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www.federaladvocates.com, 2013

December 30, 2013

To: NAAA
From: Federal Advocates
Subject: December Monthly Report

Commerce Committee Hearing

On November 20, the Senate Committee on Commerce, Science and Transportation held a hearing on “Soldiers as Consumers: Predatory and Unfair Business Practices Hurting the Military Community. Among the witnesses was Holly K. Petraeus, Assistant Director, Office of Servicemember Affairs, Consumer Financial Protection Bureau. In her statement and testimony, as well as the statements and testimonies of other witnesses, the automobile industry was cited as partakers of certain predatory practices regarding servicemembers. Subsequent to the hearing, Federal Advocates was contacted by a Committee staffer with whom we have worked on other issues impacting the industry regarding the possibility of NIADA submitting a “statement for the record” addressing the various “good business practices” of the Association and individual members pertaining to the military community. FYI, that statement is attached.

Rental Cars Recall

No additional legislative developments. On Tuesday, July 30, the Senate Commerce Committee reported S. 921, the rental car recall bill without amendment with the understanding that the Committee would continue working with the stakeholders. To review, NIADA sent opposition letters to key Members of the Committee raising various concerns about the bill and advocating for inclusion of the NIADA/NADA amendment. In addition, NIADA surveyed its membership to get a better assessment of member rental car operations and the bills impact. Also monitoring developments for NAAA. No House bill introduced to date. Last Congress, Congresswoman Capps (D-CA) introduced a companion bill.

Auction Sales

We continue to report on this issue in recognition of its importance and the possibility of congressional action at some point. However, to date there have been no further developments either from the Hill or between the industry and law enforcement.

H.R. 2543, End Discriminatory State Taxes for Automobile Renters Act of 2013

Introduced on June 27 by Congressman Cohen (D-TX) with 6 cosponsors. On September 13 the bill was referred to the Subcommittee on Regulatory Reform, Commercial and Antitrust Law of the Judiciary Committee. The bill prohibits states or local governments from levying or collecting a discriminatory tax (generally, a tax or tax assessment that is applicable to the rental of motor vehicles or motor vehicle businesses or property, but not to the majority of other rentals of tangible personal property within a state or locality) on the rental of motor vehicles, motor vehicle rental businesses, or motor vehicle rental property.

Status Update: Bill added to monitoring process since the last report.

S. 1584, Providing Replacement Automobiles for Certain Disabled Veterans and Members of the Armed Forces

Introduced on October 28 by Senator Sanders (I-VT) with no cosponsors. Hearing held by the Committee on Veterans Affairs on October 30. The bill would increase the amount of government assistance from \$18,900 to \$30,000 for military members to acquire a replacement vehicle for vehicles destroyed in disasters, provided that the eligible member does not receive property insurance compensation for the loss..

Status Update: Bill added to monitoring process since the last report.

H.R. 749, Eliminate Privacy Notice Confusion Act

This was H.R. 5817 that was introduced by Congresswoman Luetkemeyer last Congress and passed the House. He reintroduced it in the new Congress on February 15 and the bill passed the House (with 73 cosponsors) on March 12 without amendment. On March 13, it was referred to the Senate Committee on Banking, Housing, and Urban Affairs. The bill amends the Gramm-Leach-Bliley Act to exempt from its annual privacy policy notice requirement any financial institution which: (1) provides nonpublic personal information only in accordance with specified requirements, and (2) has not changed its policies and practices with regard to disclosing nonpublic personal information from those disclosed in the most recent disclosure sent to consumers. On March 21, Senator Brown (D-OH) introduced companion bill S.635, the Privacy Notice Modernization Act of 2013. With 20 cosponsors (now 44), the bill was also referred to the Committee on Banking, Housing, and Urban Affairs.

Status Update: One additional sponsors added to S.635 since the last report.

S.1029, the Regulatory Accountability Act of 2013

Introduced on May 23 by Senator Portman with 8 cosponsors (now 9) and referred to the Committee on Homeland Security and Governmental Affairs. The bill amends the Federal regulatory process by specifying issues agency must consider in a rulemaking; various notice requirements for major and high-impact rules; public comment and hearing procedures; judicial review; and, final rulemaking. Last Congress, the Senator introduced a similar bill – S.3468, the “Independent Agency Regulatory Analysis Act of 2012.”

Status Update: No change since the last report.

H.R. 1663, Promoting Automotive Repair, Trade and Sales Act of 2013 (PARTS Act)

Introduced on April 23 by Congressman Issa (CA-49) on a bipartisan basis with 4 cosponsors and referred on June 14 to the Judiciary Subcommittee of jurisdiction. The bill makes it not an act of infringement, with respect to a design patent that claims a component part of a motor vehicle as originally manufactured, to: (1) make, test, or offer to sell within the United States, or import into the United States, any article of manufacture that is similar or the same in appearance to the component part claimed in such design patent if the purpose of such article is for the repair of a motor vehicle to restore its appearance to as originally manufactured; and (2) use or sell within the United States any such same or similar articles for such restorations more than 30 months after the claimed component part is first offered for public sale as part of a motor vehicle in any country. Defines "component part" as a component part of the exterior of a motor vehicle only (such as a hood, fender, tail light, side mirror, or quarter panel), excluding an inflatable restraint system or other component part located in the interior of a motor vehicle. Specifies that an offer to sell include any marketing of an article of manufacture to prospective purchasers or users and any pre-sale distribution. Applies this Act to any patent issued, or application filed, before, on, or after the effective date of this Act. Also on April 23 Senator Whitehouse (RI) introduced on a bipartisan basis the identical bill (S.780) with 2 cosponsors. The bill was referred the same day to the Judiciary Committee. NIADA reviewed the legislation and determined at this point not to lend its name in support. We will continue to monitor further developments.

Status Update: No change since the last report.

H.R.2414, the Black Box Privacy Protection Act

On June 18, Congressman Capuano (MA-7) introduced H.R.2414, the Black Box Privacy protection Act with 10 (13) cosponsors. On July 15, the bill was referred to the Homeland Security Committee Subcommittee. The bill amends the Automobile Information Disclosure Act to require manufacturers of new automobiles to disclose on the information label affixed to the window of the automobile: (1) the presence and location

of an event data recorder (commonly referred to as a "black box"), (2) the type of information recorded and how such information is recorded, and (3) that the recording may be used in a law enforcement proceeding. Sets forth similar requirements for motorcycle manufacturers. Defines "event data recorder" as any device or means of technology installed in an automobile that records information such as automobile or motorcycle speed, seatbelt use, application of brakes, or other information pertinent to the operation of the automobile or motorcycle. Prohibits the manufacture, sale, offering for sale, or import into the United States of an automobile manufactured after 2015 (bearing a model year of 2016 or later) that is equipped with an event data recorder, unless the consumer can control the recording of information. Requires the event data recorder in an automobile or motorcycle, and any data recorded, be considered the property of the owner of the automobile or motorcycle. Makes the retrieval or downloading of recorded data by any other person unlawful, except: (1) with the owner's consent, (2) in response to a court order, or (3) by a dealer or automotive technician to service the vehicle. Requires certain violations to be treated as unfair or deceptive acts or practices under the Federal Trade Commission Act.

Status Update: No change since the last report.

Budget Deal

FYI, the recent budget deal is summarized as follows:

1. The total deal is \$85 billion. About \$45 billion of that replaces sequestration cuts in 2014. About \$20 billion replaces sequestration cuts in 2015. About \$20 billion is deficit reduction atop sequestration.
2. The sequestration relief is evenly divided between defense spending and non-defense discretionary spending. The sequester's cuts to mandatory spending are unaffected.
3. The new policies in the deal are split between revenue through fees -- travelers will see higher prices on airline tickets and federal workers will have to contribute more to pensions -- and spending cuts.
4. Spending will be \$45 billion higher in 2014 than it would've been absent the deal.
5. The deal replaces about half of sequestration's cuts to defense and non-defense discretionary spending in 2014. It replaces about a fourth of them in 2015. That means most of sequestration will go into effect in both years.
6. The deal doesn't include any extension of unemployment insurance.
7. No changes to Medicare and Social Security; no new taxes and no entitlement reform..

For appropriated programs, the agreement sets spending limits for FY 2014 and 2015. Since it reduces the sequester cuts by half for FY 2014, and by 1/4 for 2015, this will

result in at least a little more funding for non-defense discretionary programs - transportation, housing, education, etc. One analysis suggests the Transportation/Housing bill, for example, will see a 2 percent cut from the 2013 funding level, instead of the scheduled 7 percent.

The deal restores "regular order" to the appropriations process, providing appropriators with the authority to adjust the funding levels within the new overall cap. Lastly, it all but guarantees no government shutdown over budget issues for two years.

We think a likely outcome is that TIGER will be funded in 2014 and 2015.

To review, the House passed the "budget deal" on a bipartisan basis. The final tally was 332-94.

-- **YEAS:** 169 Republicans; 163 Democrats.

-- **NAYS:** 62 Republicans; 32 Democrats.

-- **NOT VOTING:** 9.

The GOP opposition was led by Rep. Steve Scalise (R-La.), head of the Republican Study Committee, the chamber's conservative caucus. Scalise was joined by some of the most staunch conservatives: Reps. Justin Amash (R-Mich.), Tim Huelskamp (R-Kan.), Raul Labrador (R-Idaho), Mick Mulvaney (R-S.C.), Thomas Massie (R-Kan.) and Tom McClintock (R-Calif.).

Democratic opposition was led by Barbara Lee, a San Francisco liberal who was the first Democrat to cast a 'no' vote. She was joined by several other liberals, including Reps. Sander Levin (D-Mich.), Linda Sanchez (D-Calif.), Loretta Sanchez (D-Calif.) and Jan Schakowsky (D-Ill.), among others. There was a notable split in the Democratic leadership ranks as House Minority Whip Steny H. Hoyer (D-Md.) voted against the spending plan. Following the vote, the House adjourned for the year.

On December 18 the Senate passed the budget on a 64-36 vote, with nine Republicans joining all Democrats in voting yes. They were: Sens. Susan Collins of Maine, Orrin Hatch of Utah, John Hoeven of North Dakota, Saxby Chambliss and Johnny Isakson of Georgia, Ron Johnson of Wisconsin, John McCain of Arizona, Lisa Murkowski of Alaska, and Rob Portman of Ohio.