Motor & Equipment Manufacturers Association
1030 15th Street, NW Suite 500 East Washington, DC 20005
Tel 202.393.6362 Fax 202.737.3742 E-mail info@mema.org

www.mema.org

May 3, 2016

Senator Mike Kowall
Majority Floor Leader
Michigan State Senate
S-309 Capitol Building
100 North Capitol Avenue
Lansing, Michigan 48933

RE: Senate Bill 927

Dear Senator Kowall:

We are writing to offer information following the introduction of Senate Bill 927. While we applaud efforts to impose criminal penalties on unauthorized and fraudulent access to computer systems and electronics, we are concerned that Senate Bill 927 as introduced may have unintended consequences with respect to accessing motor vehicle electronics.

The Motor & Equipment Manufacturers Association (MEMA) represents vehicle suppliers that manufacture and remanufacture components and systems for use in passenger cars and heavy trucks providing original equipment (OE) to new vehicles as well as aftermarket parts to service, maintain and repair over 256 million vehicles on the road today. Suppliers are the largest employers of manufacturing jobs in the U.S. directly employing over 734,000 Americans with a total employment impact of 3.6 million jobs.

Our members lead the way in developing advanced, transformative technologies that enable safer, smarter and more efficient vehicles, all within a rapidly growing global marketplace with increased regulatory and customer demand for safer, cleaner, and more connected vehicles. Ultimately, about two-thirds of the value of today's vehicles come from suppliers. MEMA represents vehicle suppliers through the following four divisions: Automotive Aftermarket Suppliers Association (AASA), Heavy Duty Manufacturers Association (HDMA), Motor & Equipment Remanufacturers Association (MERA) and Original Equipment Suppliers Association (OESA).

Today's vehicles contain electronic information about vehicle systems and components that is critical to diagnostic and repair work. MEMA strongly supports policies that protect consumer choice and require access to vehicle technologies and electronic information by independent repair facilities, ensuring convenience, affordability and a competitive market for replacement parts and repair services.

The U.S. automotive light vehicle aftermarket is a $246.7 billion industry that includes manufacturing, remanufacturing, distribution, retailing, and installation of all vehicle parts, chemicals, tools, equipment, and accessories. Most automotive aftermarket maintenance and repair work takes place in independent repair shops or at vehicle manufacturers' dealerships. There is also a significant "do-it-yourself" market, which comprises individuals who perform their own vehicle repair and maintenance. Since 1982, vehicles have been equipped with computers and electronics to control drivability and fuel efficiency, and aftermarket manufacturers, remanufacturers and independent service repair outlets have demonstrated their ability to service and maintain these technologies.

With the average age of U.S. light vehicles (passenger cars and pick-up trucks) at 11.5 years, the owners of these vehicles often demand cost-effective solutions for their maintenance and repair needs.[1] As such, the independent aftermarket (e.g. independent repair shops and local repair technicians) has about 70 percent of the service bay capacity to maintain and repair passenger vehicles. In contrast, new vehicle dealers only represent about 28 percent of the service bays.[2] Therefore, consumers have come to rely on the independent aftermarket to provide both quality repair parts and related services.

In 2013, with the support of industry and consumer groups, Massachusetts enacted a law providing independent repair facility access to original equipment manufacturer (OEM) service information, protecting OEM intellectual property, safeguarding consumer choice and preserving the role of dealers with warranty repair issues. MEMA played an active role in supporting the Massachusetts legislation, which has been a model in promoting consumer and independent repair facility access to basic vehicle diagnostic and repair information.

Since the enactment of the Massachusetts legislation, vehicle technology and telematics have continued to evolve, and now include the ability for the vehicle owner to receive in-vehicle updates about the status and repair needs of the vehicle, as well as the ability to service the vehicle by transmitting wireless software updates. MEMA is working with other industry associations to ensure that consumers continue having a choice about who has access to vehicle data and how it is made available to independent service providers. These efforts include the development of a next generation Vehicle Station Gateway (VSG), to enhance secure access to vehicle telematics. In addition, MEMA recently submitted comments to the U.S. Copyright Office regarding the Digital Millennial Copyright Act (DMCA) and the ability for aftermarket manufacturers, remanufacturers and diagnostic test equipment companies to have access to software that effectively "enables" vehicle-part functionality.

---

[1] Source: IHS, July 29, 2015.

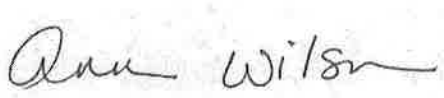
[2] New vehicle dealers represent about 14 percent of the total automotive service outlets in the U.S.

As consumer, regulatory, and legislative demands continue to add more technology to vehicles, including the advent of self-driving vehicles, the challenges with servicing and repairing these vehicles will only become more acute. MEMA strongly believes that public policies should encourage and provide for consumer choice with respect to where and how their vehicles serviced; conversely we do not believe that consumers should be limited by more restrictive and often expensive repair decisions controlled by vehicle manufacturers and their franchised dealers.

We urge you to clarify Senate Bill 927 with language that does not subject the independent aftermarket diagnostic, servicing, and repair efforts to the penalties prescribed in the bill.

We appreciate your consideration of this information. If you have any questions or need any additional information, please contact me at 202-393-6362, or at awilson@mema.org. Thank you.

Sincerely,



Ann Wilson
Senior Vice President

cc: Senators Horn, Schmidt, Warren
Committee on Judiciary