



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 11, 2013

### **S. 921**

#### **Raechel and Jacqueline Houck Safe Rental Car Act of 2013**

*As ordered reported by the Senate Committee on Commerce, Science and Transportation  
on July 30, 2013*

S. 921 would prohibit rental car companies from leasing vehicles that are subject to a safety recall until the reason for the recall has been fixed. Under current law, the National Highway Transportation Safety Administration (NHTSA) within the Department of Transportation (DOT) has jurisdiction over vehicle safety recalls. The bill would require NHTSA to complete a study about the effect of the legislation on rental car companies and to issue new rules to implement the legislation.

Based on information from NHTSA, CBO estimates that implementing S. 921 would cost \$2 million over the 2014-2018 period, subject to the availability of appropriated funds. Because the bill would impose civil penalties on rental car companies that violate the law, S. 921 could affect revenues; therefore, pay-as-you-go procedures apply. However, CBO estimates that any penalties collected under the bill would not be significant.

S. 921 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

The bill would impose private-sector mandates, as defined in UMRA, on rental car companies because it would prohibit those companies from selling or renting vehicles that are subject to a safety recall until the defect is fixed. Under the bill, rental car companies would be required to stop renting such vehicles within 24 or 48 hours of receiving a recall notice, depending on the size of the fleet that would be affected. Additionally, those companies would be subject to inspections and reporting requirements. According to industry sources, the current practices and policies of the rental car companies comprising most of the industry are consistent with the provisions in the bill. In addition, much of the industry already tracks the information that would likely be requested under the reporting requirements. Because such a large share of businesses in the industry already abide by most of the requirements in the bill, CBO estimates that the incremental cost to comply with the bill's private-sector mandates would fall below the annual threshold established in UMRA (\$150 million in 2013, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sarah Puro (for federal costs) and Amy Petz (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.