



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

March 12, 2004

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

I am pleased to transmit to you for introduction and referral to the appropriate committee a proposed bill

To authorize appropriations for the motor vehicle safety and information and cost savings programs of the National Highway Traffic Safety Administration for fiscal years 2005-2007, and for other purposes.

The bill includes two titles. Title I, "Motor Vehicle Safety," contains an authorization of appropriations for the motor vehicle safety law (chapter 301 of title 49, United States Code) administered by the Department's National Highway Traffic Safety Administration (NHTSA) and seven additional sections that would amend that law. Title II, "Motor Vehicle Information and Cost Savings," contains an authorization of appropriations for the motor vehicle information and cost savings law (part C of subchapter VI of title 49, United States Code) administered by NHTSA and five additional sections that would amend that law.

Highway and motor vehicle safety programs and enforcement have succeeded in reducing the highway fatality rate despite significant increases in the number of vehicles and the number of vehicle miles traveled. Our most recent data show a rate of 1.5 fatalities per 100 million miles traveled, nearly half the rate of 20 years ago. The bill's proposed authorizations would provide the resources needed to continue this record of success for fiscal years 2005-2007.

Title I ("Motor Vehicle Safety") would authorize appropriations for NHTSA's motor vehicle safety programs of \$125,221,000 in fiscal year 2005, and such sums as may be necessary in fiscal years 2006 and 2007.

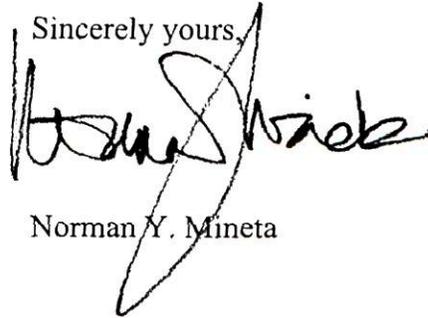
Title II ("Motor Vehicle Information and Cost Savings") would authorize appropriations for NHTSA's motor vehicle information and cost savings programs of \$14,080,000 in fiscal year 2005, and such sums as may be necessary in fiscal years 2006 and 2007.

The bill contains a number of amendments to the motor vehicle safety and information and cost savings laws, including provisions to (i) authorize the Secretary to participate and

cooperate in international activities that enhance motor vehicle and traffic safety, (ii) authorize \$5 million a year to support the President's Hydrogen Fuel Initiative and the FreedomCAR Program by a safety research initiative for alternate fuel vehicles that includes risk-assessment studies of hydrogen-fueled and other alternatively fueled vehicles, the development of test and evaluation procedures and performance criteria to assess the likelihood of potential failures that could indicate unsafe conditions, and the development of suitable countermeasures; and (iii) authorize \$10 million a year for research into vehicle-based driver-assistance technologies such as electronic stability control, telematics, radar braking and similar vehicle advances, and to develop safety standards and consumer education programs, to ensure that appropriate safety benefits are derived from these technologies. Additional details describing these and other amendments are provided in the enclosed analysis.

The Office of Management and Budget advises that it has no objection, from the standpoint of the Administration's program, to the submission of this proposed legislation to Congress, and that its enactment would be in accord with the program of the President.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Norman Y. Mineta". The signature is stylized with a large, sweeping loop that extends upwards and to the right, crossing over the text "Sincerely yours,".

Norman Y. Mineta

2 Enclosures



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

March 12, 2004

The Honorable Richard B. Cheney
President of the Senate
Washington, DC 20510

Dear Mr. President:

I am pleased to transmit to you for introduction and referral to the appropriate committee a proposed bill

To authorize appropriations for the motor vehicle safety and information and cost savings programs of the National Highway Traffic Safety Administration for fiscal years 2005-2007, and for other purposes.

The bill includes two titles. Title I, "Motor Vehicle Safety," contains an authorization of appropriations for the motor vehicle safety law (chapter 301 of title 49, United States Code) administered by the Department's National Highway Traffic Safety Administration (NHTSA) and seven additional sections that would amend that law. Title II, "Motor Vehicle Information and Cost Savings," contains an authorization of appropriations for the motor vehicle information and cost savings law (part C of subchapter VI of title 49, United States Code) administered by NHTSA and five additional sections that would amend that law.

Highway and motor vehicle safety programs and enforcement have succeeded in reducing the highway fatality rate despite significant increases in the number of vehicles and the number of vehicle miles traveled. Our most recent data show a rate of 1.5 fatalities per 100 million miles traveled, nearly half the rate of 20 years ago. The bill's proposed authorizations would provide the resources needed to continue this record of success for fiscal years 2005-2007.

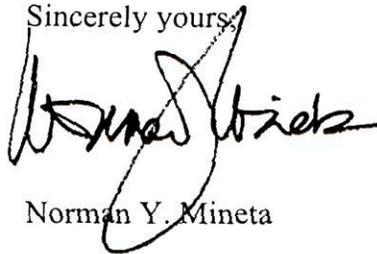
Title I ("Motor Vehicle Safety") would authorize appropriations for NHTSA's motor vehicle safety programs of \$125,221,000 in fiscal year 2005, and such sums as may be necessary in fiscal years 2006 and 2007.

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The bill contains a number of amendments to the motor vehicle safety and information and cost savings laws, including provisions to (i) authorize the Secretary to participate and cooperate in international activities that enhance motor vehicle and traffic safety, (ii) authorize \$5 million a year to support the President's Hydrogen Fuel Initiative and the FreedomCAR Program by a safety research initiative for alternate fuel vehicles that includes risk-assessment studies of hydrogen-fueled and other alternatively fueled vehicles, the development of test and evaluation procedures and performance criteria to assess the likelihood of potential failures that could indicate unsafe conditions, and the development of suitable countermeasures; and (iii) authorize \$10 million a year for research into vehicle-based driver-assistance technologies such as electronic stability control, telematics, radar braking and similar vehicle advances, and to develop safety standards and consumer education programs, to ensure that appropriate safety benefits are derived from these technologies. Additional details describing these and other amendments are provided in the enclosed analysis.

The Office of Management and Budget advises that it has no objection, from the standpoint of the Administration's program, to the submission of this proposed legislation to Congress, and that its enactment would be in accord with the program of the President.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Norman Y. Mineta", written over the typed name below.

Norman Y. Mineta

2 Enclosures

A BILL

To authorize appropriations for the motor vehicle safety and information and cost savings programs of the National Highway Traffic Safety Administration for fiscal years 2005-2007 and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I – MOTOR VEHICLE SAFETY

SECTION 101. Section 30104 (“Authorization of appropriations”) of title 49, United States Code, is amended to read as follows:

“§ 30104. Authorization of appropriations

“There is authorized to be appropriated to the Secretary of Transportation \$125,221,000 for the National Highway Traffic Safety Administration to carry out this part in fiscal year 2005, and such sums as may be necessary in fiscal years 2006 and 2007.”.

SEC. 102.

(a) Subchapter I (“GENERAL”) of Chapter 301 of title 49, United States Code, is amended by adding at the end the following new section:

“§ 30106. International cooperation

“The Secretary of Transportation may participate and cooperate in international activities to enhance motor vehicle and traffic safety by such means as exchanging safety information, conducting safety research, examining safety needs, best practices, new technology, improvements in motor vehicle safety standards, and participating in the implementation of existing international agreements concerning motor vehicle safety to which the United States is a contracting party.”.

(b) The analysis for Chapter 301 is amended by the addition of the following after the entry for section 30105:

"30106. International cooperation."

SEC. 103. Section 30115(a) ("Certification of compliance") of title 49, United States Code, is amended by inserting at the end the following: "A person shall not affix a certification label or tag to a motor vehicle or item of motor vehicle equipment unless the person has either performed tests or otherwise documented the basis for certifying compliance with all applicable motor vehicle safety standards prescribed under this chapter, except that, in affixing the certification label or tag, a manufacturer that completes a vehicle after receiving compliance documentation from the manufacturer of an earlier stage of the vehicle may rely on such documentation in accordance with regulations issued by the Secretary of Transportation."

SEC. 104. Section 30118 ("Notification of defects and noncompliance") of title 49, United States Code, is amended by striking "motor vehicle or replacement equipment" in subsections (a), (b), and (c) and inserting "motor vehicle, original equipment, or replacement equipment".

SEC. 105. Section 30120 ("Remedies for defects and noncompliance") of title 49, United States Code, is amended by adding at the end the following new subsection:

"(k) LIMITATION ON SALE OR LEASE OF USED MOTOR VEHICLES.—

(1) A dealer may not sell a used motor vehicle for purposes other than resale or lease a used motor vehicle until the dealer informs the purchaser or lessee of any notifications of a defect or noncompliance pursuant to section

30118(b) or section 30118(c) of this title with respect to the vehicle that have not been remedied, and either--

“(A) offers to have the defects or noncompliances remedied, or

“(B) gives the purchaser or lessee a written description of the defects or noncompliances, including all relevant information from any notification pursuant to subsections 30118(b) or 30118(c) of this title, and receives a written acknowledgment of the offer or description from the purchaser or lessee.

“(2) The requirements of paragraph (1) of this subsection shall apply after a period of time following issuance of notifications that the Secretary shall specify. The Secretary may extend this period with respect to particular notifications.

“(3) In this subsection, notwithstanding section 30102(a)(1) of this title,

“(A) ‘dealer’ means a person who sold at least 10 motor vehicles during the prior 12 months to purchasers that in good faith purchased the vehicles other than for resale; and

“(B) ‘used motor vehicle’ means a motor vehicle that has previously been purchased other than for resale.

“(4) Subject to regulations issued by the Secretary, a manufacturer of a motor vehicle shall establish and maintain an Internet-accessible record system that dealers of used motor vehicles and members of the public may access, without charge, to determine whether a particular vehicle manufactured by the manufacturer has been subject to any notification of a defect or noncompliance

pursuant to section 30118(b) or section 30118(c) of this title that has not been remedied. If the Secretary determines that establishing and maintaining such an Internet-accessible record system is not practicable for certain classes of manufacturers, the Secretary may exempt such manufacturers from the requirements of this paragraph.”.

SEC. 106. Section 30120 (“Remedies for defects and noncompliance”) of title 49, United States Code, as amended by section 105 of this Act, is further amended by adding at the end the following new subsection:

“(1) LIMITATION ON OPERATION BY OWNERS AND LESSORS OF SCHOOL BUSES AND VEHICLES USED TO TRANSPORT PASSENGERS FOR COMPENSATION.--

“(1) Subject to paragraphs (2) and (3), a person who owns or leases a school bus or a motor vehicle used to transport passengers for compensation and who receives a notice of a defect or noncompliance pursuant to section 30118(b) or section 30118(c) of this title may not operate the vehicle to which the notice applies as a school bus or for compensation until the defect or noncompliance is remedied as required by this section.

“(2) The requirements of paragraph (1) shall apply after a period of time following issuance of such notifications that the Secretary shall specify. The Secretary may extend this period with respect to particular notifications.

“(3) This subsection shall not apply to taxicabs, or to motor vehicles owned or operated by State or local governments.”.

SEC. 107.

(a) Section 30124 (“Buzzers indicating nonuse of safety belts”) of title 49 United States Code, is amended by striking the words “or a buzzer designed to indicate a safety belt is not in use, except a buzzer that operates only during the 8-second period after the ignition is turned to the ‘start’ or ‘on’ position” and by revising the section heading to read “Nonuse of safety belt interlocks”;

(b) The analysis for Chapter 301 of title 49, United States Code, is amended by revising the item for section 30124 to read:

“30124. Nonuse of safety belt interlocks.”

SEC. 108. Section 30168 (“Research, testing, development, and training”) of title 49, United States Code, is amended by adding the following new subsections:

“(f) SAFETY INITIATIVE FOR ALTERNATE FUEL VEHICLES.—In addition to the authority provided under this section, the Secretary is authorized to expend \$5 million per year to conduct a safety research initiative for alternate fuel vehicles that includes risk assessment studies of hydrogen fueled and other alternatively fueled vehicles, the development of test and evaluation procedures and performance criteria to assess the likelihood of potential failures that could indicate unsafe conditions, and the development of suitable countermeasures. In particular, this research initiative would investigate the safety of the power train, the vehicle fuel container and delivery system, the onboard refueling system, and the full vehicle system performance of alternate fuel vehicles.

“(g) SAFETY INITIATIVE FOR DRIVER ASSISTANCE TECHNOLOGIES.—In addition to the authority provided under this section, the

Secretary is authorized to expend \$10 million per year to conduct research into vehicle-based driver assistance technologies, and to develop appropriate performance standards and consumer education programs, to ensure that appropriate safety benefits are derived from these technologies. Such research shall include evaluations of crash avoidance technologies, such as electronic stability control, telematics, radar braking and other similar vehicle advances.”.

TITLE II -- MOTOR VEHICLE INFORMATION AND COST SAVINGS

SEC. 201. Section 32102 (“Authorization of appropriations”) of title 49, United States Code, is amended to read as follows:

“§ 32102. Authorization of appropriations

“There is authorized to be appropriated to the Secretary of Transportation \$14,080,000 for the National Highway Traffic Safety Administration to carry out this part in fiscal year 2005, and such sums as may be necessary in fiscal years 2006 and 2007.”.

SEC. 202. Section 32709(a)(1) (“Penalties and enforcement”) of title 49, United States Code, is amended by--

- (1) striking "\$2,000" and inserting "\$5,000"; and
- (2) striking "\$100,000" and inserting "\$1,000,000".

SEC. 203. Section 32710(a) (“Civil actions by private persons”) of title 49, United States Code, is amended by striking "\$1,500" and inserting "\$10,000".

SEC. 204.

(a) Section 32301 (“Definitions”) of title 49, United States Code, is amended by adding the following definition at the end: “(3) ‘crash avoidance’ means preventing a crash.”.

(b) Section 32302(a)(2) (“Passenger motor vehicle information”) of title 49, United States Code, is amended by inserting “and crash avoidance” after “crashworthiness”.

SEC. 205.

(a) Section 32303 (“Insurance information”) of title 49, United States Code, is repealed.

(b) Sections 32302(a)(4) and 32302(c) of title 49, United States Code, are repealed.

(c) The analysis for Chapter 323 of title 49, United States Code, is amended by striking the item relating to section 32303.

SEC. 206.

(a) Section 33112 (“Insurance reports and information”) of title 49, United States Code, is repealed.

(b) The analysis for Chapter 331 of title 49, United States Code, is amended by striking the item relating to section 33112.

SECTIONAL ANALYSIS

TITLE I -- MOTOR VEHICLE SAFETY

Section 101. This section would amend section 30104 (“Authorization of appropriations”) of title 49, United States Code, to authorize appropriations for the National Highway Traffic Safety Administration’s (NHTSA) motor vehicle safety programs of \$125,221,000 in fiscal year 2005, and such sums as may be necessary in fiscal years 2006 and 2007.

Section 102. This section would amend subchapter I (“General”) of chapter 301 of title 49, United States Code, to add a new section 30106, “International Cooperation.” The section provides explicit authorization to the Secretary of Transportation to participate and cooperate in international activities to enhance motor vehicle and traffic safety by such means as exchanging safety information, conducting safety research, examining safety needs, best practices, new technology, and improvements in motor vehicle safety standards, and participating in the implementation of existing international agreements concerning motor vehicle safety to which the United States is a contracting party. This section would not confer any independent authority to negotiate binding agreements with foreign nations on behalf of the United States.

By conferring in the Secretary the authority to participate and cooperate in international efforts that address the broad and highly technical range of motor vehicle and traffic safety issues, the United States will be able to combine its motor vehicle safety initiatives with those of other countries, to ensure a comprehensive approach to motor vehicle safety. Accordingly, this section would directly authorize the Secretary to participate in these international activities. The goal of that participation and cooperation would be to enhance motor vehicle and traffic safety in the United States.

Section 103. This section would amend section 30115(a) (“Certification of compliance”) of title 49, United States Code, to require manufacturers of motor vehicles and motor vehicle equipment to document the basis for certifying compliance of their products with all applicable Federal motor vehicle safety standards (FMVSS) before they certify under section 30115 that their products comply with these standards. The Secretary would employ existing authority to require manufacturers to maintain records of this documentation. This section would strengthen NHTSA’s safety compliance assurance program by providing a means through which the agency may determine whether a manufacturer acted in good faith at the point of certification.

Section 104. This section would amend section 30118 (“Notification of defects and noncompliance”) of title 49, United States Code, to apply to manufacturers of original equipment the responsibilities relating to the recall and remedy of defective equipment that currently apply to manufacturers of motor vehicles and replacement equipment. This amendment reflects the increasing role of original equipment manufacturers in the production of new motor vehicles. Many complicated vehicle systems, such as air bags and brakes, are manufactured by equipment manufacturers rather than by vehicle manufacturers. Original equipment manufacturers are often

in a better position to detect safety problems in their equipment than are the vehicle manufacturers, and should have the responsibility for remedying defective equipment.

Section 105. This section would amend section 30120 (“Remedies for defects and noncompliance”) of title 49, United States Code, by adding a new subsection (k) to prohibit dealers of used motor vehicles from selling or leasing used vehicles for purposes other than resale until the dealer informs the purchaser or lessee of any notifications by a manufacturer of any safety-related defects or noncompliances with FMVSS with respect to the vehicle that have not been remedied. It also requires the dealer either to: (1) offer to have the defects or noncompliances remedied; or (2) give the purchaser or lessee a written description of the defects or noncompliances, the written acknowledgment of which must be received by the dealer from the purchaser or lessee. Finally, it would require motor vehicle manufacturers to establish and maintain an Internet-accessible record system that dealers of used motor vehicles and members of the public may access, without charge, to determine whether a particular vehicle manufactured by the manufacturer has been subject to any notification of a defect or noncompliance, pursuant to section 30118(b) or section 30118(c), that has not been remedied. In keeping with this general authority, if the Secretary decides that a certain type of recall should not be included in the Internet-accessible record system, the Secretary may exempt such recalls from this record system. If the Secretary decides that establishing and maintaining an Internet-accessible record system is not practicable for certain classes of manufacturers, the Secretary may exempt such manufacturers from this requirement. The section defines “dealer” as a person who has sold at least 10 motor vehicles during the prior 12 months to buyers that bought the vehicles other than for resale, and a “used motor vehicle” as a vehicle that has previously been purchased other than for resale.

Currently, section 30120(i) prohibits dealers who have been notified that new motor vehicles or new items of replacement equipment in their possession contain a safety-related defect or do not comply with a safety standard from selling or leasing the vehicles or items of equipment until the defects or noncompliances are remedied. The statute does not address the sale or lease of used vehicles that have a safety defect or a noncompliance. Though all major passenger car and light truck vehicle manufacturers have indicated to NHTSA that they urge their franchised dealers to remedy any safety defects or noncompliances in the used vehicles they have manufactured before selling or leasing them to consumers, there is no requirement to do so. There also is no requirement to inform a prospective purchaser or lessee of any defects or noncompliances with respect to the used vehicle that have not been remedied. In addition, many used vehicles are sold through independent dealers.

This section would enhance motor vehicle safety by ensuring that purchasers or lessees of used motor vehicles are informed by the dealer, before purchase or lease, of any notifications by a manufacturer of any safety-related defects or noncompliances with a FMVSS with respect to the vehicle that have not been remedied. The section also would enhance motor vehicle safety

by requiring the dealer either to offer to have the defects or noncompliances remedied or to give the purchaser or lessee a written description of the defects or noncompliances. If the dealer offers to have the defects or noncompliances remedied, the dealer would not experience significant costs. Section 30120 requires manufacturers of motor vehicles to remedy, without charge, any safety-related defects and noncompliances with FMVSS. Thus, franchised dealers could perform the remedy and receive reimbursement from the manufacturer in the usual way. With respect to independent used motor vehicle dealers, or franchised dealers who are selling used vehicles made by a different manufacturer, information about recalls, including information about whether a vehicle is covered by one or more recalls, is readily accessible from a variety of sources, including NHTSA and vehicle manufacturers. Most defects and noncompliances are remedied at the behest of vehicle owners before the vehicle comes into the possession of a used motor vehicle dealer. If a used motor vehicle dealer has any doubt about whether a defect or noncompliance has been remedied, the dealer can contact a franchised dealer or the manufacturer who could provide the requested information. If the remedy has not been performed, the used motor vehicle dealer could present the vehicle to the manufacturer's franchised dealer for repair of the defect or noncompliance without charge.

However, this section also recognizes that it would be helpful if the vehicle manufacturers made this recall and remedy information available to used motor vehicle dealers and consumers on the Internet. This requirement would not impose a significant burden on most manufacturers, since all large vehicle manufacturers (including importers) already use centralized, computerized systems accessible by all of their new-car dealers to allow those dealers to determine (by providing the Vehicle Identification Number) whether a vehicle built by that manufacturer is subject to any outstanding, unremedied recalls. It would be easy for those manufacturers to create a public version of this system accessible on the Internet.

Some vehicle manufacturers (particularly small manufacturers and "final-stage manufacturers" that add components to incomplete vehicle chassis) may not currently have such computerized systems. To address this issue, a provision authorizing exemptions from the Internet requirement is included in this section.

In recognition that information relating to recalls may not be readily available to used motor vehicle dealers for some time after the defect or noncompliance is determined to exist, this section directs the Secretary to establish a "grace period" during which this requirement would not apply.

Section 106. This section would amend section 30120 ("Remedies for defects and noncompliance") of title 49, United States Code, by adding a new subsection (l) to prohibit an owner or lessor of a school bus or of a motor vehicle used to transport passengers for compensation, who has been provided a notification by the manufacturer pursuant to section 30118(b) or section 30118(c), concerning a defect in or failure to comply with a FMVSS

respecting the school bus or motor vehicle in the owner's or lessor's possession at the time of notification, from operating the school bus or other motor vehicle until the defect or noncompliance is remedied. This section would affect owners and lessors of school buses and motor vehicles used to transport passengers for compensation, such as rental cars, transit buses, tour buses, intercity buses, and ambulances. This section would not apply to taxicabs or State and local governments. Nevertheless, whenever an owner of a taxicab or a State or local government receives a notification from a motor vehicle manufacturer, pursuant to section 30118(b) or section 30118(c), concerning a defect in or failure to comply with a FMVSS, they should have the defect or noncompliance remedied as soon as possible.

Chapter 301 (sections 30118-30120) requires manufacturers of motor vehicles to notify owners, purchasers, and dealers if the manufacturer or NHTSA determines that the vehicle contains a safety-related defect or a noncompliance with a FMVSS, and to remedy the defect or noncompliance without charge. The statute does not require that owners of defective or noncompliant vehicles have them remedied. While owners of individual private motor vehicles are in the best position to decide for themselves whether to bring their vehicles to a dealer to have them repaired, since the chief impact of this decision is on themselves and their families, this does not apply to owners of vehicles that are used to transport passengers for hire or to school buses. Those passengers will have no way of knowing if the vehicle has a safety problem. Passengers in these vehicles should not be put at risk by the owner's failure to respond to a safety recall, especially since the repair will be performed without charge.

Tragic incidents have occurred in recent years in which school children were killed or seriously injured during non-emergency circumstances when their clothing or backpacks caught on the exit handrail of school buses that had been recalled to modify a defective handrail, but on which the repair had not been performed. NHTSA's audits of recalls show that fleets, including rental fleets, often have poor recall completion rates, ranging 10 to 25 percent below that of individually owned vehicles. A number of recalls involving buses have shown completion rates of less than 50 percent. This section would help to minimize instances where failures to remedy vehicles subject to safety recall result in crashes, injuries, and fatalities.

Section 107. This section would amend section 30124 ("Buzzers indicating nonuse of safety belts") of title 49, United States Code, to allow a reminder signal for nonuse of belts after the initial start-up warning. Comments to rulemaking proposals on advanced air bag systems have advocated the increased use of warning signals as a means of increasing safety belt use rates. The amendment would permit, but not require, an expanded use of reminder signals for this purpose.

Section 108. This section would amend section 30168 ("Research, testing, development, and training") of title 49, United States Code, to add two new subsections in addition to the Secretary's general authority under the section.

Subsection (f), “Safety Initiative for Alternate Fuel Vehicles,” would authorize the Secretary to conduct a safety research initiative for alternate fuel vehicles that includes risk assessment studies of hydrogen fueled and other alternatively fueled vehicles, the development of test and evaluation procedures and performance criteria to assess the likelihood of potential failures that could indicate unsafe conditions, and the development of suitable countermeasures. The Secretary would be authorized to expend \$5 million each year for this program.

The safety initiative provided by this subsection would support the President’s Hydrogen Fuel Initiative and the FreedomCAR Program. Early in 2003, President Bush proclaimed the government’s support for the active research and development of commercially viable hydrogen-powered fuel cells for transportation and stationary power applications, and the infrastructure to support them. As the President indicated in his State of the Union address, successful execution of the Hydrogen Fuel Initiative would mean that the first car driven by a child born today could be powered by fuel cells, and pollution-free. The President’s Hydrogen Fuel Initiative complements the FreedomCAR initiative, a partnership with the U.S. auto industry aimed at developing technologies needed for mass production of safe and affordable hydrogen fuel cell vehicles. Together, these initiatives will enable automobile manufacturers to decide to offer affordable and technologically viable hydrogen fuel cell vehicles in the mass consumer market by 2015 and the ability to produce and deliver such vehicles to the market by 2020. As hydrogen and other alternate fuel vehicles are introduced in to the fleet, the safety performance of these vehicles in crashes (e.g., fuel leaks, explosions, fires, etc.) needs to be carefully researched and countermeasures developed.

The safety initiative for alternate fuel vehicles would provide the research and countermeasures development needed to support the President’s Hydrogen Fuel Initiative and the FreedomCAR Program. The safety initiative would include the conduct of risk assessment studies of hydrogen fueled and other alternatively fueled vehicles, the development of test and evaluation procedures and performance criteria to assess the likelihood of potential failures that could indicate unsafe conditions, and the development of suitable countermeasures.

In particular, the research program would investigate the safety of the power train, the vehicle fuel container and delivery system, the onboard refueling system, and the full vehicle system performance. This research would evaluate leak detection systems, determine the effectiveness of safety systems, assess fire potential and flammability, and evaluate external hazards to these systems.

The onboard refueling system-related research and performance tests would evaluate fuel leakage, examine sparking and grounding conditions of the refueling system, and examine conditions under which initiation of fire could occur.

The full vehicle systems research and performance testing would include crash tests to identify safety issues associated with the existing FMVSS and new safety standards, evaluate performance of leakage detection systems under crash and normal operating conditions, and identify post-crash and special requirements for emergency medical services.

Subsection (g), “Safety Initiative for Driver Assistance Technologies,” would authorize the Secretary to conduct research into vehicle-based driver assistance technologies, and to develop performance standards and consumer education programs to ensure that appropriate safety benefits are derived from these technologies. Such research shall include evaluations of crash avoidance technologies, such as electronic stability control, telematics, radar braking and other similar vehicle advances. The Secretary would be authorized to spend \$10 million per year for this program.

The rapid advance of ‘active’ technologies will radically change the design and performance of automobiles over the next 10 years. These technologies and changes in human elements, most notably elderly drivers, present a unique research challenge in human factors engineering and technology evaluation. Driver assistance technologies, related performance standards and consumer education materials are needed to ensure that the maximum safety benefits are derived from these technologies.

NHTSA’s Rulemaking Priority Plan recognizes that the most significant vehicle-based safety initiatives will be based on technology that will make cars safer to drive by avoiding crashes. Vehicle-based technologies could also make significant contributions to managing important driver behavior issues such as making it more difficult to drink and drive and not wearing safety belts. At the same time, rapid development and introduction of information-based technologies, telematics, will create a more challenging environment for the driver.

Another growing trend this research initiative must consider is the aging of the population. Elderly drivers will continue to depend on light duty vehicles as their primary mode of transportation, yet these drivers will experience special safety challenges in the context of vehicle technologies and driving environments.

Finally, we anticipate that this initiative will reach significantly beyond the scope of current agency research and development activities. It is intended to hasten the introduction of vehicle-based driver assistance technologies into the market while ensuring their safe performance in the context of human factors through development of safety performance standards and/or voluntary guidelines.

TITLE II -- MOTOR VEHICLE INFORMATION AND COST SAVINGS

Section 201. This section would amend section 32102 (“Authorization of appropriations”) of title 49, United States Code, to authorize appropriations for NHTSA’s motor vehicle information and cost savings programs of \$14,080,000 in fiscal year 2005, and such sums as may be necessary in fiscal years 2006 and 2007.

Section 202. This section would amend section 32709(a)(1) (“Penalties and enforcement”) of title 49, United States Code, to increase the maximum civil penalty from \$2,000 to \$5,000 for each violation of the odometer chapter (chapter 327 of title 49), or a regulation prescribed or order issued under the chapter, and to increase the maximum penalty from \$100,000 to \$1,000,000 for any related series of violations.

The \$2,000 limit was originally set at \$1,000 (section 412(a) of the Motor Vehicle Information and Cost Savings Act Amendments of 1976, Pub. L. 94-364), and subsequently raised to \$2,000 (section 3(a) of the Truth in Mileage Act of 1986, Pub. L. 99-579). The \$100,000 limit was set in 1976 (section 412(a) of the Motor Vehicle Information and Cost Savings Act Amendments of 1976, Pub. L. 94-364).

This increase in civil penalty limits for violations of the odometer chapter would be comparable to the civil penalty limits provided for other Federal regulatory agencies. For example, the civil penalty specified for violations of the Consumer Product Safety Act (*see* section 2069(a)(1) of title 15, United States Code) is \$5,000 for each such violation, with a maximum for a related series of violations of \$1,250,000.

Section 203. This section would amend section 32710(a) (“Civil actions by private persons”) of title 49, United States Code, to increase the limit on damages that victims of odometer fraud can recover from violators of the odometer law (chapter 327 of title 49), from the current three times actual damages or \$1,500, whichever is greater, and reasonable attorney fees, to three times actual damages or \$10,000, whichever is greater, and reasonable attorney fees.

The Motor Vehicle Information and Cost Savings Act (Pub. L. 92-513) established the current limit on damages to victims of odometer fraud in 1972. In 1972, the average price of a used vehicle was far lower than it is today. Today, many vehicles with a rolled-back odometer can be sold for a price that exceeds the price of a similar vehicle with an accurate odometer reading by much more than the \$1,500 statutory damage amount. Experience also has shown that State attorneys general and private attorneys are more inclined to settle for the statutory damage amount rather than attempt to calculate the amount of actual damages sustained, particularly when numerous vehicles are involved. To provide a more equitable result for defrauded

consumers, and to advance the national effort to eliminate odometer fraud, the dollar amount of damages should be raised to the greater of three times actual damages or \$10,000, plus attorney's fees.

Section 204. Subsection (a) of this section would amend section 32301 ("Definitions") of title 49, United States Code, to define the term 'crash avoidance' to mean "preventing a crash." Subsection (b) would amend section 32302(a)(2) ("Passenger motor vehicle information") to add crash avoidance information to the section's passenger motor vehicle information program. This section provides explicit authority to NHTSA for including crash avoidance information in its passenger motor vehicle information program. For a number of years, NHTSA has been providing crash avoidance information to the public on subjects such as antilock brakes. Also, section 12 of the Transportation Recall Enhancement, Accountability, and Documentation Act (TREAD) Act, "Rollover Tests," now requires NHTSA to develop a dynamic test for rollovers of passenger cars, multipurpose passenger vehicles, and light trucks and to disseminate the test results through the agency's New Car Assessment Program.

Section 205. This section would repeal section 32303 ("Insurance information") of title 49, United States Code, together with two related provisions: a portion of section 32302(a)(4) and section 32302(c). Section 32303 provides that insurers of passenger motor vehicles make reports and supply the Secretary with specific and detailed information on: (1) accident claims, and (2) crashworthiness, damage susceptibility, repair and personal injury costs. Section 32302(a)(4) directs the Secretary to include in the passenger motor vehicle information program established by the section the "insurance information obtained under section 32303." Section 32302(c) directs the Secretary to prescribe regulations requiring dealers of passenger motor vehicles to distribute to prospective buyers the information the Secretary provides the dealers that compares insurance costs for different passenger motor vehicles based on damage susceptibility and crashworthiness.

The publication of the insurance information obtained under section 32303 consists of data generated by the Highway Loss Data Institute, which ranks new cars by their relative collision loss payments by insurance companies. This information is provided to each new car dealer for customer reference in making purchase decisions. However, the data are rarely used and not useful because the differences in rates due to loss payments are overshadowed by differences in premiums due to driver demographics, geographic location and the relative prices of the vehicles. Though these rankings provide an indication that one model will have a higher collision insurance premium than another, a prospective buyer still must consult an insurance agent to determine how much the premium will differ according to that person's specific personal information (e.g., age, driving record, miles driven, home location). A prospective buyer does not need a brochure from the Federal government to obtain this information, since insurance agents are trained to provide advice on how model selection affects insurance premiums.

Section 206. This section would repeal section 33112 (“Insurance reports and information”) of title 49, United States Code, which requires certain insurers of motor vehicles, as well as companies that sell or lease motor vehicles, to file annual reports with the Secretary on various insurance-related matters including: any motor vehicle thefts and recoveries they have experienced over the past year; rating rules they used to establish premiums for comprehensive coverage; actions they took to reduce premiums for comprehensive coverage; and actions they took to reduce the theft of their insured vehicles. The Department has no evidence that these annual reports by insurers of motor vehicles have in any way proved useful in preventing motor vehicle theft. It is clear that the annual report requirement imposed by section 33112 imposes a considerable paperwork and cost burden on these insurers and, indirectly, on the public, without a corresponding benefit.