motor vehicle repair market by providing vehicle owners with affordable alternatives to more expensive new original equipment manufacturer (OEM) replacement vehicle parts. Professional automotive recyclers supply (ROE) - Recycled Original Equipment® motor vehicle parts to consumers around the world. In many cases, professional automotive recyclers are the only source for replacement vehicle parts. In addition to the critical role professional automotive recyclers play in the automotive supply chain and replacement parts market, professional automotive recyclers play a valuable role in the efficient and environmentally friendly recycling of end-of-life vehicles. Automotive recycling preserves natural resources, reduces the demand for scarce landfill space, and plays an important role in reducing air and water pollution.

Sincerely,

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