

August 5, 2014

Senator Introduces NHTSA Reauthorization Bill

Dear Transportation Committee Member:

Last Friday (8/1), Senator Claire McCaskill (D-MO) introduced legislation that would reauthorize the programs and policies of the National Highway Traffic Safety Administration (NHTSA) for an additional six years. Her bill, the Motor Vehicle and Highway Safety Enhancement Act of 2014 ([S. 2760](#)), would set authorization levels for motor vehicle and highway safety beginning in fiscal year 2015 at more than \$850 million, rising incrementally to approximately \$1.16 billion in fiscal year 2020. In addition, her legislation would make changes to existing law, including the elimination of the \$35 million cap on penalties for motor vehicle safety violations, preventing rental cars subject to a safety recall from being rented or sold, and enhanced authority to utilize criminal penalties against individuals for critical auto safety violations.

Senator McCaskill is a senior member of the Senate Committee on Commerce, Science, and Transportation, and is the Chairwoman of the Consumer Protection, Product Safety, and Insurance Subcommittee, which has jurisdiction over NHTSA.

The following summary has been made available by Senator McCaskill's office:

Motor Vehicle and Highway Safety Enhancement Act of 2014 – Summary

S. 2760, the *Motor Vehicle and Highway Safety Enhancement Act of 2014*, provides for a six-year reauthorization of highway and motor vehicle safety funding at the National Highway Traffic Safety Administration (NHTSA). The bill provides the agency the resources and authorities necessary to keep Americans safe on the road and hold accountable those who ignore or violate safety laws and regulations.

The bill includes modified text of S. 921, the *The Raechel and Jacqueline Houck Safe Rental Car Act of 2013*, which reflects an agreement between rental companies, auto safety advocates, and numerous other stakeholders, including General Motors, to ensure recalled rental vehicles are fixed before a consumer gets behind the wheel.

Highway Safety

Reauthorizes highway safety grant funding to states from the Highway Trust Fund for six years. The bill matches the administration's fiscal year 2015 request with 5 percent annual increases through 2020.

Updates highway safety grant programs to address emerging traffic safety issues related to older drivers, improve emergency medical services response to crash sites, and decrease deaths and injuries to pedestrians and bicyclists.

Revises the criteria states must meet to receive ignition interlock grant funding. Requirements for this grant are currently so restrictive that few states have qualified for funding. The bill allows greater flexibility for rural areas, for

individuals operating employers' motor vehicles, and for individuals medically unable to provide adequate breath samples.

Makes other technical corrections to existing law.

Motor Vehicle Safety

Reauthorizes motor vehicle safety funding for six years. The bill doubles NHTSA's funding for vehicle safety over six years in order to help the agency modernize and meet evolving and increasingly complex auto safety challenges.

Amends legal requirements related to recalls for manufacturers going through bankruptcy. Current law only covers manufacturers in bankruptcy reorganizations. The bill amends the law to cover liquidation bankruptcies, ensuring further protections for consumers against any auto safety defect.

Increases civil penalties for auto safety violations. The bill raises the per violation cap on civil penalties from \$5,000 to \$25,000 and eliminates the maximum total penalty, which is currently set at \$35 million. The bill also expands civil penalties to cover not only those who violate auto safety laws or regulations, but those who cause violations to occur as well.

Overhauls criminal penalties for auto safety violations. The National Traffic and Motor Vehicle Safety Act's current criminal penalties provision has never been used by federal prosecutors. For example, the Justice Department's record criminal settlement with Toyota earlier this year was for violations of the Wire Act, not auto safety laws. The bill gives federal prosecutors greater discretion to bring criminal prosecutions for auto safety violations and increases the possible penalties, including up to life in prison for violations that result in death.

Rental Car Safety

Prohibits rental or sale of rental vehicles subject to a safety recall. The bill prohibits rental companies from leasing or selling vehicles that are subject to a safety recall until the vehicles are fixed, which is consistent with existing law for new car dealers, who have been prohibited from selling or leasing recalled vehicles for decades. One exception is allowed for rental companies to sell a damaged vehicle with a junk title and subject to recall for parts or scrap.

Requires rental companies to ground vehicles under a safety recall. Requires vehicles under a safety recall to be grounded as soon as possible but no later than 24 hours after the rental company gets the safety recall notice. Rental companies have up to 48 hours for recalls that include more than 5,000 vehicles in their fleet.

Permits rental companies to rely on temporary measures identified by manufacturers. The bill permits companies to continue to rent vehicles if the company adopts measures specified in a manufacturer's recall notice that eliminate the safety risk until parts are available. The bill subsequently requires companies to repair their vehicles once parts become available.

Ensures NHTSA has the tools necessary to protect consumers. The bill gives NHTSA the authority to investigate and police rental companies' recall safety practices.

Maintains the status quo between rental companies and manufacturers. The bill ensures that manufacturers are not subject to increased liability as a result of the new requirements the bill imposes on rental companies.

To view a copy of the *Motor Vehicle and Highway Safety Enhancement Act of 2014*, please [CLICK HERE](#). If you have questions about this legislation, or would like additional information, please do not hesitate to contact the New England Council.

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