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

Rental Cars Recall

On Tuesday, July 30, the Senate Commerce Committee marked up and reported S. 921, the rental car recall bill, without amendment but with the understanding that the Committee would continue working with the affected stakeholders. For the record, 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. Discussions are ongoing with the Committee regarding the issues/concerns raised in the letter. For its part, NIADA is surveying its membership to get a better assessment of member rental car operations and the bills impact. Following its May 21 hearing, the Senate Subcommittee on Consumer Protection, Product Safety and Insurance sent additional questions for the record to various hearing witnesses. On behalf of NIADA, a meeting was held with staff of Senator Boxer's personal office. Reaffirmed NIADA's position in opposition to the bill in its current form and advocated for inclusion of the NIADA/NADA amendment and/or no further action on the bill given the voluntary compliance of the major rental car companies to not rent, lease or sell a vehicle subject to recall. Also monitoring developments for NAAA. No House bill introduced to date. Last Congress, Congresswoman Capps (D-CA) introduced a companion bill.

Auction Sales

To review, we will continue to report on this issue even if there are no additional monthly developments. We do so in recognition of its importance and the possibility of congressional action at some point. However, to date there have been no further developments from the Hill. Also, no further developments between the industry and law enforcement.

CFPB Director

On July 16, the Senate, by a vote of 66 to 34 confirmed Richard Cordray as the first permanent director of the Consumer Financial Protection Board after his nomination for a five-year term had languished for months. His approval, a decisive victory for frustrated Democrats who pushed to establish the agency in the aftermath of the financial crisis, will expand the powers of the new watchdog agency, allowing it to move forward with plans to regulate a variety of consumer lending programs.

CFPB Auto Lending

A group of House Republicans sent a letter to the Consumer Finance Protection Bureau asking to see the information it used to develop its March guidance to auto lenders. The letter calls it “highly concerning” that the agency hasn’t given the public a chance to comment and hasn’t addressed the effect of the directive on consumer financing and choice.

The letter, signed by 27 members of the Financial Services Committee, follows a similar request by House Democrats. The Republicans asked for detailed information on the Bureau’s “disparate impact methodology,” including “the metric used to determine whether pricing disparities exist (e.g., basis points, the dollar amount of the finance charge, etc.),” and the point at which the Bureau determined that a pricing disparity violated the Equal Credit Opportunity Act. In question is CFPB’s contention that auto dealers discriminate against minorities on car loans.

The letter says the signers are especially interested in any studies or analysis on “the impact on the auto financing marketplace, such as higher costs for consumers seeking auto credit or the possibility that lower-income car buyers may be pushed out of the credit market entirely.”

The letter expresses concern that “a loss to consumers would occur if the CFPB uses its supervisory and/or enforcement authority to weaken the intense competition that results from the ability to negotiate with the dealer to obtain financing terms that are more competitive than the best terms the consumers can secure from any other source.”

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 26), the bill was also referred to the Committee on Banking, Housing, and Urban Affairs.

Status Update: Six 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: One additional sponsor added since the last report.