

STATEMENT

OF

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**BEFORE THE
U.S. HOUSE SMALL BUSINESS COMMITTEE
SUBCOMMITTEE ON WORKFORCE, EMPOWERMENT
AND GOVERNMENT PROGRAMS**

JUNE 28, 2005

Good Afternoon Chairwoman Musgrave, Members of the Subcommittee, my name is Eddie Ehlert. I am the President and owner of Mazdonly, Ltd. in Chamblee, Georgia. I have been in the automotive repair industry since 1977 and have owned my own repair facility for 20 years. I am the Immediate Past President of Automotive Service Association-Georgia and currently serve on their Board of Directors.

I am here today representing the Automotive Service Association (ASA), our national association. Our association represents 13,000 independent repair facilities nationwide employing 65,000 technicians in all 50 states. ASA is the oldest and largest trade organization in the automotive industry with the distinction of serving only those businesses that perform service and repairs for the motoring public. ASA's Board of Directors is made up of independent repair shop owners, small business men and women, not Fortune 500 corporations selling automotive parts. I repair automobiles. This is indicative of my business' mission statement and that of my association.

Independent repairers typically receive in their shops those cars coming out of warranty. We repair approximately 75% of all cars out of warranty. Franchised new car dealers repair approximately 25%. This structure of the repair marketplace is stable now and for the foreseeable future.

ASA testified before the House Commerce Committee's Subcommittee on Commerce, Trade and Consumer Protection on September 22, 2004 on the Right to Repair issue. Our message today mirrors our testimony of 2004. The ASA-Automaker Agreement for service information, tools, tool information and training is working.

I want to make three key points this afternoon.

- 1. There is a viable industry solution, already in place, for the service information issue.**
- 2. Service information opportunities have expanded under the ASA-Automaker Agreement.**
- 3. Independent repairers want less federal government bureaucracy in their businesses, not more.**

Viable Industry Solution

The 1990 Clean Air Act Amendments protected independent repairers in the area of emissions service information. Unfortunately, it took the U.S. Environmental Protection Agency thirteen years to develop a regulation that it could enforce with the automakers. The Act did not give the authority to EPA in the area of non-emissions information. This is the area of contention. After a U.S. Senate Commerce Committee hearing in July of 2002, members in the House and Senate asked ASA and the automakers to try and resolve their issues prior to the next Congress.

ASA and the automakers were successful in signing a voluntary, industry service information agreement in September of 2002. This agreement assured independent repairers the same service, tool, tool information and training provided franchised new car dealers, including both emissions and non-emissions information.

With 451 million repairs handled by independent repairers each year, a process had to be in place allowing for any issues or complaints that might arise. An industry organization, the National Automotive Service Task Force (NASTF), is in place to address consumer, technician or shop owner complaints relative to service information,

tools, tool information and training. The NASTF is an industry success story. Repairers, automakers, new car dealers, parts distributors and information providers work together in face to face meetings, conference calls, and via the internet to resolve industry issues. Of the 451 million repairs in 2004, the NASTF had 48 complaints, less than a fraction of 1 percent of all repairs. Of these 48 complaints, 48 were resolved in 2004.

In March of this year, ASA and the National Automobile Dealers Association (NADA) sent a letter to every member of the U.S. House of Representatives. We are the two largest trade associations representing the repair industry segments in the United States, independent repairers and franchised new car dealers, respectively. Our associations stated in this joint letter that “NADA and ASA want to make perfectly clear to all parties, and most importantly their customers, that they can repair vehicles because the service information and diagnostic tools needed are available to them in the marketplace.”

Service Information Opportunities Have Expanded

Since the more complex vehicles have entered the repair marketplace, information availability has expanded rather than contracted for independent repairers. The Clean Air Act Amendments directed EPA to regulate automaker websites for emissions service information. The ASA-Automaker Agreement expanded this to non-emissions service information, tool, tool information and training. But in actuality, day by day, independent repairers still go to the same source for service information they have gone to for many years, third party information providers. Prior to the 1990 Clean Air Act Amendments, prior to EPA regulations, prior to the ASA-Automaker Agreement, third

party information providers were available such as Alldata, Mitchell 1 and Identifix for their service information needs. For those shops choosing not to directly access the automaker websites, these companies still provide service information to the independent repair technician. Autozone owns Alldata. Genuine Parts owns a significant portion of Mitchell 1. For the use of these aftermarket websites and hotlines, many independent repair shop owners continue to pay several thousand dollars a year. The ASA-Automaker Agreement provided our repairers a dramatic new information source placing our technicians on an equal playing field with franchised new car dealers. The agreement expanded the service information opportunities for the independent repairer but it also expanded opportunities for these information providers.

Less Federal Government Bureaucracy

Why would independent repairers who have a service information problem want to go to the Federal Trade Commission to resolve that problem? Can you imagine how frustrating this will be for the small business man or woman trying to repair their customer's car? In their own words last year, the FTC emphasized how ill prepared the Agency is to handle the service information issue. The FTC stated:

“Apparently, the bill would require the FTC to review potentially massive quantities of documents and software and attempt to resolve highly technical and complex disputes that are beyond the agency’s expertise. The breadth and complexity of this task and the potential for costly litigation arising out of disputes on these subjects pose significant difficulties for implementing

this bill and risk substantial diversion of resources from other consumer protection and competition priorities.”

Why do Fortune 500 parts distributors advocate a new federal bureaucracy for their repair shop customers? I will tell you why. They don't repair cars. They sell parts. I repair cars.

We are receiving a very confusing message from the Congress. The Senate and many House members told us in the 107th Congress to find an industry solution. We did this. It was the right direction. It has worked.

Now we find ourselves standing before the Congress defending this successful industry solution. As independent repairers, we do not need or support a new government bureaucracy at the FTC or some vague mandatory dispute resolution process. We do need and support a direct dialogue with the automobile industry to resolve any future repair and service issue. That dialogue exists today and we are confident it will exist in the future. The ultimate winner will be the American consumer who will continue to have a choice of where to have their cars, sport utility vehicles, minivans, and pickups repaired quickly and professionally.

I ask you today to let us continue to succeed as small business owners across America. I assure you we will be the first to line up in your offices if we need a new federal bureaucracy. Please allow our industry service information solution to continue to work and do not pass legislation unless it becomes necessary.

Thank you for allowing me to speak before your Committee today.