



January 31, 2024

The Honorable Kevin Cook
Idaho State Legislature
Senate Commerce & Human Resources Committee
P.O. Box 83720
Boise, ID 83720-0081

OPPOSE SB 1233 – Non-OEM Crash Parts Restriction

Dear Committee Chair Cook and Members of the Committee:

On behalf of LKQ Corporation, please receive written comments below opposing SB 1233, which is scheduled for a hearing before your Committee on Thursday, February 1st at 1:30 pm. LKQ is in opposition to SB 1233, a bill that restricts the use of non-Original Equipment Manufacturer (OEM) crash parts, including aftermarket, recycled, remanufactured, refurbished and specialty auto parts. SB 1233 changes standard statutory definitions, mandates disclosure and warning statements that are highly misleading and discriminatory against the alternative parts industry and portrays non-OEM crash parts as not being equivalent in like, kind, and quality to OEM parts.

When broadly interpreted, SB 1233 calls into question the reliability of non-OEM crash parts. The warning language is a disguised intimidation tactic to wrongfully persuade committee members and consumers into believing that alternative parts are unsafe or inferior to their more expensive OEM counterparts. LKQ firmly believes that consumers should have the right to know the type of parts that are being used to repair their vehicle. However, this information must be delivered to the consumer via factual, standardized, and corroborated statements instead of legislative language that deviates from other state statutes and creates a one-sided advantage to OEM parts.

LKQ opposes the underlying premise that only parts supplied by the OEMs are safe, reliable, and suitable to restore a vehicle to its pre-loss condition. Such premise denies the fact that automakers do not manufacture all of their own parts. Instead, OEM parts manufacturers supply parts for the automakers as well as aftermarket providers. These OEM parts are often manufactured in the same facility and assembly line, following identical specifications, but branded differently for the automaker and the aftermarket provider.

Proponents of this restrictive legislation make unfounded claims against the safety and performance of alternative parts but have failed time and time again to provide conclusive evidence that aftermarket parts have caused accident, injury or death. While proponents of this monopolistic legislation make false accusations discrediting the alternative parts industry, the OEMs continue to face a myriad of lawsuits and safety recalls due to the failure of their products which have indeed caused accident, injury and death. Just this week, an automaker issued a "Do not Drive" advisory to 50,000 car owners over potentially deadly and unsafe issues.



Keeping you moving

Motor vehicle recall information collected by the National Highway Traffic Safety Administration (NHTSA) reveals that the annual number of vehicles recalled due to safety concerns continues to increase. NHTSA reports that, in 2022, there were 932 vehicle safety recalls affecting more than 30.8 million vehicles in the United States. Meanwhile, NHTSA is not particularly concerned with the safety or performance of aftermarket crash parts as it has determined that aftermarket crash parts are cosmetic in nature and do not compromise motor vehicle safety. NHTSA states that the agency has the authority to order recalls of aftermarket crash parts, whether they are made by the OEM or by an independent parts manufacturer. However, they have not done so to date, because NHTSA has not discovered any information that has indicated that any particular aftermarket crash product contains a safety-related defect.

Similarly, the Institute for Highway Safety (IIHS) has examined the safety of aftermarket parts several times during the past 30 years, arriving to the conclusion that cosmetic parts do not alter crash test results. IIHS has stated that crash parts —whether aftermarket or OEM— are irrelevant to motor vehicle safety since these parts are not responsible for safeguarding occupants in a crash. Without scientific or real-world evidence to back their claims against alternative parts, this unsupported legislative proposal is perceived as restricting consumer choice, limiting competitive markets, and monopolistic in nature to control auto repair practices.

Regarding warranties, the Magnuson-Moss Warranty Act is a federal law that prohibits companies from invalidating warranties for the use of non-OEM parts. The Federal Trade Commission (FTC) approved a final consent order against automakers that allegedly violated the Magnuson-Moss Warranty Act by telling consumers that the car company would void their warranty unless they used OEM parts and OEM dealers to perform maintenance and repair work. These federal actions support the free use of alternative parts for motor vehicle service and maintenance.

LKQ leads the alternative auto parts industry with the strongest warranty protection for aftermarket, recycled, and remanufactured products. LKQ is committed to quality and backs recycled and aftermarket collision products with lifetime warranties. Precision manufacturing, third-party testing, validation and parts tracking support LKQ's goal of offering consumers parts that are equal in like, kind and quality to OEM parts. In addition, aftermarket products undergo a multitude of internal and third-party testing and certification safeguards. LKQ's Promise of Protection surpasses all other replacement part suppliers and continues to raise the bar in quality assurance.

According to the Bureau of Labor Statistics, the cost of motor vehicle parts is up 23.1% in January year-over-year. Parts shortage and supply chain disruptions continue to affect new car production and parts availability. Especially given the current economic conditions, your constituents would simply outcry the increasing repair and insurance expenses in addition to abnormally long wait times for servicing of their vehicles that would result due to the controlling nature of this bill's proposed language.

SB 1233 dismisses the many benefits that alternative parts provide to consumers. Alternative parts are a readily available and affordable solution, compared to overpriced and backordered new OEM parts, for Idaho families to be able to repair their vehicles in a prompt and safe manner. Alternative parts sell for between 26% to 50% less than comparable OEM parts, which allows insurance companies to contain collision repair costs and premiums. More importantly, alternative parts create competition which, in turn, forces car companies to drive down the cost of their new OEM parts. Greater competition, lower costs, and lower insurance premiums are all direct benefits from the free use of alternative parts.



Keeping you moving

SB 1233 would exacerbate the already stressful financial situation of families dealing with high fuel prices, inflation, and product backorders. This bill translates into a monopolistic government mandate that attempts to disrupt Idaho's auto repair industry. In any given industry, when a business sector is suppressed and competitive market forces are disrupted, a monopoly will undeniably result in higher prices and limited choices. Limiting options, raising auto repair costs and insurance premiums via unnecessary legislation will only hurt families in Idaho that are already under economic frustration and depend on their vehicles to get to work the most. When consumers need to repair their vehicles, it is often at a time of emotional and financial distress. There has been an accident, the vehicle has broken down, or an expensive part needs replacement to keep the vehicle functioning properly. For some consumers, these costs can be overwhelming. Your constituents will favor the possibility to continue to obtain safe, high-quality parts at competitive prices to repair their vehicles.

LKQ appreciates the opportunity to provide input and collaborate with members of the Committee and stakeholders to advance sound policy measures for the automotive industry. For the reasons listed above, we respectfully ask you to **reject this proposal and please vote "NO" on SB 1233**. Please STOP this legislation that limits consumer choice, targets the alternative parts industry and only benefits the car companies, their franchised dealers and repair networks.

LKQ Corporation is a global leading provider of alternative and specialty parts to repair and accessorize automobiles and other vehicles. LKQ offers its customers a broad range of replacement systems, components, equipment and parts for automobiles, trucks, and recreational and performance vehicles. LKQ recently became the largest U.S. provider of mobile, on-site vehicle services to automotive collision repairers, mechanical repairers and national fleets, providing a full array of repair solutions including diagnostics and calibration, re-flashing, programming, pre and post collision repair diagnostics and other mechanical services. LKQ has a global industry leading team of over 45,000 employees and operates over 1,600 locations in 25 countries.

Respectfully,

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