

TESTIMONY OF DIANE K. STEED, ADMINISTRATOR  
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION  
BEFORE THE TELECOMMUNICATIONS, CONSUMER PROTECTION AND FINANCE  
SUBCOMMITTEE OF THE HOUSE COMMITTEE ON ENERGY AND COMMERCE

August 8, 1984

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to testify today on H.R. 6076. With me at the witness table are Barry Felrice, our Associate Administrator for Rulemaking, and George Parker, our Associate Administrator for Enforcement.

I am pleased to report that America's streets and highways are safer now than they were five, ten or fifteen years ago. The national movement to confront drunk driving has led to a law that the President signed just last month to induce the States to raise the drinking age to 21. All States but one now have laws requiring child safety seat use -- and these laws were almost all enacted in the past three and one-half years. Safety belt use laws are at last becoming possible. Child restraint laws led the way, but now New York has become the first State to require everyone to wear safety belts. We believe other States will follow New York's example. In reflection of the greater awareness of safety, the number of fatalities on the nation's highways remains far below the level at which we began this decade. Even the increased travel seen over the past two

years has produced only a slight rise: the number of fatalities in the twelve month period ending in May was only 0.5 per cent higher than in the preceding twelve months. In the context of this improving highway safety picture, we believe that your legislation opens a dialogue about the best ways to make a positive contribution to safety and consumer protection. I am pleased to have this opportunity to comment on your proposal.

Section 2 of the bill proposes to amend the odometer provisions of the Motor Vehicle Information and Cost Savings Act. It would require the inclusion of odometer information on motor vehicle registration cards and on motor vehicle titles, and would provide that a vehicle sold in interstate commerce could not be registered without the former owner's registration card and title.

We agree that odometer information should be included on motor vehicle titles, and that it would help reduce the fraudulent practice of securing clean titles to conceal odometer mileage. However, the rapid progress the States have made to include this information on their titles suggests to us that the goals of the bill will be met without federal legislation. Only six States now lack odometer information on their titles, and they are under considerable pressure from the other States to conform their titles. In anticipation that they will respond to these pressures, the Administration is taking no position on section 2 at this time. We believe the practice at which the bill is aimed should be stopped, but we prefer to see this result accomplished by the States themselves.

Section 3 of the bill is identical to the proposal Secretary Dole submitted to the Congress on April 11, 1984, and represents what we believe to be the most effective change that could be made to the odometer law at this time. It would amend the prohibition against tampering with motor vehicle odometers contained in the Cost Savings Act to provide more severe criminal penalties for odometer tampering. The Cost Savings Act currently provides for a maximum fine of \$50,000 and imprisonment of not to exceed one year (a misdemeanor) for violation of the Act's odometer requirements. This amendment, while leaving intact the \$50,000 maximum fine, would increase the period of imprisonment to not more than three years, thereby making knowing and willful odometer tampering a felony.

Experience indicates that the current criminal penalties for odometer tampering, which costs American consumers an estimated \$1.5 to 2 billion annually, are not a sufficient deterrent. The experience of jurisdictions where odometer fraud is a felony shows the much greater effect of a felony, with its longer sentence, its impact on a violator's ability to retain his business, and its effect on his civil rights. In many States, a felony conviction will cause a revocation or bar to the issuance of an automobile dealer's license to do business. When coupled with the new titles that include odometer information, and other improvements in State procedures, the increased penalty should have a strong deterrent effect on odometer fraud.

Section 4 of the bill would permit independent tire dealers to elect to complete and compile tire identification and registration information forms for the first purchasers of their tires, instead of giving the forms for the purchasers to complete themselves.

In comments on the proposed regulation that implemented the tire registration amendments of the 1982 Act, several of the larger independent tire dealers stated that they would prefer to continue filling out and submitting the registration forms themselves, rather than passing the forms along to consumers as the amendment directed them to do. The Department favors allowing dealers such an option. However, we would prefer a simpler approach than the "election" procedure specified in the bill; perhaps language stating that the registration section does not bar dealers from handling tire registration for their customers if they wish. We agree with you entirely on the goal of your provision, and look forward to finding an effective solution.

The principal effect of section 5 of the bill would be to impose much tighter controls on the importation of motor vehicles that do not conform to the motor vehicle safety standards. Under current law, a person may import a non-conforming vehicle on condition that the vehicle will be brought into conformity. The proposal would limit importation to vehicles used for "research, investigations, studies, demonstrations or training,

or for reasons of national security." Any other vehicles could be imported only on condition that they be exported or abandoned to the United States.

This provision is aimed at the so-called "gray market" importers who bring in non-conforming vehicles for the express purpose of resale. There has been a marked increase in the numbers of non-conforming vehicles imported during the last three years. As a result, our job of tracking these vehicles to insure that they have been brought into compliance has become much more difficult. The proposal would effectively end the practice of importing non-conforming vehicles, both for those who import for resale and those who import for their personal use.

We are deeply concerned about the gray market problem, and we are especially concerned about the possibility that the cars imported under this program might not, in fact, fully comply with our standards, even after completing the conformance process. We are looking at a number of possible solutions, and we welcome this opportunity to open a dialogue on this subject as we look for the best way to ensure the safety of all cars on the road, including those from overseas.

Section 6 of the bill is identical to a proposal Secretary Dole transmitted to you on May 16, 1984. It would amend the National Traffic and Motor Vehicle Safety Act of 1966 to require a motor vehicle dealer to remedy any motor vehicle or item of motor vehicle equipment in his possession for which he has received a notice of recall for safety defects or non-compliances with applicable Federal Motor Vehicle Safety Standards before selling or leasing the vehicle or item of vehicle equipment. Other provisions of the Act insure that any financial burden resulting from this requirement would fall on the manufacturer rather than the dealer.

We are pleased to see the inclusion of this provision in your bill. This provision will open a public dialogue about the best way to solve the safety problem of cars subject to recall reaching a consumer who is never made aware of the safety defect needing attention. I look forward to a healthy discussion with the interested parties about our approach to improving the recall process, and welcome still other ideas or approaches to solving this safety problem.

Section 7 of the bill would create criminal penalties in the Vehicle Safety Act for a knowing and willful failure to notify owners of a safety-related defect or noncompliance with the motor vehicle safety standards. We will be glad to study this section and give you our views and analysis at a later time.

Sections 8 and 9 of the bill would amend the Motor Vehicle Information and Cost Savings Act to include ratings and performance disclosure requirements for motor vehicle crashworthiness and for bumper systems.

In devising a system that is reliable, meaningful, and understandable, we have undertaken crash test programs and other research designed to permit us to correlate test results with real world accident experience. This work is difficult, in part because of the scarcity of data about real world events such as crashes with belted occupants. We are determined to succeed, but at this time we do not possess the knowledge necessary to promulgate a regulation that would provide meaningful, reliable information to consumers. Therefore, we do not support these sections at this time.

With regard to the realignment of motor carrier safety responsibilities proposed in section 10 of the bill, the Department agrees that the function should be consolidated with the truck safety functions of NHTSA in a new National Traffic Safety Administration. We have submitted our own bill to that effect. We do not, however, agree that aspects of the function should be statutorily delegated to a specified official within the new agency. Our purpose in proposing to delete the present statutory delegation to the Federal Highway Administration was to permit the

Secretary greater flexibility in the administration of various motor carrier programs. The provision of the bill which bypasses the Administrator and delegates some duties directly to the Associate Deputy Administrator for Motor Carrier Safety would leave the Secretary as little discretion as before.

Section 11, the last substantive provision of the bill, would require the Secretary to arrange with the National Academy of Sciences, to conduct a study of the effectiveness of State motor vehicle safety inspection programs in (1) reducing highway accidents that result in injuries and deaths, and (2) limiting the number of defective or unsafe motor vehicles on the highways. The bill would require the study to be completed and transmitted to the Congress by September 1, 1985.

This proposed study would be very costly and difficult to implement. In the mid-seventies, NHTSA contracted with AVCO Corporation to investigate, define and design statistically valid methods of evaluating the effectiveness of State periodic motor vehicle safety inspection programs. That report, which was completed in 1976, concluded that the large sample sizes necessary and the presence of multiple factors that influence accident rates would make any such evaluation expensive and difficult to

accomplish. Currently, we are negotiating with a contractor to conduct a critical review of the literature to assess the benefits and effectiveness of periodic motor vehicle inspection programs. We believe this approach is preferable at the present time to the large-scale study proposed by the bill. It should also be noted that the transmission date of September 1, 1985, for the proposed study does not take into account that the appropriations committees have completed their work with respect to fiscal year 1985.

This concludes my prepared statement. I would be glad to answer any questions you might have.