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GlobalAutomakers 

April 9, 2014

Hon. David L. Deen, Chair
House Committee on Fisheries, Wildlife, and Water Resources
State House, Room 47
Montpelier, VT 05633

RE: Senate Bill 239 - An Act Relating to the Regulation of Toxic Substances

Dear Chairman Deen:

We are writing on behalf of the members of the Alliance of Automobile Manufacturers and the Association of Global Automakers—which together represent virtually every company selling new vehicles in the U.S.—with strong concerns about Senate Bill 239, *An Act Relating to the Regulation of Toxic Substances*.

Despite being drafted with the best of intentions, Senate Bill 239 provides an unworkable framework to identify and eliminate the use of harmful chemicals in consumer products, as it fails to address many of the manufacturing realities of complex durable products, including automobiles. We have endeavored to outline our concerns below:

- **Senate Bill 239 fails to differentiate between simple and complex consumer products**

The differences between the manufacturing process of an automobile and that of a simpler consumer product—like a coffee mug or basketball—are in such orders of magnitude that it is difficult to even provide comparison. The average automobile has over 30,000 unique components sourced from thousands of separate supplier companies from across the globe. Each individual part must be designed to work in conjunction with numerous other parts within its subsystem and each subsystem to work with all other subsystems to form a complete vehicle. At the same time, each vehicle, and often individual parts, must be designed and built to comply with thousands of pages of existing international, federal, and state regulations and to meet an array of consumer expectations.

While the effort needed to identify, redesign, test, and remanufacture a single part that may contain a potentially prohibited chemical is considerable. This challenge is multiplied if there are multiple parts on a vehicle utilizing the same chemical or similar parts on multiple vehicle platforms. In the context of complex consumer products, Senate Bill 239 does not appropriately consider the impact it could have on manufacturers' ability to comply with existing environmental and safety regulations, or acknowledge the time needed to navigate such conflicts.

- **Senate Bill 239 does not recognize the role of repair parts for legacy vehicles**

Senate Bill 239 applies not only to all the 30,000+ parts found on each vehicle sold after the bill's effective date, it also applies to all the replacement and service parts used to support every existing make and model of vehicle on the road today. The average automobile on the road in the U.S.

today is 11.4 years old. This legislation could result in disruption in the supply of thousands of older model replacement parts, impacting an automakers' ability to fulfill consumer warranties and to repair the current fleet. The impact of the bill is even more far reaching, as it would also include all parts sold by retailers of aftermarket automotive parts, such as Auto Zone and NAPA Auto Parts. While each individual manufacturer would need to assess for itself how it would respond to such legislation, it is clear that many consumers may be left to purchase needed replacement automobile parts either out-of-state or online.

- **Senate Bill 239 is either duplicative or risks requiring Vermont-specific vehicles**

It is worthwhile to consider what real-world goal the proponents of this legislation ultimately seek. From a manufacturer's perspective, at best, the passage of Senate Bill 239 will result in a significant waste of time and resources by the state of Vermont in the production of a list of chemicals duplicative of those already established, as Senate Bill 239 clearly expects the Commissioner of Health to look at priority chemical lists produced by the federal government and other states. Still worse, however, is the possibility that the state of Vermont produces a list of priority chemicals that differs from other governmental bodies, forcing individual automakers to consider the economics of manufacturing a Vermont-specific vehicle.

- **Senate Bill 239 renders obsolete automaker chemical control efforts**

Nothing in the above concerns should be read to imply that automakers do not support the reduction of hazardous chemicals found in consumer products. Protecting consumers and our employees from harmful exposure to hazardous materials is a top priority for automakers. For more than a decade, automakers have voluntarily maintained the Global Automotive Substance List, an industry-focused global substance of concern list, as well as a sophisticated tracking database, to actively reduce industry-wide use of substances of concern in global production. The auto industry has invested more than \$30 million dollars to build these systems, which now track more than 2,700 substances used in automotive components, to limit the use of restricted substances in our products.

Despite the auto industry's leadership in efforts to identify and reduce the use of hazardous chemicals, the tools we have developed would be inadequate to comply with the proposed legislation, as Senate Bill 239 seeks to require reporting and other regulatory actions on chemicals found in much smaller concentrations than those presently tracked. The auto industry generally tracks chemicals to the 0.1% level – which is an industry standard level. The proposed legislation would call for all chemicals of high concern (not just priority chemicals) to be reported at “the lowest concentration that can be reliably measured,” which is not established in the bill and will vary considerably from chemical to chemical and by the form in which it is found (*e.g.* liquid vs. plastic). Additionally, contaminants that are not intentionally added in the manufacturing process would be required to be reported if they exceed the 0.01% level.

Even if the reporting level for known ingredients were changed to align with industry standards, the magnitude of the reporting requirements would be extremely taxing to the existing automotive database and to company resources. This is due to the one year reporting window and the large number of chemicals of high concern which would be expected to be listed given the toxicological endpoints specified in the bill. These challenges are only amplified if vehicle manufacturers are expected to report on each of their products separately. If the automotive industry – a leader in

tracking chemical use – would be extremely challenged to meet the reporting requirements of this bill, other impacted industries would have little chance of ever meeting the requirements.

We are thankful that Senator Mullin and the Senate Committee on Economic Development, Housing and General Affairs recognized the unique concerns presented by complex consumer products and attempted to provide an exclusion in the bill for products such as automobiles, however, the conditional exclusion drafted by committee does not provide the needed relief for such highly regulated products.

Given that automobiles are manufactured in a far more complex process than simple consumer products and understanding that the manufacture of automobiles is already heavily regulated by international, federal, and state regulations, we would respectfully ask the House to consider providing the following exclusion:

§ 1777. EXEMPTIONS

The requirements and prohibitions of this chapter shall not apply to the following consumer products or its components: an electronic device, a motor vehicle, an aircraft, or a vessel.

In closing, while automakers share the goal of reducing consumer exposure to harmful chemicals, Senate Bill 239 does not provide a workable framework for the manufacture and sale of a complex durable product, such as an automobile. If passed, the bill may create disruption in the supply of repair parts to service legacy vehicles. The bill renders obsolete existing automobile manufacturer existing programs to manage chemicals of concern and risks requiring the production of a Vermont-specific vehicle. It is for these reasons we ask for an appropriate exclusion.

Thank you for considering the arguments presented herein. Please do not hesitate to contact either of us with questions or if we may provide additional information.

Sincerely,



Wayne Weikel
Director of State Affairs
Alliance of Automobile Manufacturers



Gordon Fry
State Relations Director
Association of Global Automakers

cc: House Committee on Fisheries, Wildlife, and Water Resources