



May 20, 2021

The Honorable Joseph L. Solomon, Jr.
Chair
House Committee on Corporations
Rhode Island State House
82 Smith St.
Providence, RI 02903

Re: House Bill 6325

Dear Chairman Solomon and Members of the Committee:

The Automotive Recyclers Association (ARA) represents the interests of over 4,500 professional automotive recyclers across the United States and in 17 countries internationally. ARA is dedicated to the efficient removal and reutilization of genuine Recycled Original Equipment (ROE) manufacturer automotive parts. ARA strongly opposes the discriminatory conditions proposed in House Bill 6325 that would place severe limitations on the utilization of ROE parts – limitations that are not only punitive to a vibrant, environmentally friendly industry but are anticompetitive and misleading to Rhode Island consumers. On behalf of ARA's members located in the state, which represent hundreds of employees, I urge you and members of the Committee to reject this legislation.

First and foremost, "used" original equipment manufacturer parts are OEM parts, parts that are manufactured by the OEMs and built to meet their requirements for fit, finish, durability, reliability, and safety. The average age of a vehicle on the road today is approaching 12 years old. The moment a new car leaves the dealership, every part on that vehicle is used. The six "standards" outlined in HB 6325 are not "standards" at all but instead baseless restrictions that are designed to secure a market that establishes new OEM parts as the only choice available to consumers for the repair of their vehicles. I ask Members of this Committee to consider why these six "standards" are not applicable to other repair parts such as new OEM, remanufactured or aftermarket? The intent of this legislation is simply to push recycled parts out of the market and is not reflective of today's vehicle repair market where Recycled Original Equipment parts play a vital role.

To limit a vehicle owner's choice to used OEM parts harvested from a vehicle of the same year or newer is impractical and demonstrates a lack of understanding about the many replacement part options available to vehicle owners today. Recycled Original Equipment parts in the same vehicle model series should always be allowed. For many used parts the mileage of the vehicle from which the part was dis-assembled has no bearing on the functionality or condition of the part, such as body or cosmetic components. Why should those parts be excluded from consideration in vehicle repair?

The proposed second "standard" to limit the distance of the sourced parts to 50 miles is completely impractical and is a violation of the dormant commerce clause prohibiting state legislation that discriminates against interstate commerce. No such limitation exists for the parts procurement of new OEM parts or other replacement parts. Professional automotive recyclers located in the surrounding states of Connecticut and Massachusetts regularly supply parts to customers in Rhode Island, as do Rhode Island automotive recyclers to consumers and repairers in those states. The professional automotive recycling industry includes multiple sophisticated parts distribution networks, connecting businesses and leveraging the collective inventory to meet consumer demand and typically delivering parts in 1-3 days.

Furthermore, the bill as drafted does not indicate what is the point of origin for the 50-mile radius. One might interpret the point of origin as the center of Rhode Island, which measures 48 miles north to south and 37 miles east to west. Therefore, the bill could very easily be interpreted as an outright ban on the use of used repair parts from any entity outside of Rhode Island. Discriminating against forms of commerce from other states and only permitting insurers to source used parts from businesses within Rhode Island is a violation of interstate commerce law.

More broadly, automotive repair is not immune to the impact that electronic commerce has had on other markets. Online platforms such as eBay Motors and Amazon offer robust inventories of replacement part options and growing opportunities for parts providers. To require a geographical distance of 50 miles from which to source a used part is not in tune with today's electronic marketplace.

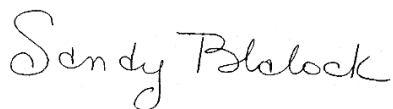
With respect to the remaining limitations in HB 6325 which make references to repairing a vehicle to its condition prior to the loss, placing requirements on insurers and body shops is quite simply an attempt to limit consumer choice and dissuade those customers from utilizing recycled OEM parts. Recycled Original Equipment parts play a vital role as a check on the increasing price of new OEM parts. This bill will only lead to increased repair costs, resulting in an increase in insurance premiums for Rhode Island consumers.

The intent of this legislation may be to ensure a safe and quality repair; however, it also demonstrates a lack of understanding about the sophisticated quality control processes that many professional automotive recycling facilities employ to ensure that the used parts they provide meet the grade and condition requirements of their body shop customers have come to expect. Quality control processes are unique to the individual business but may include steps such as: pre-purchase inspection of the end-of-life vehicle, further inspection of the vehicle prior to disassembly for factors such as point-of-impact analysis and damage that the salvage auction may have missed, inspection and grading of individual parts or assemblies, and so on. Parts may be reviewed, imaged, decoded, tested and further assessed once dismantled from the end-of-life vehicle in which it was originally housed. Many automotive recyclers offer warranty programs and ARA provides standardized parts descriptions and part condition grading intended to ensure that automotive recyclers, repairers and customers are using the same terms when communicating about expectations.

ARA is committed to promoting effective competition in the markets for replacement parts and equipment to ensure efficient repair and maintenance of motor vehicles around the globe. The Association vigorously supports the quality repair option that OEM recycled parts provide consumers. House Bill 6325 is a direct attack on the automotive recycling industry and if enacted, would be disastrous to Rhode Island's automotive recycling industry, from the family-owned small businesses to their hundreds of employees and many suppliers and vendors that support the industry.

I urge you to OPPOSE this legislation and I am happy to answer any questions that you may have.

Sincerely,



Sandy Blalock
Executive Director