



Northwest Automotive Trades Association

Business Office
7931 NE Halsey Street, Ste 212
Portland, OR 97213

Phone: 503.253.9898 / 1.800.730.7282
Fax: 503.253.9890

Comments on “Oregon Low Emission Vehicles -- 2013 Update” November 1, 2013

By: Darrell W. Fuller

These comments regard the proposed changes to “DIVISION 257 / OREGON LOW EMISSION VEHICLES” found in OAR 340-257-0010 to 340-257-0120.

The Northwest Automotive Trades Association (NATA) is a trade association representing both franchised and independent automobile repair facilities in Oregon. NATA’s membership is predominantly independent repair facilities. It is estimated that Oregon has approximately 3,000 independent repair facilities.

NATA has always supported the notion that vehicles that create the least amount of environmental impact become the mainstay of our nation’s transportation requirements. We also recognize the delicate balance that must be in place when considering our social, economic and environmental long term transportation needs.

ADOPTING RULES RATHER THAN REFERENCES

NATA urges the Department of Environmental Quality to incorporate the CARB rules into Oregon rules rather than merely referencing California rules (CCRs). While it is easier, simpler and more convenient for DEQ to provide only references, it does not make the rules easier, simpler or more convenient for those regulated by the rules. Small business owners in Oregon should not be burdened with multiple steps to finding rules adopted by the Environmental Quality Commission.

IMPACT ON SMALL BUSINESSES

DEQ suggests, “[T]o the extent that auto manufacturers choose to use this [15 year / 150,000 warranty] feature, the independent auto repair industry could lose business to franchised auto dealer and auto repair businesses.” This statement is factually incorrect and fails to fairly represent the impact of the proposed change to the current rules.

First, independent repair business **will** lose business to franchised repair facilities as the extended warranty permits manufacturers to limit reimbursements for covered repairs to only their franchise network of dealers. To suggest these small businesses “could” lose business is simply not correct.

Second, only a small number of manufacturers extending the warranty on a small number of vehicles will create an enormous paperwork burden for independent repair facilities as they will be required to track which vehicles are, and are not, covered under the voluntary extended warranty. This hodge-podge of coverage will be very costly when an independent repair facility mistakenly repairs a covered vehicle. The customer will expect the repair at no cost and the independent repair business will not be reimbursed by the manufacturer. In addition to the real dollar losses to small businesses, these changes will also impact public perception of independent repair facilities.

Moreover, as some vehicles are covered by an extended warranty and others are not, vehicle owners with a “check engine” light will be more inclined to schedule service with a more expensive franchised dealer rather than an independent repair business in case the repair is covered by an extended warranty. As a result, service and repair work not covered by the extended warranty will be done more often by franchised repair facilities

simply because a larger percentage of vehicles will be diagnosed at franchised repair shops than before the adoption of the voluntary extended warranty.

According to the universally respected R.L. Polk firm, the typical lifespan of a vehicle in the United States in 2011 was 11.8 years. With current manufacturer warranties lasting three years and 30,000 miles to five years and 50,000 miles, as much as half of a vehicle's lifespan is spent outside of warranty coverage. However, with a government-sponsored extension of the warranty to 15 years and 150,000, the new optional warranty will effectively cover vehicles for longer than its average life, thus potentially diverting hundreds of thousands of vehicles from independent repair facilities for the life of the vehicle.

We acknowledge that the optional extended coverage only covers some of the repairs covered by current manufacturer warranties. However, it should be noted that when a "check engine" light is activated in a vehicle covered by the extended warranty, the vehicle owner will not know whether the service or repair is covered or not. There will not be a separate light for extended coverage.

Should manufacturers begin using this option, and especially if the extended warranty becomes mandatory rather than optional, independent repair businesses will have no option other than to seek recourse from the Legislature by requesting statutory changes mandating that manufacturers also reimburse independent repair facilities for emission-related service and repairs covered under the expanded warranty. Without this change, government rules will compel consumers to choose one kind of repair facility over another. This will remove consumer choice.

Finally, it should be noted that the current number of franchised repair facilities, which has steadily declined over the years, will simply be inadequate to service the number of vehicles in operation in Oregon and across the nation in a timely manner if large numbers of vehicles are serviced at franchised facilities rather than independent facilities.

ESTIMATED NUMBER OF SMALL BUSINESSES SUBJECT TO THE RULE

NATA believes the limiting the universe of impacted businesses to motor vehicle dealers underestimates the impact of the rules. In the "Impact on small businesses" section, DEQ acknowledges the incalculable and potentially harmful impact of portions of the rule (15 year / 150,000 mile warranty) on independent repair businesses. To suggest in another portion of the document that these same small businesses are not impacted by the rule seem incongruous.

KEY LEGISLATORS NOTIFIED UNDER ORS 183.335 (15)

While DEQ undoubtedly met its statutory obligation by contacting Senator Jackie Dingfelder and Representative Jules Bailey, it would be prudent for the Department to include members of the minority party in the Legislature when providing notification at times when a single political party controls both chambers of the Legislative Assembly.