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REPORT
112–591

TO REPEAL AN OBSOLETE PROVISION IN TITLE 49, UNITED STATES CODE, REQUIRING MOTOR VEHICLE INSURANCE COST REPORTING

JULY 10, 2012.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. UPTON, from the Committee on Energy and Commerce, submitted the following

R E P O R T

[To accompany H.R. 5859]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 5859) to repeal an obsolete provision in title 49, United States Code, requiring motor vehicle insurance cost reporting, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. REPEAL.

Subsection (c) of section 32302 of title 49, United States Code, is repealed, and any regulations promulgated under such subsection shall have no force or effect.

SEC. 2. DETERMINATION REGARDING PROVISION OF DAMAGE SUSCEPTIBILITY INFORMATION TO CONSUMERS.

(a) IN GENERAL.—Section 32302(b) of title 49, United States Code, is amended by adding at the end the following: "The Secretary, after providing an opportunity for public comment, shall study and report to Congress the most useful data, format, and method for providing simple and understandable damage susceptibility information to consumers.".

(b) DEADLINE.—The Secretary of Transportation shall carry out the last sentence of section 32302(b) of title 49, United States Code, as added by subsection (a), not later than the date that is 2 years after the date of the enactment of this Act.

PURPOSE AND SUMMARY

H.R. 5859 is bipartisan legislation to repeal an outdated provision of law that imposes unnecessary burdens on the Federal government and the private sector. Consistent with the goals of Executive Order 13563 to identify the least burdensome tools to achieve regulatory ends and to consider the costs and benefits of regulations, H.R. 5859 repeals an obsolete provision in Title 49 requiring the National Highway Traffic Safety Administration (NHTSA) to produce, and automobile dealers to provide a booklet of collision cost information.

BACKGROUND AND NEED FOR LEGISLATION

The Chairman of the Subcommittee on Commerce, Manufacturing, and Trade convened a legislative hearing on H.R. 5859 on June 1, 2012. The Subcommittee received testimony from private-sector and consumer advocate witnesses. The Subcommittee also received testimony from the Honorable Mike Kelly, Member of Congress.

The 1972 Motor Vehicle Information and Cost Savings Act directed NHTSA to promulgate regulations requiring new-car dealers to give prospective buyers information comparing insurance rates for different makes and models of passenger motor vehicles based on their differences in damage susceptibility and crashworthiness. NHTSA issued a final rule on April 5, 1993. The rule requires new-car dealers to make available to buyers, upon request, a booklet containing the latest information on insurance costs. NHTSA annually updates the information based on data from the Highway Loss Data Institute.

The information required by the regulation is rarely sought by consumers and its value to consumers in estimating insurance premiums is questionable. The insurance cost data is general, averaging repair costs from incidents ranging from a low-speed fender collision to a vehicle rollover. Insurance premiums are based on a number of factors that are unrelated to a vehicle's damage susceptibility, including the driver's age, driving record, location, and miles driven.

New car dealers face civil penalties if they do not provide the booklet to consumers upon request. The Subcommittee received testimony from two experienced car dealers, Representative Mike Kelly from Pennsylvania and Mr. Jack Fitzgerald of Maryland, recalling no customer requesting a copy of the collision information document in all their years as either salesmen or dealership own-

ers. Mr. Kelly also testified that in the combined 250–plus years of his sales staff, none recalled a single customer, out of the 10,000 car buyers visiting his showroom floor annually, requesting the document. Mr. Fitzgerald further testified that a recent survey of 815 members of the National Automobile Dealers Association reported 96 percent of its dealers had never been asked by a customer to see the insurance cost booklet.

In addition to testimony that consumers rarely request the document, the Administration also determined the information is not useful to consumers in accurately determining insurance premiums. In its proposal to Congress, the "Transportation Opportunities Act," the Administration recommended that subsection (c) of Section 32302, among others, be repealed:

> The publication of the insurance information obtained under section 32303 consists of data generated by the Highway Loss Data Institute, which ranks new cars by their relative collision loss payments by insurance companies. This information is provided to each new car dealer for customer reference in making purchase decisions. However, the data are rarely used and not useful because the differences in rates due to loss payments are overshadowed by differences in premiums due to driver demographics, geographic location and the relative prices of the vehicles. Though these rankings provide an indication that one model will have a higher collision insurance premium than another, a prospective buyer still must consult an insurance agent to determine how much the premium will differ according to that person's specific personal information (e.g., age, driving record, miles driven, home location). A prospective buyer does not need a brochure from the Federal government to obtain this information, since insurance agents are trained to provide advice on how model selection affects insurance premiums.

The Committee finds the continued requirement to provide the collision information booklet to automobile dealers, and the continuing threat of civil penalties to dealers that fail to produce the document upon request, to be outdated, unjustified and a waste of resources. The Committee finds H.R. 5859 reduces unnecessary burdens on both the Federal government and the private sector without harming consumers.

HEARINGS

The Subcommittee on Commerce, Manufacturing, and Trade held a legislative hearing on Friday, June 1, 2012, entitled "H.R. 5865, the American Manufacturing Competitiveness Act of 2012, and H.R. 5859, a Bill to Repeal an Obsolete Provision in Title 49, United States Code, Requiring Motor Vehicle Insurance Cost Reporting." Testimony regarding H.R. 5859 was received from the Honorable Mike Kelly, Member of Congress; the Honorable Joan Claybrook, President Emeritus, Public Citizen; and Mr. Jack Fitzgerald, Fitzgerald Auto Mall.

COMMITTEE CONSIDERATION

On Thursday, June 7, 2012, the Subcommittee on Commerce, Manufacturing, and Trade met in open markup session and favorably forwarded H.R. 5859 to the full Committee by a voice vote. On Tuesday, June 19, 2012, the full Committee met in open markup session and considered H.R. 5859. The Committee reconvened on Wednesday, June 20, 2012, to continue consideration of H.R. 5859. The Committee ordered H.R. 5859, as amended, favorably reported to the House by a voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. No recorded votes were requested.

COMMITTEE OVERSIGHT FINDINGS

Regarding clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the oversight findings of the Committee regarding H.R. 5859 are reflected in this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

The purpose of H.R. 5859 is to repeal an outdated provision of law that imposes unnecessary burdens on the Federal government and the private sector.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of budget authority and revenues prepared by the Director of the Congressional Budget Office pursuant to section 308(a) of the Congressional Budget Act of 1974. The Committee finds that H.R. 5859 would result in no new or increased entitlement authority or tax expenditures.

EARMARKS AND TAX AND TARIFF BENEFITS

Regarding compliance with clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 5859 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(f) of rule XXI.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate on H.R. 5859 prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

H.R. 5859—A bill to repeal an obsolete provision in title 49, United States Code, requiring motor vehicle insurance cost reporting

CBO estimates that implementing H.R. 5859 would have no significant effect on the federal budget. Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

Under current law, the National Highway Traffic Safety Administration (NHTSA) requires dealers of motor vehicles to make available to prospective buyers information it prepares that compares the cost to insure different makes and models, based on a number of characteristics. H.R. 5859 would repeal that requirement. The bill also would require NHTSA to complete a study about the best way to get information to consumers about the likelihood of a vehicle being damaged in an accident. Based on information from the agency, CBO estimates that NHTSA spends less than $100,000 annually to prepare and distribute insurance information to dealers and that the costs to complete the study would also be small.

H.R. 5859 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Sarah Puro. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates regarding H.R. 5859 prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act would be created by H.R. 5859.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act of 1995.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Repeal

Section 1 repeals subsection (c) of section 32302 of title 49, United States Code, and nullifies its implementing regulations. Section 32302 required the Secretary of Transportation to issue rules requiring motor vehicle dealers to distribute information on damage susceptibility and crashworthiness of new passenger motor vehicles upon the request of prospective buyers.

Section 2. Study regarding provision of damage susceptibility information to consumers

Section 2 calls for the Secretary of Transportation to study and, after public comment, to report to Congress his findings regarding

the most useful data, format, and method for providing damage susceptibility information to consumers. The language of this provision is intended to leave open the possibility that the Secretary will find no damage susceptibility data that he regards as useful to consumers or that no useful format or method exists for providing damage susceptibility information to consumers. The section sets a deadline for completion at 2 years after the date of enactment of the Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 49, UNITED STATES CODE

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SUBTITLE VI—MOTOR VEHICLE AND DRIVER PROGRAMS

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PART C—INFORMATION, STANDARDS, AND REQUIREMENTS

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CHAPTER 323—CONSUMER INFORMATION

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§ 32302. Passenger motor vehicle information

(a) * * *

(b) MOTOR VEHICLE INFORMATION.—To assist a consumer in buying a passenger motor vehicle, the Secretary shall provide to the public information developed under subsection (a) of this section. The information shall be in a simple and understandable form that allows comparison of the characteristics referred to in subsection (a)(1)–(3) of this section among the makes and models of passenger motor vehicles. The Secretary may require passenger motor vehicle dealers to distribute the information to prospective buyers. *The Secretary, after providing an opportunity for public comment, shall study and report to Congress the most useful data, format, and method for providing simple and understandable damage susceptibility information to consumers.*

[(c) INSURANCE COST INFORMATION.—The Secretary shall prescribe regulations that require passenger motor vehicle dealers to distribute to prospective buyers information the Secretary develops and provides to the dealers that compares insurance costs for different makes and models of passenger motor vehicles based on damage susceptibility and crashworthiness.]

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