



400 Putnam Pike, Suite J 503, Smithfield RI 02917

February 28, 2023

The Honorable Jason Small
Montana State Legislature
Senate Business, Labor, and Economic Affairs Committee 1301 E 6th Ave
Helena, MT 59601

Re: Automotive Body Parts Association (ABPA) Opposes SB 501 – OEM Repair Procedures and Parts

Dear Committee Chair Small and Members of the Committee:

The Automotive Body Parts Association (ABPA) respectfully opposes SB 501 which is scheduled for hearing before your committee on Tuesday, February 28th at 8:00 am. As currently written, SB 501 **will adversely affect Montana drivers as it would establish a restriction against the use of alternative parts including aftermarket, recycled, remanufactured, and refurbished parts when OEM repair procedures are mandated.**

The ABPA is against any repair procedure that encourages monopolistic behavior that would solely benefit the OEM manufacturer as this would further burden the consumer.

SB 501 would not achieve its goal as consumers would be adversely affected should they be limited to having their vehicles repaired only with car company branded parts as stated in OEM repair procedures. Consumers will be affected financially by higher part pricing due to lack of competition and higher insurance costs due to the higher costs of parts. Consumers will also face delays in getting their vehicles repaired and more vehicles will be totaled due to interruptions in the supply chain.

Higher costs to consumers:

The rate of inflation for auto body repair and auto insurance has been at levels not seen since the late 1970s and early 1980s. In January 2023, US Bureau of Labor Statistics CPI data reports that the annual inflation rate for motor vehicle maintenance was 14.2%¹. Compared to the already elevated general inflation rate of 6.4% for all items in January 2023, the costs to repair a vehicle in the US is far outpacing inflation. This trend of outpacing general inflation has been ongoing for many years and it is only getting worse. Denying the consumer a choice of an alternative part will lead them no choice but to purchase the part from the OEM at a significantly higher price. In general, aftermarket

¹ US Bureau of Labor Statistics – Consumer Price Index -
<https://www.bls.gov/cpi/factsheets/motor-vehicle-insurance.htm>



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collision parts are anywhere from 25-50% less ²expensive than the car company branded parts.

Utilizing the same CPI data source, automotive insurance rates were up 14.7% in January 2023 which again is more than double the overall rate on inflation. The main reason for this increase is mainly due to the increases in part prices as well as the increased costs incurred by insurance companies (rental cars) due to supply chain issues. In Q4 2022, Enterprise rental car reported an average of 18.7 days for insurance direct pay rentals. This is in comparison with Q4 2021 where the average was 17 days³.

What the Experts Say:

The car companies and other proponents of these self-serving repair procedures will often cite safety concerns with aftermarket parts. The National Highway Traffic Safety Administration (NHTSA), the federal agency that oversees transportation matters, has concluded that aftermarket parts are cosmetic in nature and do not affect vehicle safety. The Insurance Institute of Highway Safety (IIHS) has come to similar conclusions on the safety of aftermarket parts after years of crash testing. They have also stated that the only major difference between aftermarket parts and car company parts is the high price variance. Meanwhile, the car companies have been under scrutiny over the past few years with the increased amount of safety recalls they have had to administer due to the faultiness of their own parts.

Who We Are:

With more than 160 member companies the Automotive Body Parts Association (ABPA) occupies over 400 distinctive locations including collision parts distribution centers, manufacturing facilities, and parts recycling plants. ABPA's members are responsible for distributing more than 80 percent of the independently produced aftermarket crash replacement parts sold to the collision repair trade.

For the reasons listed above, we respectfully ask you to reject this proposal and please vote "NO" on SB 501. Thank you for your time and consideration. Should you have any questions, please contact me at 800-323-5832.

Best Regards,

A handwritten signature in black ink that reads "Edward Salamy". The signature is written in a cursive, flowing style.

Edward Salamy
Executive Director
Automotive Body Parts Association
800-323-5832

² American Property Casualty Insurance Association (APCIA) Micra Report

³ Enterprise Rent-A-Car "US Length of Rental by State Q4 2022"