



March 19, 2007

California Air Resources Board
c/o Clerk of the Board
1001 I Street
Sacramento, CA 95814

**RE: Notice of public hearing to consider amendments to California's
emission warranty information reporting and recall regulations and
emission test procedures**

Dear Members of the California Air Resources Board:

The California Automotive Business Coalition (CalABC) continues to oppose the above-captioned proposed rulemaking that would change the way CARB staff addresses failures in emissions parts in California.

We base our opposition on the same grounds that we did in the letter we co-signed with other aftermarket groups in December of 2006.

1. CARB does not have the authority to extend the warranty beyond the 3 year/50,000 mile warranty currently in the California statute.
2. CARB has no evidence that extending the warranty will provide any incentive to car companies to build more durable or defect free vehicle parts or that that car owners will be sufficiently aware of the extended warranty so that they can obtain replacement of the defective part without cost.
3. Studies by both the aftermarket and CARB indicate that extended warranties have a negative economic impact on the small businesses that compose the independent aftermarket.

We are dismayed that, in both informal discussions and the formal workshop setting, CARB staff have continued to dismiss our concerns out-of-hand.

We recognize that it is tempting to view this proposal on its own merits, and to ignore how it affects the bigger picture. Our very serious objections notwithstanding, when one views it on its own merits, it appears reasonable and moderate. However, to the independent aftermarket, which was already impacted by the initial mandatory warranty requirements, it constitutes the next step in an incremental policy to force all automotive repairs into the service bays of the new car dealers.

We object to this policy for obvious reasons. However, the Board also needs to consider the impact on that policy itself when it intervenes under the guise of air quality protection.

Reducing competition and consumer choice in the aftermarket drives up prices and lowers quality. No government has succeeded in repealing the laws of supply and demand, and CARB is no exception.

Therefore, when CARB staff limits its analysis of the economic and fiscal impact of this proposal to the purported relatively small number of cases it expects to open under its authority, it ignores the accumulative impact that the drive toward "cradle-to-grave" coverage is actually having. It ignores the impact that the initial policy has already had and pretends that there are no plans for any further extension of the mandatory warranty policy.

We appreciate that the staff want you to approve this regulation so that enforcement will be easier for them. However, convenience for government agencies should not be the reason for a policy that has already distorted the market, reduced competition and consumer choice, and harmed law-abiding business people and their employees.

Until empirical evidence can demonstrate that the mandatory warranty policy results in emissions reductions of such a magnitude as to justify the intervention into the market, we believe that the Board should refrain from extending the mandate as proposed by the staff.

Please vote NO on the amendments to the existing mandatory warranty regulations.

Very truly yours,



K. Martin Keller
Executive Director