

May 20, 2010

The Honorable Bobby Rush
Chairman
Subcommittee on Commerce, Trade,
and Consumer Protection
U.S. House of Representatives
Washington, DC 20515

The Honorable Ed Whitfield
Ranking Member
Subcommittee on Commerce, Trade,
and Consumer Protection
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Rush and Ranking Member Whitfield:

The undersigned organizations oppose an amendment, sponsored by Rep. Braley, which is expected to be offered during the mark-up of the "Motor Vehicle Safety Act of 2010." This amendment would repeal a provision in SAFETEA-LU, known as the Graves Amendment, which was enacted to shield innocent businesses, which rent or lease motor vehicles, from being held liable for the negligent actions of vehicle drivers. To repeal this provision would expose these businesses to costly litigation through no fault of their own. Therefore, we must oppose this amendment.

The amendment re-opens the door to vicarious liability for vehicle rental and leasing companies, as well as their affiliates, which was rightly closed in SAFETEA-LU. That law was enacted to remedy a substantial unfairness which was damaging to job creation and raising prices for consumers. Prior to the enactment of SAFETEA-LU, motor vehicle leasing companies were being exposed to lawsuits even though they had no ability to prevent or foresee an accident caused by the actions of the driver. Congress recognized this inherent inequity and remedied it. However, in doing so, it did not take away important protections for parties to be compensated for their injuries in connection with a rented or leased vehicle. For instance, rental and leasing companies must follow state approved insurance coverage requirements when leasing their vehicles. Injured parties are not discriminated against in obtaining compensation from negligent parties whether they are injured by a rented, leased or privately owned vehicle. Furthermore, rental and leasing companies are required to compensate injured parties if an at-fault renter cannot pay. Finally, current law does not allow a motor vehicle rental or leasing company to escape liability if they are at fault for the accident or were otherwise negligent in their business or vehicle maintenance practices.

If the amendment is passed, consumers and small, family-owned rental companies nationwide would be the ones who would suffer. Companies which are held liable for actions entirely out of their control will in turn have to pass those costs to customers to keep afloat. In addition, this change in the law could also result in the elimination of the availability of leasing in certain jurisdictions, thus reducing consumer choice. At a time when companies are trying to rebuild the economy, we should not subject them to such litigation. Accordingly, we urge you to oppose the Braley amendment.

Sincerely,

American Financial Services Association
American International Automobile Dealers Association
American Tort Reform Association
Auto Alliance

National Association of Manufacturers
National Automobile Dealers Association
Truck Renting and Leasing Association
U.S. Chamber Institute for Legal Reform
U.S. Chamber of Commerce

Cc: Members of the Subcommittee on Commerce, Trade, and Consumer Protection