

GOODSILL ANDERSON QUINN & STIFEL

A LIMITED LIABILITY LAW PARTNERSHIP LLP

GOVERNMENT RELATIONS TEAM:
GARY M. SLOVIN
ANNE T. HORIUCHI
MIHOKO E. ITO
CHRISTINA ZAHARA NOH

ALII PLACE, SUITE 1800 • 1099 ALAKEA STREET
HONOLULU, HAWAII 96813

MAIL ADDRESS: P.O. BOX 3196
HONOLULU, HAWAII 96801

TELEPHONE (808) 547-5600 • FAX (808) 547-5880
info@goodsill.com • www.goodsill.com

INTERNET:
gslovin@goodsill.com
ahoriuchi@goodsill.com
meito@goodsill.com
cnoh@goodsill.com

MEMORANDUM

TO: Representative Robert N. Herkes
Chair, Committee on Consumer Protection & Commerce

Representative Jon Riki Karamatsu
Chair, Committee on Judiciary

Via Email: CPCtestimony@Capitol.hawaii.gov

FROM: Gary M. Slovin

DATE: February 8, 2010

RE: **H.B. 1890 – Relating to Motor Vehicles**
Hearing: Tuesday, February 9, 2010 at 2:00 p.m., Room 325

Dear Chairs Herkes and Karamatsu and Members of the joint House Committees on Consumer Protection & Commerce and Judiciary:

I am Gary Slovin, testifying on behalf of the Alliance of Automobile Manufacturers (“Alliance”). House Bill 1890 establishes criminal penalties for fraudulent installation or reinstallation of an airbag; requires that any person engaged in the business of purchasing, selling, or installing an airbag maintain detailed records of airbags they purchase, sell, or install; mandates that any person engaged in the business of installing an airbag submit an affidavit to a vehicle owner saying that an airbag was installed properly; requires a person repairing a vehicle to affix a permanent dashboard label disclosing that a salvaged airbag had been used; establishes that police accident reports must note whether an airbag deployed; and requires that a person trading or selling a motor vehicle must disclose whether an airbag is inoperable. The Alliance opposes H.B. 1890 to the extent that the bill permits the installation and use of salvaged airbags.

The Alliance is a trade association representing eleven car and light truck manufacturers, including: BMW, Chrysler, Ford, GM, Jaguar Land Rover, Mazda, Mercedes-Benz, Mitsubishi, Porsche, Toyota, and Volkswagen.

February 8, 2010

Page 2

Of the many issues dealt with by the auto industry, passenger safety is of paramount concern. In combination with safety belts and superior car design, airbags are a critical component to help protect passengers. The Alliance believes the best and perhaps only way to ensure an absolutely functioning airbag is to replace any used airbag with a new original equipment manufacturer airbag.

Salvaged airbags increase the risk of injury to consumers by diminishing the important standard of safety assurance. Airbags serve a critical safety function that demands the highest degree of assurance regarding part stewardship and installation; a salvage yard environment—where recycled airbags are exposed to uncontrolled and harmful environmental conditions—can never provide this.

In addition, each airbag is designed to work as part of the overall occupant safety restraint system. Installation of a salvaged airbag into a vehicle for which it was not designed (even if a different model year) poses a huge—and potentially deadly—risk. Repair facilities may not know the make or model of the vehicle from which a salvaged airbag was recovered, making the installation and use of salvaged airbags a perilous endeavor.

Airbags are highly engineered safety devices that require proper handling and care. At this time, there is no certifiable evidence demonstrating that salvaged airbags can be properly and reliably installed in motor vehicles, or that they will work properly in a real world car crash—the precise function for which airbags are installed. Until such assurances can be made, the Alliance cannot recommend the use of salvaged airbags to its customers and does not support passage of any legislation endorsing the use of salvaged airbags.

For these reasons, the Alliance opposes H.B. 1890 and respectfully requests the bill be held in committee unless the provisions regarding salvaged airbags are removed.

Thank you very much for the opportunity to provide testimony on this measure.

February 8, 2010

The Honorable Jon Riki Karamatsu
Chairman
House Judiciary Committee
Hawaii State Capitol, Room 302
415 South Beretania Street
Honolulu, HI 96813

Dear Representative Karamatsu:

As a local business owner of Pacific Salvage Company, I am writing to ask you to support an **amendment to Hawaii House Bill 1890 removing the "salvage airbag" labeling requirement.** This is an important bill and one that I support in principal but cannot support as written.

The provision requiring that a vehicle's dashboard be permanently affixed with a label warning that a salvage airbag has been used implies that an original equipment non-deployed airbag is somehow inferior to a new original equipment manufacturer (OEM) airbag and as such is inherently unsafe.

Studies have consistently shown that original equipment non-deployed airbags provide a viable, cost-effective and competitive alternative for consumers who might not otherwise be able to afford airbag repairs to their vehicle. Yet, the language in HB 1890 may increase consumer costs by discouraging them from choosing original equipment non-deployed airbags.

The Automotive Recycling Association has developed and implemented a standard for the removal and handling of non-deployed OEM airbags ensuring. The ARAPro standard ensures the quality of airbags purchased from certified automotive recyclers and includes guidelines for the removal, storage and installation of non-deployed OEM airbags. Hawaii HB 1890 already requires a supplier of recycled airbags to provide a certificate indicating that all the requirements of the inspection protocol have been successfully achieved and identifying the person who completed the inspection. The National Conference of Insurance Legislators' model bill on which this bill is based also recommends that each state consider allowing regulators to adopt a protocol to insure that only salvaged airbags that have met specific criteria are used.

Any legislation that regulates the repair of airbag modules should subject new OEM replacement airbags to the same level of regulation as OEM non-deployed airbags. Hawaii HB 1890, as written, legislates a competitive advantage to automotive manufacturing companies.

New parts from automobile manufacturers are becoming more difficult to come by and consumers are still reeling from the impact of our current recession. Original equipment non-deployed airbags are a vital competitive alternative for consumers who might not otherwise be able to afford airbag repairs to their vehicle.

A salvage airbag label will negatively impact my business, my customers and consumers in Hawaii. I ask you to support my proposed amendment striking the salvage airbag labeling requirement. Please feel free to contact me at 808 962-6161 if you have any questions. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Conser', with a long horizontal flourish extending to the right.

Robert Conser
Pacific Salvage Company
Laupahoehoe, HI.

cc: Elizabeth Vermette, Director State and Grassroots Affairs, Automotive Recyclers Association