

**Testimony of Rosemary Shahan,
President of Consumers for Auto Reliability and Safety
In support of S 921, the Raechel and Jacqueline Houck Safe Rental Car Act of 2013
Before the Senate Commerce Subcommittee on Consumer Protection,
Product Safety and Insurance
May 21, 2013**

Madame Chair and Senators, I'm Rosemary Shahan, President of Consumers for Auto Reliability and Safety, based in Sacramento, California. Thank you for the invitation to testify for the Raechel and Jacqueline Houck Safe Rental Car Act of 2013. I would especially like to thank Senator Schumer, Senator Boxer, and you and your staffs for your leadership and hard work, and Senator Blumenthal, Senators Murkowski, Feinstein, Gillibrand and Casey for co-sponsoring this vitally important auto safety measure.

CARS is a national award-winning non-profit auto safety and consumer advocacy organization dedicated to preventing motor vehicle-related injuries, fatalities and economic losses. We greatly appreciate that there is bi-partisan support for this bill, and also welcome the support from all the major rental car companies, the American Car Rental Association, State Farm Insurance Company, and the American Automobile Association.

When I first heard from Cally Houck about the tragic crash that killed Raechel and Jacquie, I was horrified, as anyone would be. And of course my heart went out to Cally. But in addition to my natural human reaction -- as a safety advocate, I was aghast to learn that the rental car company was not prohibited from renting cars that are under a federal safety recall. I knew that new car dealers are prohibited from selling new vehicles that are subject to a federal safety recall. That's been the law since the 1960's. But I hadn't realized that law does NOT apply to rental car companies. I had always just assumed that of course rental car companies would not be allowed to rent unsafe, recalled cars to the public. Unfortunately, I was wrong.

The question before you is whether Congress should continue to allow rental car companies to rent vehicles to the public that are so unsafe, it is a violation of federal law to sell them as new cars. It is whether the decision to risk the public's safety, should depend on the type of transaction -- and not on how unsafe the vehicle is.

Under the federal Motor Vehicle Safety Act, when a vehicle fails to comply with federal safety standards or presents an otherwise unreasonable risk to safety, the manufacturer is required to recall it and fix it without any charge to the owner. Typical defects that result in auto safety recalls include: brakes that fail, axles that break, fires, faulty steering, air bags that don't inflate when you need them or do inflate when you don't, seat belts that don't stay buckled, and other serious, life-threatening defects. Almost always, the manufacturers agree that the vehicles are unsafe, and recall them without waiting for the National Highway Traffic Safety Administration to force their hand. But occasionally manufacturers resist issuing safety recalls and the National Highway Traffic Safety Administration, the public, and sometimes Congress have to pressure them to act.

Once a safety recall is issued, it is a violation of federal law for a new car dealer to sell it as a new car, but perfectly legal to rent the same car to a family headed for Disneyland. I hope you will agree there is no rational basis for that type of double standard, where some people are protected because they are buying a new car, while others' lives are put at risk merely because they are renting.

We know from doing polling about rental cars and safety recalls that the public overwhelmingly supports requiring rental car companies to ground recalled vehicles until they are fixed. In fact, that question polled in the great state of Missouri at 86% support. The most common reaction we get from people when they are told about this bill is "What? You mean there isn't a law already?" News anchors for all the major networks, including Fox News, have expressed the same reaction.

While we heartily support this bill, it is the result of lengthy, hard-fought negotiations among the rental car industry and the auto safety community. It fairly balances the public's interest in safety with the rental car industry's business model. It represents a reasoned, rational compromise with the rental car companies. Our top priority was for it to be effective, and also workable, given the realities of the auto rental marketplace.

- This bill applies only to vehicles that are being recalled by the manufacturer under a federal motor vehicle safety recall. It does NOT require rental car companies to ground vehicles when manufacturers conduct "service campaigns" or "customer satisfaction campaigns" for less threatening defects, or for recalls of the emissions system. It applies only to federal safety recalls. Period.
- This bill applies only to vehicles where the rental car company is the registered owner and receives the federally mandated notice that manufacturers must send to each registered owner, and only when the rental car company receives the specific Vehicle Identification Number, or VIN, of the vehicle that is being recalled. That is the bright line that triggers the obligation for rental car companies to ground recalled vehicles -- not when they first become aware of the problems, or when they receive an earlier heads-up notification from the manufacturer. This would also apply to auto dealers who rent vehicles to the public. Their obligation to ground and repair a recalled vehicle would kick in only after they receive the official recall notice for a specific vehicle.
- This bill requires rental car companies to ground vehicles under a safety recall "as soon as practicable" or within 24 hours for smaller recalls, or 48 hours for the largest recalls, involving over 5,000 vehicles in their fleet. This gives them some flexibility for dealing with logistics when they have thousands of recalled vehicles scattered around the country.
- This bill specifically allows rental car companies to continue to rent vehicles pending a final repair when the manufacturer's notice provides for an interim measure that eliminates the safety risk, pending availability of parts for the "permanent" fix.

This bill does not do everything we wanted to accomplish.

- It does not apply to larger rental vehicles over 10,000 pounds GVWR. Instead, it provides for the National Highway Traffic Safety Administration to conduct a study about those vehicles and report to Congress within a year about its findings.
- It does not require rental car companies to notify consumers who have already rented vehicles when the rental car company receives the safety recall notice from the manufacturer. We agonized over that and decided that there were too many different scenarios to legislate a solution for each one that would protect the public and be fair to the rental car companies.

We 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 state by state. California Senator Bill Monning, who represents the district where Raechel and Jacquie were killed, has agreed to forestall enactment of legislation he authored in 2011, in order to allow Congress time to address the problem nationally.

I hope and pray that you will vote to enact this Act, 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 in your hands. Thank you again, and I look forward to your questions.