

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

APRIL 30, 1985

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to testify today on the activities of the National Highway Traffic Safety Administration and on issues of particular concern to the Subcommittee. With me at the witness table are Barry Felrice, the Associate Administrator for Rulemaking, George Parker, the Associate Administrator for Enforcement, and Jeffrey Miller, the Chief Counsel.

The news for highway safety continues to be very good. The fatality rate in 1984 fell to an all-time low of 2.55 deaths per hundred million miles travelled. The number of fatalities moved upward slightly, from 42,600 in 1983 to 43,800 in 1984, but this was in the face of a 4.5 percent increase in miles travelled during the year. The combination of a variety of interrelated factors -- alcohol programs, better roads, improved vehicles, and higher levels of safety belt and child safety seat use -- have enabled us to keep the rate of fatalities moving downward.

In 1985 we are looking forward to seeing reductions in fatalities and injuries as a result of an altogether new phenomenon in highway safety for Americans: the safety belt use law. New York's law has now been in effect for more than three months. It has produced dramatic increases in safety belt use and decreases in deaths and injuries. Our early reports indicate an average use rate of about 66 percent. The New York Department of Motor Vehicles estimated that fatalities in January declined by 38 percent from 1984 levels and by 45 percent from the previous five-year average. This drop was so pronounced that Governor Cuomo announced that January "was the second safest month since traffic statistics have been kept (exceeded only by February 1926)." It is too early to draw firm conclusions about the effectiveness of the law, but these preliminary results are promising.

Six other States -- New Jersey, Illinois, Michigan, Missouri, New Mexico and Indiana -- have joined New York in enacting safety belt use laws, and will be experiencing first-hand the benefits of higher usage levels as these laws take effect. In adopting the safety belt use law provision in Federal Motor Vehicle Safety Standard No. 208, the Secretary intended to foster the widest possible use of available occupant protection so as to save the greatest number of lives as quickly as possible. It appears from the actions of the States so far that these benefits are immediate. As a result of the provision in Standard No. 208 requiring the phase-in of passive restraints in passenger cars, the first of an estimated one million model year 1987 cars with these restraints will begin production in the summer of 1986.

Although the trend in safety belt use is the most significant event in highway safety this year, the agency is engaged in a variety of other activities, and I welcome the opportunity to discuss them now.

ODOMETER FRAUD

The Subcommittee has indicated a continuing interest in odometer fraud. This fraud continues to be both widespread and costly to consumers. Our current estimate is that it costs consumers approximately 2 billion dollars annually. A significant part of this fraud involves vehicles which have been used by lease companies or in business fleets. Of all passenger cars manufactured in the United States each year, almost 50 percent are sold for business use including leasing. When these cars are sold as used cars, often with high mileage, an estimated 70 percent have their odometers turned back. The consumers who buy them pay a higher price than they should, usually by more than a thousand dollars. We estimate that turning back an odometer results in an average price increase of \$1050 per car.

In our view, Congress should take steps to increase the maximum sentence for odometer fraud, now set at one year, to three years. This would convert the crime from a misdemeanor to a felony, making it much more likely to be prosecuted and much more threatening to odometer violators. We submitted legislation to this effect in the last Congress and would support such a bill again. The Federal Government is continuing its

efforts to prosecute major violators and to help coordinate multi-State efforts to reduce the interstate traffic in cars with "spun" odometers. We believe this is the most productive use of our resources.

We believe the most effective step for the States would be to improve the transmittal of odometer information on the titles. Six States still have no place for odometer information anywhere on their titles. Some have no place for odometer information on the reassignment forms on the backs of their titles. Other States have the requisite forms but do not always enforce their requirements that the forms be used. The result is that much odometer information is being lost in the titling system, thus making it much easier for those who would tamper with odometers to obtain titles free of odometer information. If the present laws were to be diligently enforced, and the remaining states were to include odometer statements on their titles, we believe that odometer fraud could be significantly curtailed.

TIRE REGISTRATION

The Subcommittee has also inquired about the status of the tire registration system. The 1982 amendments to the Vehicle Safety Act established a voluntary tire registration program for independent tire dealers in place of the former mandatory program. The amendments directed us to conduct an evaluation of the system and to report our results to Congress. We have now completed the data collection phase of

our evaluation, which we extended through December 1984 in order to collect a more comprehensive sample. We are now analyzing the data, and plan to conclude our evaluation by the end of May. We will submit our report to you shortly thereafter, at which time we would be glad to discuss it with you.

"GRAY MARKET" CARS

Another area of Subcommittee interest is the explosive increase in the number of cars imported into the country that do not comply with the Federal Motor Vehicle Safety Standards. Although we administer regulations designed to assure that these vehicles are brought into compliance with the standards, the large volume of cars being imported has raised questions as to whether the enforcement mechanisms are adequate and whether these cars are in fact being brought up to U.S. standards.

We are reviewing the results of recent spot checks we conducted of vehicles claimed to have been modified to meet the applicable standards, in order to determine whether such modifications were adequate to bring the vehicles into compliance. This review will help us assess the nature and extent of any safety problem associated with the "gray market." I expect to be able to provide you with the results of our assessment by June 1. After we have completed this assessment, we will be in a better position to make meaningful comments on the proposals pending in Congress regarding the "gray market."

CONSUMER INFORMATION

We are moving ahead with our consumer information programs, including the development of bumper performance information and the New Car Assessment Program (NCAP). In the bumper ratings program, we have just completed a second series of experimental crash tests, involving 15 vehicle models. We will compare the results of these tests with insurance claims data on the same models to validate our experimental procedures. With the results of an earlier series of tests on 8 vehicles, we expect that by this summer we will have analyzed enough data to make decisions regarding the future direction of the Consumer Information Program on Bumpers.

We are succeeding in our efforts to make the NCAP more timely and informative. Of the 30 fixed-barrier crash tests scheduled for model year 1985 vehicles, we have already completed and issued press releases on 11 vehicles and expect to release the remaining tests within the next two months. This will put useful information into the hands of consumers while the models tested are still in the showrooms. In 1985 for the first time the NCAP program will also test models in impacts with a moving barrier, in an effort to offer a better assessment of the effect of structural and weight differences in vehicle-to-vehicle crashes. We will be testing 10 vehicles with the moving barrier and comparing the results with tests of the same models in the fixed-barrier test.

MOTOR VEHICLE THEFT

A final area of interest concerns the status of the rulemaking to establish motor vehicle theft prevention standards, pursuant to the Motor Vehicle Theft Law Enforcement Act of 1984 (Public Law 98-547).

Several sections of the Act require the agency to take actions in accordance with a specified timetable. Section 602 calls for the issuance of a Theft Prevention Standard by September 1985. Section 603 requires the agency to make a final selection of the vehicles to be covered by the Standard by October 1985. We have developed a notice of proposed rulemaking to establish the Standard, which is currently under review by the Office of Management and Budget. The statutory timetable is tight, but we expect to complete both actions in a timely manner.

Section 605 allows manufacturers installing anti-theft devices as original equipment to petition for an exemption from the labeling requirements of the Standard for a limited number of passenger cars. Such petitions must be filed not later than eight months before the first month of the model year to which the exemption applies.

We have begun preliminary work to define the criteria for obtaining an exemption. We expect to issue final procedures in time to allow all manufacturers adequate time to meet the filing deadline.

In addition to these requirements, Section 612 requires that insurance companies report annually on vehicle thefts and recoveries, on rating rules and plans, and on actions they take to reduce premiums based on the effects of the Act. This information is to be collected annually and published periodically by the Department. The agency anticipates completion of the rulemaking to establish the form and content of these reports early enough to provide adequate leadtime for insurance companies in completing their initial reports.

This concludes my prepared remarks. I will be glad to try to answer any questions you may have.