

STATEMENT OF
BILL HAAS
VICE PRESIDENT
AUTOMOTIVE SERVICE ASSOCIATION

BEFORE THE
U.S. SENATE COMMITTEE ON
COMMERCE, SCIENCE AND TRANSPORTATION

SUBCOMMITTEE ON CONSUMER AFFAIRS, FOREIGN COMMERCE
AND TOURISM

JULY 30, 2002

GOOD AFTERNOON MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE. MY NAME IS BILL HAAS AND I APPRECIATE THE OPPORTUNITY TO DISCUSS SENATE BILL 2617, THE MOTOR

VEHICLE OWNER'S RIGHT TO REPAIR ACT, INTRODUCED BY U.S. SENATOR PAUL WELLSTONE. THIS LEGISLATION IS THE COMPANION BILL TO H.R. 2735 INTRODUCED BY U.S. REPRESENTATIVES JOE BARTON OF TEXAS AND EDOLPHUS TOWNS OF NEW YORK.

I SERVE AS VICE PRESIDENT OF DIVISIONS, EDUCATION AND TRAINING FOR THE AUTOMOTIVE SERVICE ASSOCIATION. THE ASA IS THE LARGEST NOT-FOR-PROFIT TRADE ASSOCIATION OF ITS KIND, INTERNATIONALLY SERVING MORE THAN 13,000 MEMBER BUSINESSES, REPRESENTING OVER 65,000 PROFESSIONALS FROM ALL SEGMENTS OF THE AUTOMOTIVE SERVICE INDUSTRY. WE ALSO HAVE THE LARGEST COLLISION TRADE SHOW IN THE WORLD ATTENDED BY APPROXIMATELY 40,000 PROFESSIONALS EACH YEAR.

I HAVE AN EXTENSIVE BACKGROUND IN AUTOMOTIVE REPAIR. I COMPLETED A TWO-YEAR AUTOMOTIVE MECHANICS COOPERATIVE EDUCATION PROGRAM WHILE IN HIGH SCHOOL. SINCE THAT TIME, I'VE BEEN INVOLVED IN THIS INDUSTRY IN VARIOUS CAPACITIES. I HAVE BEEN AN AUTOMOTIVE TECHNICIAN, REPAIR SHOP MANAGER, PARTS COUNTERMAN, SHOP OWNER AND AUTOMOTIVE INSTRUCTOR. I HAVE ALSO COMPLETED MY ACCREDITED AUTOMOTIVE MANAGER (AAM) DESIGNATION FROM THE AUTOMOTIVE MANAGEMENT INSTITUTE (AMI) AND HAVE BEEN ASE CERTIFIED SINCE 1976. ASE, AUTOMOTIVE SERVICE EXCELLENCE, IS THE AUTOMOTIVE INDUSTRY'S TESTING AND CERTIFICATION ORGANIZATION. THEY ARE BASED IN HERNDON, VIRGINIA AND ARE SUPPORTED BY AUTOMOTIVE MANUFACTURERS, NEW CAR DEALERS AND THE INDEPENDENT AFTERMARKET. THEY TEST TECHNICIANS FOR OUR MEMBERS AND NEW CAR DEALERS. I HAVE SERVED AS CHAIRMAN OF THE AUTOMOTIVE TECHNOLOGY ADVISORY COMMITTEE AT FOX VALLEY TECHNICAL COLLEGE IN WISCONSIN, CHAIRMAN OF THE FOX CITIES ALLIANCE FOR EDUCATION AUTOMOTIVE TECHNOLOGY YOUTH APPRENTICESHIP PROGRAM AND PARTICIPATED IN ASE TEST-WRITING WORKSHOPS FOR MANUAL TRANSMISSIONS AND DRIVE AXLES.

THE INDEPENDENT AFTERMARKET IS IN TROUBLE. SINCE THE BEGINNING OF THE AUTOMOBILE, INDEPENDENT REPAIRERS HAVE BEEN AT THE FRONT LINES OF AUTOMOTIVE REPAIR. THE AMERICAN MOTORING PUBLIC CLEARLY CHOOSES THE INDEPENDENT REPAIRER 70% OF THE TIME AFTER A VEHICLE IS NO LONGER UNDER WARRANTY. OUR REPAIRERS BUILD RELATIONSHIPS WITH CONSUMERS AND ARE A MORE ECONOMICALLY VIABLE ALTERNATIVE THAN THE NEW CAR DEALER IN MOST CASES.

PRIOR TO THE 1990 CLEAN AIR ACT AMENDMENTS REPAIRERS WERE ABLE TO OBTAIN SERVICE INFORMATION, TOOLS AND TRAINING SUFFICIENT TO COMPETE WITH THE NEW CAR DEALER. THE CLEAN AIR ACT'S EMISSIONS REQUIREMENTS COMPELLED THE VEHICLE MANUFACTURERS TO INSTALL MUCH MORE SOPHISTICATED EQUIPMENT ON 1996 AND NEWER VEHICLES. DURING THE DEBATE OF THE CLEAN AIR ACT AMENDMENTS, CONGRESS SAW FIT TO PROVIDE LANGUAGE PROTECTING THE INDEPENDENT REPAIRER. AT THE TIME, THE AFTERMARKET DID NOT FORESEE VEHICLE MANUFACTURERS TYING MANY NON-EMISSIONS FUNCTIONS OF THE VEHICLES INTO THESE NEW HIGH TECHNOLOGY COMPUTERS.

IN ADDITION, WE BELIEVED THAT THE U.S. ENVIRONMENTAL PROTECTION AGENCY WOULD ENFORCE THE LAW AS PASSED BY THE CONGRESS. THIS WAS AFFIRMED IN THE 1995 EPA SERVICE INFORMATION REGULATION. THE REGULATION ASSURED INDEPENDENT REPAIRERS THE SAME EMISSIONS SERVICE INFORMATION AS THE NEW CAR DEALERS. IT ALSO DISCUSSED AT LENGTH THAT THE VEHICLE MANUFACTURERS SHOULD PROVIDE THIS INFORMATION AT A REASONABLE COST, NOT FREE BUT AT A REASONABLE COST. WE HAVE ALWAYS PAID FOR SERVICE INFORMATION AND BELIEVE THAT WE SHOULD PAY FOR IT IN THE FUTURE BUT, I STRESS AT A REASONABLE COST.

HOW SERIOUS IS OUR PROBLEM? THERE ARE APPROXIMATELY 209 MILLION LIGHT DUTY TRUCKS AND CARS IN THE UNITED STATES. WE ESTIMATE THERE ARE 178,000 INDEPENDENT

REPAIRERS IN THE U.S.

THE AFTERMARKET'S MOST RECENT ANALYSIS INCLUDED 1,076,250,000 REPAIR ORDERS OR INCIDENTS OF SERVICE. THIS IS THE NUMBER OF SERVICE OPPORTUNITIES WHEN THE CONSUMER DRIVES A VEHICLE TO OUR BUSINESS. THIS REPRESENTED TOTAL SALES OF \$123 BILLION.

ASA SURVEYED OUR NATIONAL LEADERS FROM ACROSS THE COUNTRY AND DETERMINED THAT TODAY 15% OF ALL INCIDENTS OF SERVICE ARE REJECTED DUE TO A LACK OF INFORMATION. THIS AMOUNTS TO 161,437,500 REJECTED INCIDENTS OF REPAIR ANNUALLY. THE LOSS TO OUR INDUSTRY IS \$18,242,437,500. THIS MEANS SIGNIFICANT TECHNICIAN JOB LOSSES AND LOCAL ECONOMIC IMPACT.

INDEPENDENT REPAIRERS WILL SEE NUMBERS OF REJECTED REPAIRS INCREASE EXPONENTIALLY OVER THE NEXT FEW YEARS. AS 1996 AND NEWER VEHICLES MOVE INTO OUR SHOPS, CUSTOMERS WILL HAVE LITTLE PATIENCE WITH OUR SENDING THEM TO THE NEW CAR DEALERS. WE LOSE OUR CUSTOMERS AND EVENTUALLY OUR BUSINESSES.

THERE ARE TWO TYPES OF INFORMATION INDEPENDENT REPAIRERS REQUIRE TO STAY COMPETITIVE; EMISSIONS INFORMATION AND NON-EMISSIONS INFORMATION. THE DISSEMINATION OF EMISSIONS INFORMATION IS REQUIRED BY LAW. THIS LAW HAS NOT BEEN ENFORCED. EPA HAS CONTENDED THAT THE 1995 REGULATION WAS INSUFFICIENT TO FORCE THE VEHICLE MANUFACTURERS TO GIVE US THE EMISSIONS INFORMATION REQUIRED IN THE CLEAN AIR ACT AMENDMENTS. EPA PROPOSED A NEW EMISSIONS SERVICE INFORMATION REGULATION IN 2001 BUT IT HAS NOT BEEN FINALIZED. CLEARLY EMISSIONS INFORMATION HAS NOT BEEN PROVIDED AS REQUIRED BY THE 1995 REGULATION AND YET IT HAS NOT BEEN ENFORCED. ENFORCING THE EMISSIONS SERVICE INFORMATION REGULATION IS CERTAINLY A POSITIVE STEP FOR IMPROVING THE PLIGHT OF THE INDEPENDENT REPAIRER.

OUR INFORMATION DILEMMA IS TWO-FOLD: 1) INFORMATION IS NOT BEING PROVIDED BY THE VEHICLE MANUFACTURERS; 2) THE INFORMATION IS PRICED TO PLACE THE AFTERMARKET AT A SIGNIFICANT COMPETITIVE DISADVANTAGE.

THERE ARE MANY CASES WHERE INDEPENDENT REPAIRERS CAN PURCHASE THE SAME SOFTWARE AS THE NEW CAR DEALER BUT THE INDEPENDENT'S SOFTWARE HAS SPECIFIC REPAIR ITEMS LEFT BLANK WHEN THE TOOL ATTEMPTS TO READ THE VEHICLE'S COMPUTER. THE NEW CAR DEALER'S SOFTWARE CONTAINS THESE ITEMS. SOME OF THESE BLANK ITEMS ARE RELATED TO SAFETY. HONDA MOTOR COMPANY CURRENTLY RESTRICTS THE RELEASE OF PERTINENT SERVICE INFORMATION RELATED TO SAFETY. FRANCHISED HONDA DEALERS PURCHASE A SCAN TOOL WHICH IS MANUFACTURED FOR HONDA BY VETRONIX. HONDA PREVENTS VETRONIX FROM INCLUDING INFORMATION NECESSARY TO DIAGNOSE ANTI-LOCK BRAKE SYSTEMS IN THE SAME TOOL WHEN THE TOOL IS PURCHASED BY ANYONE OTHER THAN THE FRANCHISED HONDA DEALER.

ASA'S COLLISION REPAIRERS HAVE ALSO HAD A VESTED INTEREST IN THIS DEBATE. AIR BAGS HAVE BECOME A MAJOR COST ITEM FOR A COLLISION REPAIR. AS THESE SYSTEMS ARE INCREASINGLY TIED INTO THE VEHICLE'S COMPUTERS, MORE AND MORE VEHICLES WILL HAVE TO BE FORWARDED TO THE NEW CAR DEALER AFTER A COLLISION REPAIR IS COMPLETED. THIS WILL CAUSE MORE DELAYS FOR THE CONSUMER AND INCREASED INSURANCE COSTS THROUGH RENTAL CAR USEAGE, ETC. INDEPENDENT REPAIRERS HAVE FAITHFULLY MADE COLLISION REPAIRS IN THE PAST AND ARE COMPETENT TO MAKE THEM IN THE FUTURE IN A SAFE, TIMELY MANNER IF THEY ARE PROVIDED SUFFICIENT SERVICE INFORMATION.

THERE ARE CASES WHERE WE CAN'T PURCHASE A SPECIFIC TOOL. CHRYSLER, UNTIL RECENTLY, BLOCKED THE AFTERMARKET FROM PURCHASING ITS DRB III TOOL. SINCE THIS LEGISLATION WAS INTRODUCED, THE TOOL HAS BEEN MADE AVAILABLE TO US.

WITH REGARD TO REASONABLE COST, THE LAW'S INTENT WAS TO KEEP THE INDEPENDENT REPAIRER COMPETITIVE. THIS PART OF THE 1995 EPA REGULATION, REASONABLE COST, WAS EXHAUSTED IN ITS DISCUSSION. YET SOME MANUFACTURERS ARE USING THIS AS A MECHANISM TO BLOCK SERVICE INFORMATION DISTRIBUTION. VOLVO WILL PROVIDE INFORMATION TO THE AFTERMARKET BUT AT A COST OF APPROXIMATELY \$20,000. THIS DOES NOT INCLUDE VEHICLE UPDATES. WHEN WE RAISED THIS ISSUE WITH THE EPA, THEY INFORMED US THAT THIS VIOLATED THE SPIRIT OF REASONABLE COST AND THE INTENT OF THE LAW. BUT WITHOUT ENFORCEMENT, THE LAW IS MEANINGLESS.

IN CLOSING MR. CHAIRMAN, EMISSIONS AND NON-EMISSIONS SERVICE INFORMATION ARE BEING DENIED THE INDEPENDENT REPAIRER AT AN INCREASING RATE. EPA HAS NOT ENFORCED THE WILL OF CONGRESS AS STATED IN THE CLEAN AIR ACT AMENDMENTS OF 1990. WE NEED THIS LAW ENFORCED. SENATOR WELLSTONE'S LEGISLATION ASSURES THE AFTERMARKET THAT BOTH NON-EMISSIONS AND EMISSIONS SERVICE INFORMATION WILL BE PROVIDED THE INDEPENDENT REPAIRER. THIS PROTECTS CONSUMER CHOICE AND THE CONTINUED SAFE OPERATION OF THE CONSUMER'S VEHICLE.

THE INDEPENDENT REPAIRER'S TECHNICIANS HAVE THE SAME CERTIFICATION PROCESS AS THOSE OF THE NEW CAR DEALER. MANY OF OUR EMPLOYEES HAVE WORKED IN NEW CAR DEALERSHIPS. WE HAVE BEEN TRUSTED WITH OVER 70% OF AMERICA'S VEHICLES FOR MANY YEARS. WE WANT TO CONTINUE TO BE A COMPETITIVE PART OF THE U.S. ECONOMY. SENATOR WELLSTONE'S LEGISLATION ASSURES US THIS ROLE.

WE ARE NOT AN INDUSTRY THAT COMES REGULARLY BEFORE THE U.S. CONGRESS OR YOUR COMMITTEE. WE HAVE AN OPEN DIALOGUE WITH THE VEHICLE MANUFACTURERS THROUGH AN INDUSTRY GROUP, THE NATIONAL AUTOMOTIVE SERVICE TASK FORCE. THIS TASK FORCE

HAS BEEN VERY HELPFUL BUT CAN NOT ALONE RESOLVE THE VOLUME OF REJECTED REPAIRS
DUE TO THE LACK OF SERVICE INFORMATION.

THE MAJORITY OF AUTOMOBILE MANUFACTURERS HAVE SENT LETTERS IN SUPPORT OF
PROVIDING EMISSIONS AND NON-EMISSIONS INFORMATION. THIS IS CERTAINLY A STEP IN THE
RIGHT DIRECTION BUT OUR PROBLEMS STILL PERSIST. WE HOPE YOU WILL GIVE SERIOUS
CONSIDERATION TO SENATOR WELLSTONE'S LEGISLATION.