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APPROVED  
JUL 14 1976

8 7/14/76

THE WHITE HOUSE  
WASHINGTON  
July 13, 1976

ACTION  
Last Day: July 17

Posted  
7/15/76

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON *Jimi*

SUBJECT:

S. 1518 - Motor Vehicle Information  
and Cost Savings Act Amendments  
of 1976

archives  
7/15/76

Attached for your consideration is S. 1518, sponsored  
by Senator Moss and three others.

The enrolled bill would:

- Authorize appropriations totaling \$29 million for  
fiscal years 1976-1978 for the Motor Vehicle Information  
and Cost Savings Act;
- Authorize DOT to require automobile dealers to distribute  
certain information to prospective buyers;
- Extend and revise demonstration projects for motor  
vehicle diagnostic equipment; and
- Provide additional authority for enforcing prohibitions  
against motor vehicle odometer tampering.

Additional discussion of the provisions of the enrolled  
bill is provided in OMB's bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus) and I  
recommend approval of the enrolled bill.

RECOMMENDATION

That you sign S. 1518 at Tab B.





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

JUL 12 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 1518 - Motor Vehicle Information  
and Cost Savings Act Amendments of 1976  
Sponsor - Sen. Moss (D) Utah and 3 others

Last Day for Action

July 17, 1976 - Saturday

Purpose

To authorize appropriations for fiscal years 1976-1978 for the Motor Vehicle Information and Cost Savings Act; to authorize DOT to require automobile dealers to distribute certain information to prospective buyers; to extend and revise demonstration projects for motor vehicle diagnostic equipment; and to provide additional authority for enforcing prohibitions against motor vehicle odometer tampering.

Agency Recommendations

Office of Management and Budget	Approval
Department of Transportation	Approval
Department of Justice	Approval
Environmental Protection Agency	No objection (Informally)
Department of Commerce	No objection

Discussion

S. 1518 would extend and amend the Motor Vehicle Information and Cost Savings Act which directs the Department of Transportation (DOT) to carry out activities related to motor vehicle safety. The enrolled bill is substantially similar to a bill submitted to Congress by DOT.



The enrolled bill would authorize a total of \$29 million in appropriations for fiscal years 1976-1978 for programs authorized under the four Titles of this Act. The Administration had supported total authorizations of \$25.5 million for these programs. The difference of \$3.5 million does not in our view, create a serious problem and can be handled in the regular appropriation process. The House and Senate versions of the 1977 appropriation bill for DOT contain the Administration's proposed funding request for the programs authorized by the Act.

No change would be made by the enrolled bill in Title I of the Act which directs DOT to promulgate standards for bumpers on passenger vehicles.

Title II of the Act directs DOT to study methods for determining several characteristics of vehicles, including their damage susceptibility and ease of diagnosis and repair, and to furnish the public with information on these characteristics and on vehicle operating costs as a means of assisting consumers in purchasing vehicles. The enrolled bill would authorize DOT to require automobile dealers to distribute to prospective buyers any information gathered under this Title.

Title III of the Act requires DOT to establish demonstration projects for the diagnostic inspection of motor vehicles; the authority for this program expired on June 30, 1976. The enrolled bill would require that at least three such projects be continued through September 30, 1977. This provision is unwise since it prevents DOT from determining which projects should be continued on grounds of program merit alone. DOT indicates in its attached views letter that it had intended to extend "not more than one of the projects."

The bill would also amend Title III to

- establish a special demonstration project to develop equipment for use by States in high volume inspection facilities designed to assess the safety, noise, emissions and fuel efficiency of motor vehicles;
- require the Secretary to report to the Congress, within two years of the enactment of this bill, on (a) the amount of research and development necessary to make analysis and test equipment in small automotive repair establishments compatible with State motor vehicle inspection and diagnostic equipment, and (b) the extent to which private industry can supply small automotive repair shops with low-cost



test equipment which can be used to monitor compliance with Federal, State or local safety, noise and emissions standards; and

- require the Secretary to provide FEA and EPA an opportunity to provide assistance in certain of these activities.

Title IV of the Act prohibits tampering with motor vehicle odometers. Under current law, DOT is limited to seeking injunctions against violators of the odometer-tampering provision; civil suits for damages may also be brought by private persons. DOT has been relying on State action against odometer tampering, but this is effective only if a State has an effective anti-odometer tampering law and only if the violation occurs in that State. There is some evidence that there are groups engaged in odometer tampering on an interstate basis, thereby making State enforcement difficult. The enrolled bill would (a) provide authority to assess civil and criminal penalties for violations of the odometer provisions; (b) give DOT broad investigatory and inspection authority in this area; (c) authorize DOT to refer cases to the Justice Department for further investigation; and (d) authorize the chief law enforcement officer of a State in which a violation occurs to bring an action to restrain the violation and to recover, on behalf of the wronged individuals, the amount due them under the civil penalty portions of the bill. These provisions were strongly supported by the Administration.

*James M. Frey*  
Assistant Director  
for Legislative Reference

Enclosures



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 12

Time: 530pm

FOR ACTION:

Judy Hope *on* cc (for information): Jack Marsh  
 Max Friedersdorf *ok* Steve McConahey *ok* Jim Cavanaugh  
 Ken Lazarus *ok* Ed Schmults  
 Paul Leach *ok*  
 Dawn Bennett *ok*

FROM THE STAFF SECRETARY

DUE: Date: July 13

Time: 500pm

SUBJECT:

S. 1518 - Motor Vehicle Information and Cost Savings Act of 1976

ACTION REQUESTED:

- |   |   |
|---|---|
| <input type="checkbox"/> For Necessary Action     | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply              |
| <input type="checkbox"/> For Your Comments        | <input type="checkbox"/> Draft Remarks            |

REMARKS:

please return to judy johnston, ground floor west wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

\_\_\_\_\_  
K. R. COLE, JR.  
For the President



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

JUL 7 1976

Honorable James T. Lynn  
Director, Office of Management  
and Budget  
Washington, D.C. 20503

Dear Mr. Lynn:

This is in response to your request for departmental views on S. 1518, an enrolled bill entitled the "Motor Vehicle Information and Cost Savings Act Amendments of 1975."

The bill provides for amendments to Titles I-IV of the Motor Vehicle Information and Cost Savings Act (Pub. L. 92-513).

Authorization for all four titles would be provided for fiscal years 1976 through 1978. In addition, Title II would be amended to enable the Secretary to require automobile dealers to distribute certain information to prospective purchasers. The bill would extend the period for which Federal financial assistance is available for the motor vehicle diagnostic inspection demonstration projects under Title III and would make extension of at least three of those projects mandatory. A special diagnostic inspection demonstration project involving advanced inspection, analysis, and diagnostic equipment suitable for use by States in high volume inspection facilities would also be required to be established under Title III. Title IV, relating to odometers, would be amended to include civil and criminal penalties assessable by the Federal government, as well as investigative and information-gathering authority.

The enrolled bill closely resembles the Department's bill (H.R. 8091) submitted to Congress in June 1975. With the exception of the provision in the enrolled bill requiring extension of at least three of the Title III demonstration projects, the Department supports the enrolled bill. In OMB-cleared testimony and letters expressing departmental

views, the Department has made clear its views on the various provisions (other than the mandatory extension provision) of the enrolled bill and finds that its views are substantially reflected in the bill's provisions.

The bill would authorize appropriations for carrying out the various titles at levels which are substantially the same as those supported by the Department: \$7,450,000 for fiscal year 1976 and \$1,175,000 for the transition period, July 1, 1976, through September 30, 1976. For fiscal year 1977, the Department-supported funding was \$9,165,000. However, the enrolled bill authorization figure for fiscal year 1977 is \$11,665,000. The difference is due to the authorization in the enrolled bill of \$7,500,000 to carry out Title III, while the Department-supported funding for Title III was \$5,000,000. The authorization figures for fiscal year 1978 differ in one significant respect from those in a Department bill introduced on June 29, 1976 (S. 3631). The enrolled bill would authorize the appropriation of \$8,732,000, while the Department proposed an authorization of \$7,731,000 to carry out the four titles. The difference in the two bills is accounted for by discrepant authorizations for Title III. The Department proposed an authorization of \$3,400,000 as opposed to the enrolled bill's figure of \$4,400,000.

The bill would amend Title I only by authorizing appropriations to carry out its provisions.

The bill would amend Title II to authorize the Secretary to require automobile dealers to aid in distributing consumer information compiled under Title II for the purpose of comparing automobile crashworthiness, damageability, and ease of diagnosis and repair. This provision was proposed by the Department in the belief the participation of dealers in the distribution of this material can aid significantly the implementation of the Title II program.

The bill would amend Title III to extend until September 30, 1977 the availability of Federal financial assistance for the operation of the Department's five motor vehicle diagnostic demonstration projects. Under the current law, the availability of this assistance expired June 30, 1976. The bill would make the extension of at least three of the demonstration projects mandatory. The Department had expressed no objection to a provision in the original



House and Senate-passed bills extending the termination date based upon our belief that extension of the projects would be discretionary. We intended under such provision to extend not more than one of the projects. Quite apart from the desirability of extending three projects, extension of that many projects is of questionable practicability. As stated, Federal assistance ended June 30 and cannot be immediately restored.

The establishment of a special demonstration project concentrating on advanced inspection, analysis, and diagnostic equipment suitable for use by any State in a high volume inspection facility designed to assess the safety, noise, emissions, and fuel efficiency of motor vehicles would be required under Title III. A similar requirement is already contained in Title III. However, this bill goes into great detail with respect to what is to be accomplished by this demonstration project. It also provides for the involvement of the Environmental Protection Agency and Federal Energy Administration in conducting this project.

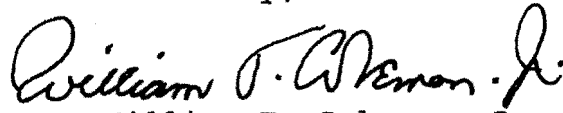
The bill would amend Title IV in a number of respects. It would give the Government the ability to assess civil penalties and impose criminal sanctions where violations of the odometer requirements have occurred. The wording of these provisions conforms to that supported by the Department. The bill would also give the Federal government broad information-gathering and investigative authority which is considered to be necessary to administer the odometer provisions effectively. In addition, the bill would amend Title IV to allow the Secretary to require the retention of such records as may be necessary to carry out the purposes of the Title.

The bill would amend Title IV to authorize the chief law enforcement officer of a State in which an odometer law violation occurs to bring an action to restrain such violation or to recover, on behalf of the wronged individuals, the amount due to them under the private civil penalty section of the law. The Department has strongly supported this type of provision since it would most certainly contribute to the

effective enforcement of Title IV. Granting such authority would eliminate the trafficking in vehicles whose odometers have been altered to States lacking adequate anti-tampering laws and would permit Federal concentration on interstate odometer tampering schemes.

In view of the foregoing, we recommend approval of the bill.

Sincerely,

  
William T. Coleman, Jr.

**Department of Justice**  
**Washington, D.C. 20530**

July 9, 1976

Honorable James T. Lynn  
Director, Office of Management  
and Budget  
Washington, D. C. 20503

Dear Mr. Lynn:

This is in response to your request for the views of the Department of Justice on Enrolled Bill S. 1518, which has been passed by both houses of Congress. The bill would amend the Motor Vehicle Information and Cost Savings Act, 15 U.S.C. 1901 et seq.

While the major import of the bill (in particular, Title IV), is to amend the odometer antitampering provisions, which primarily provide for additional sanctions and investigative authority, the bill does contain fuel efficiency and economy provisions and we defer to the Department of Transportation as to them.

With respect to the proposed amendments in Title IV of the Act, the Department of Justice is very much aware of the problems which these amendments seek to obviate. The Department of Justice has received numerous reports of odometer tampering and other related practices. The practice of turning back odometers is rampant and often involves both large and small scale fraudulent schemes. We believe that the proposed amendments, embodied in S. 1518, provide for effective measures and procedures to counter odometer tampering and the fraudulent practices engendered thereby.

In response to a request from the Honorable Lionel Van Deerlin, Chairman, House Subcommittee on Consumer Protection, for the views of the Department of Justice on both S. 1518 and H.R. 10807 (the House of Representatives' version of the bill), we commented on February 25, 1976 on the provisions contained in both bills. We recommended that H.R. 10807 be enacted or that its provisions be substantially incorporated in S. 1518. Apparently the latter has been done.

Accordingly, the Department of Justice recommends  
Executive approval of this bill.

Sincerely,

A handwritten signature in cursive script, reading "Michael M. Uhlmann". The signature is written in black ink and is positioned above the typed name.

Michael M. Uhlmann  
Assistant Attorney General



**GENERAL COUNSEL OF THE  
UNITED STATES DEPARTMENT OF COMMERCE**  
Washington, D.C. 20230

JUL 6 1976

Honorable James T. Lynn  
Director, Office of Management  
and Budget  
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the views of this Department concerning S. 1518, an enrolled enactment

"To amend the Motor Vehicle Information and Cost Savings Act to authorize appropriations, to require the establishment of a special motor vehicle diagnostic inspection demonstration project, to provide additional authority for enforcing prohibitions against motor vehicles odometer tampering, and for other purposes."

to be cited as the Motor Vehicle Information and Cost Savings Act Amendments of 1976.

This bill would amend chapter 46 of Title 15, U. S. C., the Motor Vehicle Information and Cost Savings Act of 1972, as amended, which is administered by the Department of Transportation, by providing:

- additional authorizations for implementing Titles I -IV of the Act through September 30, 1978;
- that Federal financial assistance for state motor vehicle diagnostic inspection demonstration projects, under Title III of the Act, would be available through September 30, 1977, and that at least 3 of these projects be continued through this date;
- that the Secretary of Transportation establish a special motor vehicle diagnostic inspection demonstration project to assist in the research, development and evaluation of equipment that the States may use in assessing the safety, noise, emissions, and fuel efficiency of motor vehicles;

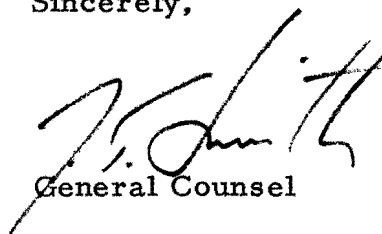


- that the Secretary report to the Congress, within 2 years, on the test equipment available for use in small automotive repair establishments; and,
- new civil and criminal penalties for violations of the odometer anti-tampering requirements of Title IV of the Act;
- including specific authorization for state enforcement, the conduct of necessary inspections and investigations, and procedures for obtaining administrative warrants.

The Department of Commerce would have no objection to approval by the President of this legislation.

Enactment of this legislation would not involve the expenditures of any funds by this Department.

Sincerely,



General Counsel

THE WHITE HOUSE

ACTION MORANDUM

WASHINGTON

LOG NO.:

Date: <sup>4</sup>J 12

Time: 530pm

FOR ACTION: Judy Hope ✓  
Max Friedersdorf  
Ken Lazarus  
Paul Leach  
Dawn Bennett

cc (for information): Jack Marsh  
Jim Cavanaugh  
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: July 13

Time: 500pm

SUBJECT:

S. 1518 - Motor Vehicle Information and Cost Savings Act of 1976

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon  
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 12

Time: 530pm

FOR ACTION: Judy Hope  
Max Friedersdorf  
Ken Lazarus  
Paul Leach  
Dawn Bennett

cc (for information): Jack Marsh  
Jim Cavanaugh  
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: July 13

Time: 500pm

SUBJECT:

S. 1518 - Motor Vehicle Information and Cost Savings Act of 1976

ACTION REQUESTED:

- |   |   |
|---|---|
| <input type="checkbox"/> For Necessary Action     | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply              |
| <input type="checkbox"/> For Your Comments        | <input type="checkbox"/> Draft Remarks            |

REMARKS:

please return to judy johnston, ground floor west wing

*Ames*  
*JGM*

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James M. Cannon  
For the President



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 12

Time: 530pm

FOR ACTION: Judy Hope  
Max Friedersdorf  
Ken Lazarus  
Paul Leach  
Dawn Bennett

cc (for information): Jack Marsh  
Jim Cavanaugh  
Ed Schmults

Steve McConahey

FROM THE STAFF SECRETARY

DUE: Date: July 13

Time: 500pm

SUBJECT:

S. 1518 - Motor Vehicle Information and Cost Savings Act of 1976

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

*Defer to Judy PC I  
Hope, but no real objection*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon  
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 12

Time: 530pm

FOR ACTION: Judy Hope  
 Max Friedersdorf, Steve McConahey  
 Ken Lazarus  
 Paul Leach  
 Dawn Bennett

cc (for information): Jack Marsh  
 Jim Cavanaugh  
 Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: July 13

Time: 500pm

SUBJECT:

S. 1518 - Motor Vehicle Information and Cost Savings Act of 1976

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

*OK  
dd b*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon  
For the President

THE WHITE HOUSE

ACTION DUM WASHINGTON LOG NO.:

Date: J 1 Time: 530pm

FOR ACTION: Judy Hope  
 Max Friedersdorf  
 Ken Lazarus  
 Paul Leach  
 Dawn Bennett

cc (for information): Jack Marsh  
 Jim Cavanaugh  
 Ed Schmults  
 Steve McConahey

FROM THE STAFF SECRETARY

DUE: Date: July 13 Time: 500pm

SUBJECT:  
 S. 1518 - Motor Vehicle Information and Cost Savings Act of 1976

ACTION REQUESTED:

- |   |   |
|---|---|
| <input type="checkbox"/> For Necessary Action     | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply              |
| <input type="checkbox"/> For Your Comments        | <input type="checkbox"/> Draft Remarks            |

REMARKS:

please return to judy johnston, ground floor west wing

No objection -- Ken Lazarus 7/13/76

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon  
 For the President

THE WHITE HOUSE

WASHINGTON

July 13, 1976

MEMORANDUM FOR: JIM CAVANAUGH  
FROM: MAX L. FRIEDERSDORF *ML-F*  
SUBJECT: S. 1518 - Motor Vehicle Information and Cost  
Savings Act of 1976

The Office of Legislative Affairs concurs with the agencies  
that the subject bill be signed.

Attachments

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JUL 12 1976

To: J. Conaway  
7-12-76  
5:00 p.m.



MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 1518 - Motor Vehicle Information  
and Cost Savings Act Amendments of 1976  
Sponsor - Sen. Moss (D) Utah and 3 others

Last Day for Action

July 17, 1976 - Saturday

Purpose

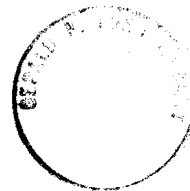
To authorize appropriations for fiscal years 1976-1978 for the Motor Vehicle Information and Cost Savings Act; to authorize DOT to require automobile dealers to distribute certain information to prospective buyers; to extend and revise demonstration projects for motor vehicle diagnostic equipment; and to provide additional authority for enforcing prohibitions against motor vehicle odometer tampering.

Agency Recommendations

Office of Management and Budget	Approval
Department of Transportation	Approval
Department of Justice	Approval
Environmental Protection Agency	No objection (Informally)
Department of Commerce	No objection

Discussion

S. 1518 would extend and amend the Motor Vehicle Information and Cost Savings Act which directs the Department of Transportation (DOT) to carry out activities related to motor vehicle safety. The enrolled bill is substantially similar to a bill submitted to Congress by DOT.



7/15/76

Ron -

To add to the bill  
file, pls. Thanks.

Kate



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET

DATE: 7-15-76

TO: Bob Linder

FROM: Jim Frey

Attached is EPA's views letter on S. 1518. Please have it included in the enrolled bill file. Thanks.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

JUL 13 1976

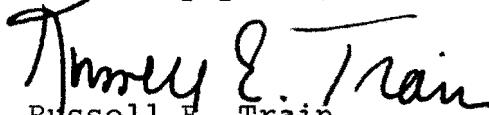
OFFICE OF THE  
ADMINISTRATOR

Dear Mr. Lynn:

This letter responds to your request for the views of the Environmental Protection Agency concerning an enrolled bill, S. 1518, "To amend the Motor Vehicle Information and Cost Savings Act to authorize appropriations, to require the establishment of a special motor vehicle diagnostic inspection demonstration project, to provide additional authority for enforcing prohibitions against motor vehicle odometer tampering, and for other purposes."

The Environmental Protection Agency has no objection to the bill. We appreciate the opportunity to review this legislation.

Sincerely yours,

  
Russell E. Train  
Administrator

Honorable James T. Lynn  
Director  
Office of Management and Budget  
Washington, D. C. 20503





MOTOR VEHICLE INFORMATION AND  
COST SAVINGS ACT AMENDMENTS

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REPORT  
OF THE  
SENATE COMMITTEE ON COMMERCE  
ON  
S. 1518

TO AMEND THE MOTOR VEHICLE INFORMATION AND  
COST SAVINGS ACT (15 U.S.C. 1901 ET SEQ.) TO AUTHOR-  
IZE ADDITIONAL APPROPRIATIONS, TO ESTABLISH FUEL  
EFFICIENCY DEMONSTRATION PROJECTS, TO PROVIDE  
ADDITIONAL ENFORCEMENT AUTHORITY FOR THE  
ODOMETER ANTITAMPERING PROVISIONS, AND FOR  
OTHER PURPOSES



U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1975

MOTOR VEHICLE INFORMATION AND COST SAVINGS  
ACT AMENDMENTS

MAY 22, 1975.—Ordered to be printed

Mr. Moss, from the Committee on Commerce,  
submitted the following

## REPORT

[To accompany S. 1518]

The Committee on Commerce, to which was referred the bill (S. 1518) to amend the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.) to authorize additional appropriations, to establish fuel efficiency demonstration projects, to provide additional enforcement authority for the odometer anti-tampering provisions, and for other purposes, having considered the same, reports favorably thereon with amendments, and recommends that the bill, as amended, do pass.

## DESCRIPTION

S. 1518 provides additional authorization for appropriations to implement the four separate titles of the Motor Vehicle Information and Cost Savings Act for three additional fiscal years. These sums are to remain available until expended. With respect to Title I, which requires the Secretary of Transportation to promulgate bumper standards applicable to all passenger motor vehicles, the bill would authorize appropriations not to exceed \$500,000 for the fiscal year ending June 30, 1976; \$125,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; and \$500,000 for the fiscal year ending September 30, 1977.

With respect to Title II, which provides for an automobile consumer information program, S. 1518 authorizes to be appropriated \$2,000,000 for the fiscal year ending June 30, 1976; \$850,000 for the fiscal year transition period from July 1, 1976 through September 30, 1976; and \$4,000,000 for the fiscal year ending September 30, 1977.

With respect to Title III, which provides for diagnostic inspection demonstration projects, S. 1518 authorizes for appropriation \$5,000,-

000 for the fiscal year ending June 30, 1976; \$1,500,000 for the fiscal year transition period from July 1, 1976 through September 30, 1976; \$7,500,000 for the fiscal year ending September 30, 1977. An additional \$7,500,000 (for the fiscal year ending September 30, 1978) is authorized to be appropriated for the purpose of implementing section 311.

With respect to Title IV, which sets odometer requirements, S. 1518 authorizes for appropriation \$450,000 for the fiscal year ending June 30, 1976; \$100,000 for the fiscal year transition period from July 1, 1976 through September 30, 1976; and \$650,000 for the fiscal year ending June 30, 1977.

In addition to the authorization for additional appropriations to implement the Act, S. 1518 contains several other amendments to the Motor Vehicle Information and Cost Savings Act. First, it would change the date on which the annual report is due under Title I from March 31 to July 1.

Second, it would amend Title III of the Cost Savings Act by redefining the special motor vehicle diagnostic inspection demonstration project mandated by Title III of the Motor Vehicle and School Bus Safety Amendments of 1974 (Public Law 93-492). The new project would be designed to assist in research, rapid development, and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by the States for high volume inspection facilities. The project shall perform inspections on motor vehicles for the purpose of evaluating the conditions of parts, components, and repairs (1) required to comply with State and Federal safety, noise and emission standards and (2) in order to assist the vehicle owner in achieving the optimum fuel and maintenance economy. Additionally, the Secretary shall evaluate the existing diagnostic analysis and test equipment available for use in the small automotive repair establishments and report to the Congress in two years after the enactment of the Act, as to the scope of research and development required to make this equipment compatible with the most costly and complex State vehicle inspection and diagnostic equipment. That report would assess the extent to which private industry can meet the needs of the small automotive repair shops for low cost test equipment which can be developed to comply with Federal safety, noise and emission performance standards promulgated by the Secretary, the Administrator of the Environmental Protection Agency and by State or local regulatory agencies.

Finally, S. 1518 would amend Title IV by providing additional authority to enforce the odometer anti-tampering provisions of the Act. The bill gives the Secretary the authority to hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpoena or otherwise, the attendance and testimony of such witnesses in the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records as the Secretary deems advisable. The Secretary is also authorized to require, by general or special orders, any person to file reports or answers in writing to specific questions relating to any function of the Secretary under Title IV of the Cost Savings Act. The District Courts of the United States may enforce such orders. If any information obtained under this authority pertains or relates to a trade secret

or other matter referred to in section 1905 of Title 18 of the United States Code, it shall be considered confidential. A dealer, distributor, or other person in the business of repairing motor vehicles who violates any provision of sections 403-408 of the Cost Savings Act, and the Secretary determines that a reasonable man would have known under the circumstances that the act or practice was dishonest or fraudulent, may be assessed a civil penalty of not to exceed \$10,000 for each violation. Any person who knowingly violates any provisions of such sections shall be fined not more than \$50,000 or be imprisoned not more than one year, or both.

In order to aid in the enforcement of these provisions, S. 1518 also provides that if any person, partnership, or corporation violates any provision of Title IV, then the Attorney General of the State in which such act or practice occurred may commence a civil action for appropriate relief against such person, partnership or corporation in any court of competent jurisdiction in that State. The State court may restrain such violation or grant such relief as it finds necessary to redress injury which resulted as a consequence of the violation of Title IV.

#### BACKGROUND AND NEED

As enacted, the Motor Vehicle Information and Cost Savings Act was designed to promote competition among motor vehicle manufacturers in the design and production of motor vehicles. By utilizing a combination of Federal regulation and traditional market forces, it was intended that this Act would result in motor vehicles having greater resistance to damage and easier to repair. In addition, it was designed to protect consumers against the fraud of odometer tampering.

Title I of the Act was based on a Congressional finding that it is necessary to reduce the economic loss resulting from damage to passenger motor vehicles involved in motor vehicle accidents. This goal was to be achieved by the promulgation of mandatory Federal bumper standards which sought to obtain the "maximum feasible reduction of costs to the public and to the consumer" taking into account (1) the cost of implementing the standard and the benefits attainable as the result of implementation of the standards; (2) the effect of implementation of the standard on the cost of insuring the prospective legal fees and costs; (3) savings in terms of consumer time and convenience; and (4) considerations of health and safety, including emission standards.

The authorization for additional appropriations to implement this title, reflects the Committee's commitment to the Federal effort aimed at reducing the economic loss resulting from damage to passenger motor vehicles. The crash parts market (sheet metal parts such as fenders, door panels, grills and bumpers) exceeds \$2 billion each year and prices have been increasing at a rate almost three times greater than the general rate of inflation. Thus, with crash parts prices increasing 31 percent between January 1, 1974, and January 1, 1975, it is clear that consumers must be provided with vehicles which are resistant to excessive damage at low speed impacts. The Federal bumper standards must continue to promote the development of lightweight and more damage-resistant bumper systems.

Title III of the Cost Savings Act requires the Secretary of Transportation to establish 5-10 motor vehicle diagnostic inspection demonstration projects which were to be designed to establish, operate and conduct periodic safety inspections of motor vehicles pursuant to criteria established by the Secretary of Transportation and emission inspections pursuant to the criteria established by the Secretary in consultation with the Administrator of the Environmental Protection Agency. Title III of Public Law 93-492 required the establishment of an additional special motor vehicle diagnostic inspection demonstration project to assist in the rapid development and evaluation of advanced inspection, analysis and diagnostic equipment suitable for use by the States in standardized high volume inspection facilities and to evaluate the repair characteristics of motor vehicles. The project was also designed to facilitate evaluation of repair characteristics by small automotive repair garages.

S. 1518 refines the mandate contained in Public Law 93-492 and also incorporates within it a concern for fuel efficiency of motor vehicles. Under the mandate contained in this bill, the special motor vehicle diagnostic inspection demonstration project established last year in Public Law 93-492 would be redefined to "assist in research, rapid development, and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by the States in high volume inspection facilities designed to assess the safety, noise, emissions, and fuel efficiency of motor vehicles." The purpose for performing these inspections of motor vehicles would be to evaluate the conditions of parts, components, and repairs (1) required to comply with State and Federal safety, noise and emission standards and (2) in order to assist the vehicle owner to achieve the optimum fuel and maintenance economy that his vehicle is capable of achieving.

The purpose of the Title III program has been to develop diagnostic inspection equipment which could eventually be utilized in mandatory periodic motor vehicle inspections by the States. Such inspections have traditionally been thought of as including examinations of safety and emission characteristics of motor vehicles. This new diagnostic demonstration project is designed to add a new purpose to motor vehicle-in-use inspections: to ensure that motor vehicles on the road are as efficient as they are capable of being. While Congress is currently considering legislation to establish levels of fuel efficiency in new cars, little attention has been focused on achieving optimum fuel efficiency for the 115 million vehicles currently on the road.

The cost of implementing and operating motor vehicle inspection programs has always been a major source of concern to the States. It is, after all, the States that would be responsible for operating motor vehicle-in-use inspection stations. It would appear, however, based on data developed by the National Highway Traffic Safety Administration, that periodic motor vehicle-in-use inspection is cost beneficial. A January 1975 study entitled, "Costs and Benefits of Motor Vehicle Inspection" prepared by the National Highway Traffic Safety Administration offers the following data:

- The societal loss due to vehicle defects caused accidents costs between \$1.6 billion to \$4.3 billion per year. Some State data indicates that motor vehicle inspections may be 45 to 75 percent effective in reducing defect caused accidents.

- The most recent study on air quality and emission controls done by the National Academy of Sciences has determined that the societal loss due to auto emissions is between \$2.5 billion and \$7 billion per year.

- The Environmental Protection Agency data indicates that emission tune ups could save as much as 375,000 barrels of crude oil per day nationally.

- On the cost side, the States of Pennsylvania and New Hampshire which, currently have the most comprehensive inspections, charge about \$4.65 for the inspection. Several studies have been conducted to determine the costs associated with State owned and operated lane type inspection facilities. One study concludes that separate safety and emissions inspection facilities are significantly more expensive than multipurpose facilities combining safety and emissions inspection under one roof. Where a comprehensive approach is taken, the study concludes that fees between \$2 and \$6 are feasible depending on the level of inspection.

Thus, the National Highway Traffic Safety Administration's cost/benefit analysis indicates that a motor vehicle inspection program for safety, emissions and fuel efficiency would be cost beneficial.

There is an additional benefit to be gained from the development of the inspection, analysis and diagnostic equipment provided for in S. 1518. The number of consumer complaints received by the Consumer Subcommittee for unnecessary or faulty motor vehicle repairs continues to outpace complaints for almost every other item of consumer discontent. As envisioned by the Committee, the ideal motor vehicle-in-use diagnostic inspection station would pinpoint the precise component of the vehicle which caused it to fail the inspection for safety, emissions or fuel efficiency. The consumer would then take his vehicle to his own repair establishment where the mechanic could be instructed as to what work was needed to be done. Upon completion of the work, the mechanic would have access in his own shop to diagnostic equipment to ensure that the work had been done properly. The consumer would then return to the inspection facility and, with his car having been repaired correctly, would pass the periodic motor vehicle inspection. Through such a system, the consumer would be spared the "yo-yo" effect of going back and forth between the inspection facility and his own repair establishment trying to pinpoint the vehicle's malady.

With the rising price of new vehicles, many consumers are turning to the used car market. In enacting Title IV of the Motor Vehicle Information and Cost Savings Act, Congress found that in buying motor vehicles, consumers rely heavily on the odometer reading as an index to condition and value of a vehicle. Congress thus concluded that purchasers are entitled to rely on the odometer reading as an accurate reflection of the mileage actually travelled by the vehicle. Title IV made it unlawful—

- (1) for any person to advertise for sale, to sell, to use, or to install or to have installed, any device that causes an odometer to register any mileage other than the true mileage driven;

- (2) for any person or his agent to disconnect, reset, or alter the odometer of any motor vehicle with the intent to change the number of miles indicated thereon;

(3) for any person with the intent to defraud to operate a motor vehicle on any street or highway knowing the odometer of such vehicle was disconnected or non-functional;

(4) knowingly to give a false statement to a transferee in making disclosure about the odometer reading of the vehicle; and

(5) to conspire to commit any of the aforementioned acts.

While Title IV established a comprehensive law prohibiting odometer tampering, it provided for enforcement only through private civil actions or injunctive actions. In over two years, only one injunctive enforcement action has been brought by the Attorney General and few consumers have utilized the private civil action provisions. In testimony before the Senate Commerce Committee, officials of the Department of Transportation indicated that without additional enforcement powers and sanctions, it would be virtually impossible to put a halt to the trafficking of vehicles in interstate commerce which had been subject to odometer tampering. Both the Department of Transportation and the Attorney General supported additional powers and sanctions.

The funds authorized for appropriations will enable the Department of Transportation to hire several full-time employees to investigate cases of odometer tampering.

#### COMMITTEE ACTION

Although the Committee ordered the bill reported on May 12, 1975, without a record vote, Senator Griffin wished to be recorded in opposition to the legislation.

#### SECTION-BY-SECTION ANALYSIS

##### *Amendments to Title I (Section 2)*

Subsection 2(a) amends the Motor Vehicle Information and Cost Savings Act by providing that the annual report shall be submitted to the Congress by July 1 of each year rather than March 31 as provided in current law. This change is made to conform with the reporting requirements of the National Traffic and Motor Vehicle Safety Act. Subsection 2(b) authorizes to be appropriated to carry out the provisions of Title I of the Cost Savings Act, \$500,000 for the fiscal year ending June 30, 1976; \$125,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; and \$500,000 for the fiscal year ending September 30, 1977; such sums to remain available until expended.

##### *Amendments to Title II (Section 3)*

Section 3 authorizes to be appropriated to carry out the provisions of Title II of the Motor Vehicle Information and Cost Savings Act \$2 million for the fiscal year ending June 30, 1976; \$650,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; and \$4 million for the fiscal year ending September 30, 1977; such sums to remain available until expended.

##### *Amendments to Title III (Section 4)*

Subsection 4(a) extends the five original State motor vehicle demonstration diagnostic inspection programs one year from June 30, 1976 to September 30, 1977.

Subsection 4(b) refines the special motor vehicle diagnostic inspection demonstration project established in Title III of Public Law 93-492. The bill amends section 311 of the Cost Savings Act to provide for the establishment of one or more new special motor vehicle diagnostic inspection demonstration projects to assist in the research, rapid development, and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by the States in high volume inspection facilities designed to assess the safety, noise, emissions, and fuel efficiency of motor vehicles. Such projects shall perform inspections of motor vehicles for the purpose of evaluating the conditions of parts, components, and repairs (1) required to comply with State and Federal safety, noise, and emissions standards and (2) in order to assist the vehicle owner in achieving the optimum fuel and maintenance economy.

Additionally, the Secretary is mandated to evaluate the existing diagnostic analysis and test equipment available for use in the small automotive repair establishments and report to the Congress within two years, as to the scope of research and development required to make this equipment compatible with the most costly and complex State vehicle inspection and diagnostic equipment. The report shall assess the extent to which private industry can meet the needs of the small automotive repair shops for low cost test equipment which can be developed to comply with the Federal safety, noise and emissions performance standards promulgated by the Secretary of Transportation, the Administrator of the Environmental Protection Agency, and by State or local regulatory agencies. In complying with this mandate, the Secretary of Transportation shall consult with the Administrator of the Environmental Protection Agency.

Subsection 4(c) authorizes to be appropriated to carry out the provisions of Title III of the Motor Vehicle Information and Cost Savings Act \$5 million for the fiscal year ending June 30, 1976; \$1.5 million for the fiscal year transition period from July 1, 1976 through September 30, 1976; \$7.5 million for the fiscal year ending September 30, 1977; and \$7.5 million for the fiscal year ending September 30, 1978 for the purpose of implementing section 311; such sums to remain available until expended.

##### *Amendments to Title IV (Section 5)*

Subsection 5(a) amends section 402 of the Motor Vehicle Information and Cost Savings Act by defining "dealer" as any person who has sold 5 or more motor vehicles in the past 12 months to purchasers who in good faith purchase such vehicles for purposes other than resale. A "distributor" means any person who has sold 5 or more vehicles in the past 12 months for resale.

Subsection 5(b) amends Title IV of the Motor Vehicle Information and Cost Savings Act by adding several new sections. The new section 414 would grant new powers to the Secretary of Transportation to assist him in the enforcement of Title IV. The Secretary, or on the authorization of the Secretary, any officer or employee of the Department of Transportation, may hold such hearings, take such testimony, sit and act at such times, and places, administer such oaths and require, by subpoena or otherwise, the attendance and testimony of such witnesses and production of such books, papers, correspondence, memorandums, contracts, agreements, or other records that the Secretary, or

other such officer or employee, deems advisable. The Secretary or his duly authorized agent shall, at all reasonable times, have access to, and for the purposes of examination, the right to copy any documentary evidence of any person having materials or information relevant to any function of the Secretary under Title IV. The Secretary is also authorized to require, by general or special orders, any person to file, in such form as the Secretary may prescribe, reports, or answers in writing to specific questions relating to any function of the Secretary under Title IV. Such reports and answers shall be made under oath and enforcement of such orders shall rest with the District Courts of the United States. Information obtained by the Secretary or his representative under this Title which contains or relates to a trade secret or other matter referred to section 1905 of Title 18 of the United States Code shall be considered confidential. Finally, the officers or employees duly designated by the Secretary, upon presenting appropriate credentials and a written notice to the owner, operator, or agent in charge, may inspect a motor vehicle whenever such officer or employee has reason to believe that there has been a violation of a requirement imposed under Title IV.

The new section 415 would allow the Attorney General of the State in which any person, partnership, or corporation has violated a provision of this Title to commence a civil action for appropriate relief against such person, partnership, or corporation in any court of competent jurisdiction in such State. In such an action, the court may restrain such violation or grant such relief as it finds necessary to redress injury which results as a consequence of a violation of a provision of Title IV.

The new section 416 would provide that if a dealer, distributor or other person in the motor vehicle repair business who violates any provision of section 403 through 408 of Title IV, and the Secretary determines that a reasonable man would have known under the circumstances that the act or practice was dishonest or fraudulent, such person may be assessed a civil penalty not to exceed \$10,000 for each violation. A maximum civil penalty of \$200,000 may be assessed for any related series of violations and any civil penalty under this section may be compromised by the Secretary.

Additionally, any person who knowingly violates any provision of those sections shall be fined not more \$50,000 or be imprisoned not more than one year, or both. Any individual director, officer or agent of a corporation who knowingly authorizes, orders, or performs any of the acts or practices constituting a violation of any Section of Title IV shall be subject to these penalties without regard to any penalties levied against the corporation.

Finally, the new section 417 authorizes to be appropriated to carry out the provisions of Title IV \$450,000 for the fiscal year ending June 30, 1976; \$100,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; \$650,000 for the fiscal year ending September 30, 1977; such sums to remain available until expended.

#### ESTIMATED COSTS

In accordance with section 252 (a) of the Legislative Reorganization Act of 1970 (Public Law 91-510) the cost of the legislation, in the form of authorization for appropriations for the Motor Vehicle In-

formation and Cost Savings Act is \$7,950,000 for the fiscal year ending June 30, 1976; \$2,375,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; \$12,650,000 for the fiscal year ending September 30, 1977; and \$7,500,000 for the fiscal year ending September 30, 1978.

#### CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italics*, existing law in which no change is proposed is shown in roman):

#### SECTION 112 OF THE MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT (15 U.S.C. 1922)

##### REPORTS

SEC. 112. The Secretary shall report to the Congress and to the President not later than **[March 31]** *July 1* of each year on the progress in carrying out the purposes of this title. Each such report shall contain a statement of the cost savings that have resulted from the administration of this title, and include such recommendations for further legislative or other action as the Secretary determines may be appropriate.

#### SECTION 111 OF THE MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT (15 U.S.C. 1921)

##### AUTHORIZATION

**[**SEC. 111. There is authorized to be appropriated to carry out this title \$5,000,000 for fiscal year ending June 30, 1973; \$9,000,000 for the fiscal year ending June 30, 1974; and \$10,000,000 for the fiscal year ending June 30, 1975.**]**

*SEC. 111. There are authorized to be appropriated to carry out the provisions of this title \$500,000 for the fiscal year ending June 30, 1976; \$125,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; and \$500,000 for the fiscal year ending September 30, 1977; such sums to remain available until expended.*

#### SECTION 209 OF THE MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT (15 U.S.C. 1949)

##### APPROPRIATIONS AUTHORIZED

**[**SEC. 209. There are hereby authorized to be appropriated to carry out the provisions of this title \$3,000,000 per fiscal year for the fiscal year ending June 30, 1973, and for each of the two succeeding fiscal years.**]**

##### APPROPRIATIONS AUTHORIZED

*SEC. 209. There are hereby authorized to be appropriated to carry out the provisions of this title \$2,000,000 for the fiscal year ending*



June 30, 1976; \$650,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; and \$4,000,000 for the fiscal year ending September 30, 1977; such sums to remain available until expended.

SECTION 303(b) OF THE MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT (15 U.S.C. 1963(b))

SEC. 303. (a) \* \* \*

(b) Upon the approval of any such application, the Secretary may make a grant to the State to pay each fiscal year an amount not in excess of 90 per centum of those categories of expenditures for establishing and operating its project which the Secretary approves. Federal financial assistance under this title shall not be available with respect to costs of inspections carried out after [June 30, 1976,] September 30, 1977, under such a project. Any equipment purchased with Federal funds may be retained by a State for its inspection activities following the demonstration project with the approval of the Secretary. Payments under this subsection may be made in advance, in installments, or by way of reimbursement.

SECTION 311 OF THE MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT (15 U.S.C. 1963a)

PART B—SPECIAL DEMONSTRATION PROJECT

[AUTHORITY TO ESTABLISH]

[SEC. 311. The Secretary shall establish a special motor vehicle diagnostic inspection demonstration project to assist in the rapid development and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by the States in standardized high volume inspection facilities and to evaluate the repair characteristics of motor vehicles. Such project shall be designed to facilitate evaluation of repair characteristics by small automotive repair garages.]

FUEL EFFICIENCY

SEC. 311. (a) The Secretary shall establish one, or more than one, new special motor vehicle diagnostic inspection demonstration project to assist in the research, rapid development, and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by the States in high volume inspection facilities designed to assess the safety, noise, emissions, and fuel efficiency of motor vehicles. Such project shall perform inspections of motor vehicles for the purpose of evaluating the conditions of parts, components, and repairs (1) required to comply with State and Federal safety, noise, and emissions standards and (2) in order to assist the vehicle owner in achieving the optimum fuel and maintenance economy.

(b) The Secretary shall evaluate the existing diagnostic analysis and test equipment available for use in the small automotive repair establishments and report to the Congress within two years after enactment of this section, as to the scope of research and development required to make this equipment compatible with the most costly and complex State vehicle inspection and diagnostic equipment. The re-

port shall assess the extent to which private industry can meet the needs of the small automotive repair shops for low-cost test equipment which can be developed to comply with the Federal safety, noise, and emissions performance standards promulgated by the Secretary, the Administrator of the Environmental Protection Agency, and by State or local regulatory agencies.

(c) In complying with the provisions of this section, the Secretary shall consult with the Administrator of the Environmental Protection Agency.

SECTION 321 OF THE MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT

AUTHORIZATION

[SEC. 321. There is authorized to be appropriated to carry out this title \$15,000,000 for the fiscal year ending June 30, 1973; \$25,000,000 for the fiscal year ending June 30, 1974; and \$35,000,000 for the fiscal year ending June 30, 1975. Not more than 20 percent of the amount appropriated under this section for any fiscal year may be granted for projects in any one State.]

Sec. 321. There are hereby authorized to be appropriated to carry out the provisions of this title \$5,000,000 for the fiscal year ending June 30, 1976; \$1,500,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; \$7,500,000 for the fiscal year ending September 30, 1977; and \$7,500,000 for the fiscal year ending September 30, 1978, to be used for the purpose of implementing Section 311; such sums to remain available until expended.

SECTION 402 OF THE MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT (15 U.S.C. 1982)

DEFINITIONS

SEC. 402. As used in this title—

“(1) The term ‘dealer’ means any person who has sold 5 or more motor vehicles in the past 12 months to purchasers who in good faith purchase such vehicles for purposes other than resale.

“(2) The term ‘distributor’ means any person who has sold 5 or more motor vehicles in the past 12 months for resale.”

[(1)](3) The term “odometer” means an instrument for measuring and recording the actual distance a motor vehicle travels while in operation; but shall not include any auxiliary odometer designed to be reset by the operator of the motor vehicle for the purpose of recording mileage on trips.

[(2)](4) The term “repair and replacement” means to restore to a sound working condition by replacing the odometer or any part thereof or by correcting what is inoperative.

[(3)](5) The term “transfer” means to change ownership by purchase, gift, or any other means.

POWERS OF THE SECRETARY

SEC. 414. (a) (1) For the purpose of carrying out the provisions of this title, the Secretary, or on the authorization of the Secretary, any

officer or employee of the Department of Transportation may hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records as the Secretary, or such officer or employee, deems advisable.

(2) In order to carry out the provisions of this title, the Secretary or his duly authorized agent shall at all reasonable times have access to, and for the purposes of examination the right to copy, any documentary evidence of any person having materials or information relevant to any function of the Secretary under this title.

(3) The Secretary is authorized to require, by general or special orders, any person to file, in such form as the Secretary may prescribe, reports, or answers in writing to specific questions relating to any function of the Secretary under this title. Such reports and answers shall be made under oath or otherwise, and shall be filed with the Secretary within such reasonable period as the Secretary may prescribe.

(4) Any of the district courts of the United States within the jurisdiction of which an inquiry is carried on may, in the case of contumacy or refusal to obey a subpoena or order of the Secretary or such officer or employee issued under paragraph (1) or paragraph (3) of this subsection, issue an order requiring compliance therewith; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(5) Witnesses summoned pursuant to this subsection shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(b) All information reported to or otherwise obtained by the Secretary or his representative under this title, which information contains or relates to a trade secret or other matter referred to in section 1905 of title 18 of the United States Code, shall be considered confidential for the purpose of that section, except that such information may be disclosed to other officers or employees concerned with carrying out this title or when relevant in any proceeding under this title. Nothing in this section shall authorize the withholding of information by the Secretary or any officer or employee under his control from the duly authorized committees of the Congress.

(c) For purposes of enforcement of this title, officers or employees duly designated by the Secretary, upon presenting appropriate credentials and a written notice to the owner, operator, or agent in charge, may inspect a motor vehicle whenever such officer or employee has reason to believe that there has been a violation of a requirement imposed under this title. Each such inspection shall be conducted at reasonable times and in a reasonable manner and shall be commenced and completed with reasonable promptness.

#### STATE ENFORCEMENT

Sec. 415. (a) If any person, partnership, or corporation violates any provision of this title, then the Attorney General of the State in which such act or practice occurred, or his delegate, may commence a civil action for appropriate relief against such person, partnership, or corporation in any court of competent jurisdiction in such State.

(b) The court, in an action under subsection (a), may restrain such violation or grant such relief as it finds necessary to redress injury which resulted as a consequence of the violation of a provision of this title.

#### SANCTIONS

Sec. 416. (a) (1) Any dealer or distributor of motor vehicles or other person engaged in the motor vehicle repair business who violates any provisions of sections 403 through 408 of this title, and the Secretary determines that a reasonable man would have known under the circumstances that the act or practice was dishonest or fraudulent, such dealer, distributor or person may be assessed a civil penalty of not to exceed \$10,000 for each violation. A violation of any section shall constitute a separate offense with respect to each motor vehicle (or device, in the case of section 403) involved and each section violated, except that the maximum civil penalty shall not exceed \$200,000 for any related series of violations. Such penalty shall be assessed by the Secretary and collected in a civil action brought by the Attorney General or by the Secretary (with the concurrence of the Attorney General) by any of the Secretary's attorneys designated by the Secretary for such purpose.

(2) Any civil penalty under this section may be compromised by the Secretary. In determining the amount of such penalty, the Secretary shall take into account the nature, circumstances, extent, and gravity of the violation committed and, with respect to the person found to have committed such violation, the degree of culpability, any history of prior offenses, ability to pay, effect on ability to continue to do business, and such other matters as justice may require.

(b) (1) Any person who knowingly violates any provisions of sections 403 through 408 of this title shall be fined not more than \$50,000 or be imprisoned not more than one year, or both.

(2) Any individual director, officer, or agent of a corporation who knowingly authorizes, orders, or performs any of the acts or practices constituting in whole or in part a violation of any section of this title shall be subject to penalties under this subsection without regard to any penalties to which that corporation may be subject under paragraph (b) (1).

#### AUTHORIZATION OF APPROPRIATIONS

Sec. 417. There are hereby authorized to be appropriated to carry out the provisions of this title \$450,000 for the fiscal year ending June 30, 1976; \$100,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; and \$650,000 for the fiscal year ending September 30, 1977; such sums to remain available until expended.

#### TEXT OF S. 1518, AS REPORTED

A BILL To amend the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.) to authorize additional appropriations, to establish fuel efficiency demonstration projects, to provide additional enforcement authority for the odometer anti tampering provisions, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "Motor Vehicle Information and Cost Savings Act Amendments".



## AMENDMENTS TO TITLE I

SEC. 2. (a) ANNUAL REPORT.—Section 112 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1922) is amended by striking the words “March 31” in the first sentence and by inserting in lieu thereof the words “July 1”.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 111 of such Act (15 U.S.C. 1921) is amended to read as follows:

“There are authorized to be appropriated to carry out the provisions of this title \$500,000 for the fiscal year ending June 30, 1976; \$125,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; and \$500,000 for the fiscal year ending September 30, 1977; such sums to remain available until expended.”

## AMENDMENTS TO TITLE II

SEC. 3. (a) AUTHORIZATION OF APPROPRIATIONS.—Section 209 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1949) is amended to read as follows:

“There are hereby authorized to be appropriated to carry out the provisions of this title \$2,000,000 for the fiscal year ending June 30, 1976; \$650,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; and \$4,000,000 for the fiscal year ending September 30, 1977; such sums to remain available until expended.”

## AMENDMENTS TO TITLE III

SEC. 4. (a) EXTENSION OF STATE PROGRAMS.—Subsection (b) of section 303 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1963(b)) is amended by deleting “June 30, 1976” in the second sentence and by inserting in lieu thereof “September 30, 1977”.

(b) Section 311 of such Act is amended to read as follows:

## “FUEL EFFICIENCY

“SEC. 311. (a) The Secretary shall establish one, or more than one, new special motor vehicle diagnostic inspection demonstration project to assist in the research, rapid development, and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by the States in high volume inspection facilities designed to assess the safety, noise, emissions, and fuel efficiency of motor vehicles. Such project shall perform inspections of motor vehicles for the purpose of evaluating the conditions of parts, components, and repairs (1) required to comply with State and Federal safety, noise, and emissions standards and (2) in order to assist the vehicle owner in achieving the optimum fuel and maintenance economy.

“(b) The Secretary shall evaluate the existing diagnostic analysis and test equipment available for use in the small automotive repair establishments and report to the Congress within two years after enactment of this section, as to the scope of research and development required to make this equipment compatible with the most costly and complex State vehicle inspection and diagnostic equipment. The report shall assess the extent to which private industry can meet the needs of

the small automotive repair shops for low-cost test equipment which can be developed to comply with the Federal safety, noise, and emissions performance standards promulgated by the Secretary, the Administrator of the Environmental Protection Agency, and by State or local regulatory agencies.

“(c) In complying with the provisions of this section, the Secretary shall consult with the Administrator of the Environmental Protection Agency.”

“Section 321 of such Act is amended to read as follows:

“There are hereby authorized to be appropriated to carry out the provisions of this title \$5,000,000 for the fiscal year ending June 30, 1976; \$1,500,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; \$7,500,000 for the fiscal year ending September 30, 1977; and \$7,500,000 for the fiscal year ending September 30, 1978, to be used for the purpose of implementing section 311; such sums to remain available until expended.”

## AMENDMENTS TO TITLE IV

SEC. 5. (a) Section 402 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1982) is amended by inserting the following new paragraphs immediately after “As in this title—” and redesignating the succeeding paragraphs accordingly:

“(1) The term ‘dealer’ means any person who has sold five or more motor vehicles in the past 12 months to purchasers who in good faith purchase such vehicles for purposes other than resale.

“(2) The term ‘distributor’ means any person who has sold five or more motor vehicles in the past 12 months for resale.”

“(b) Title IV of such Act (15 U.S.C. 1891 et seq.) is further amended by adding the following new sections:

## “POWERS OF THE SECRETARY

“SEC. 414. (a) (1) For the purpose of carrying out the provisions of this title, the Secretary, or on the authorization of the Secretary, any officer or employee of the Department of Transportation may hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records as the Secretary, or such officer or employee deems advisable.

“(2) In order to carry out the provisions of this title, the Secretary or his duly authorized agent shall at all reasonable times have access to, and for the purposes of examination the right to copy, any documentary evidence of any person having materials or information relevant to any function of the Secretary under this title.

“(3) The Secretary is authorized to require, by general or special orders, any person to file, in such form as the Secretary may prescribe, reports, or answers in writing to specific questions relating to any function of the Secretary under this title. Such reports and answers shall be made under oath or otherwise, and shall be filed with the

Secretary within such reasonable period as the Secretary may prescribe.

"(4) Any of the district courts of the United States within the jurisdiction of which an inquiry is carried on may, in the case of contumacy or refusal to obey a subpoena or order of the Secretary of such officer or employee issued under paragraph (1) or paragraph (3) of this subsection, issue an order requiring compliance therewith; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(5) Witnesses summoned pursuant to this subsection shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(b) All information reported to or otherwise obtained by the Secretary or his representative under this title, which information contains or relates to a trade secret or other matter referred to in section 1905 of title 18 of the United States Code, shall be considered confidential for the purpose of that section, except that such information may be disclosed to other officers or employees concerned with carrying out this title or when relevant in any proceeding under this title. Nothing in this section shall authorize the withholding of information by the Secretary of any officer or employee under his control from the duly authorized committees of the Congress.

"(c) For purposes of enforcement of this title, officers or employees duly designated by the Secretary, upon presenting appropriate credentials and a written notice to the owner, operator, or agent in charge, may inspect a motor vehicle whenever such officer or employee has reason to believe that there has been a violation of a requirement imposed under this title. Each such inspection shall be conducted at reasonable times and in a reasonable manner and shall be commenced and completed with reasonable promptness.

#### "STATE ENFORCEMENT

"Sec. 415. (a) If any person, partnership, or corporation violates any provision of this title, then the Attorney General of the State in which such act or practice occurred, or his delegate, may commence a civil action for appropriate relief against such person, partnership, or corporation in any court of competent jurisdiction in such State.

"(b) The court, in an action under subsection (a), may restrain such violation or grant such relief as it finds necessary to redress injury which resulted as a consequence of the violation of a provision of this title.

#### "SANCTIONS

"Sec. 416. (a) (1) Any dealer or distributor of motor vehicles or other person engaged in the motor vehicle repair business who violates any provisions of sections 403 through 408 of this title, and the Secretary determines that a reasonable man would have known under the circumstances that the act or practice was dishonest or fraudulent, such dealer, distributor or person may be assessed a civil penalty of not to exceed \$10,000 for each violation. A violation of any section shall constitute a separate offense with respect to each motor vehicle (or device, in the case of section 403) involved and each section violated,

except that the maximum civil penalty shall not exceed \$200,000 for any related series of violations. Such penalty shall be assessed by the Secretary and collected in a civil action brought by the Attorney General or by the Secretary (with the concurrence of the Attorney General) by any of the Secretary's attorneys designated by the Secretary for such purpose.

"(2) Any civil penalty under this section may be compromised by the Secretary. In determining the amount of such penalty, the Secretary shall take into account the nature, circumstances, extent, and gravity of the violation committed and, with respect to the person found to have committed such violation, the degree of culpability, any history of prior offenses, ability to pay, effect on a ability to continue to do business, and such other matters as justice may require.

"(b) (1) Any person who knowingly violates any provisions of sections 403 through 408 of this title shall be fined not more than \$50,000 or be imprisoned not more than one year, or both.

"(2) Any individual director, officer, or agent of a corporation who knowingly authorizes, orders, or performs any of the acts or practices constituting in whole or in part a violation of any section of this title shall be subject to penalties under this subsection without regard to any penalties to which that corporation may be subject under paragraph (b) (1).

#### "AUTHORIZATION OF APPROPRIATIONS

"Sec. 417. There are hereby authorized to be appropriated to carry out the provisions of this title \$450,000 for the fiscal year ending June 30, 1976; \$100,000 for the fiscal year transition period from July 1, 1976, through September 30, 1976; and \$650,000 for the fiscal year ending September 30, 1977; such sums to remain available until expended."

#### AGENCY COMMENTS

Although comments were requested none were received by the Committee during its consideration of S. 1518.

# Ninety-fourth Congress of the United States of America

## AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,  
one thousand nine hundred and seventy-six*

### An Act

To amend the Motor Vehicle Information and Cost Savings Act to authorize appropriations, to require the establishment of a special motor vehicle diagnostic inspection demonstration project, to provide additional authority for enforcing prohibitions against motor vehicle odometer tampering, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SHORT TITLE

SECTION 1. This Act may be cited as the "Motor Vehicle Information and Cost Savings Act Amendments of 1976".

#### TITLE I—AMENDMENT TO TITLE I

SEC. 101. Section 111 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1921) is amended to read as follows:

##### "AUTHORIZATION OF APPROPRIATIONS

"SEC. 111. There are authorized to be appropriated to carry out this title \$125,000 for the fiscal year ending June 30, 1976; \$75,000 for the period beginning July 1, 1976, and ending September 30, 1976; \$130,000 for the fiscal year ending September 30, 1977; and \$395,000 for the fiscal year ending September 30, 1978."

#### TITLE II—AMENDMENTS TO TITLE II

SEC. 201. Section 201(d) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1941(d)) is amended by inserting at the end thereof the following: "The Secretary may by rule require automobile dealers to distribute to prospective purchasers any information compiled pursuant to this subsection."

SEC. 202. Section 209 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1949) is amended to read as follows:

##### "AUTHORIZATION OF APPROPRIATIONS

"SEC. 209. There are authorized to be appropriated to carry out this title \$1,875,000 for the fiscal year ending June 30, 1976; \$500,000 for the period beginning July 1, 1976, and ending September 30, 1976; \$3,385,000 for the fiscal year ending September 30, 1977; and \$3,375,000 for the fiscal year ending September 30, 1978."

#### TITLE III—AMENDMENTS TO TITLE III

SEC. 301. Section 303 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1963) is amended—

- (1) by striking out "June 30, 1976" in subsection (b) and inserting in lieu thereof "September 30, 1977"; and
- (2) by adding at the end thereof the following new subsection:

“(c) The Secretary shall approve such applications and take such other action as may be necessary to provide that at least three motor vehicle diagnostic inspection demonstration projects receive financial assistance under grants under this part through September 30, 1977.”

SEC. 302. Section 311 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1963a) is amended to read as follows:

“FUEL EFFICIENCY

“SEC. 311. (a) The Secretary shall establish a special motor vehicle diagnostic inspection demonstration project to assist in the research, rapid development, and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by any State in any high volume inspection facility designed to assess the safety, noise, emissions, and fuel efficiency of motor vehicles. Motor vehicles shall be inspected at such project for purposes of (1) evaluating the conditions of parts, components, and repairs which may be necessary to comply with State and Federal safety, noise, and emissions standards, and (2) assisting the motor vehicle owner in achieving optimum fuel and maintenance economy.

“(b) The Secretary shall evaluate, to the extent feasible, the existing diagnostic analysis and test equipment available for use in small automotive repair establishments and report to the Congress, within two years after the enactment of the Motor Vehicle Information and Cost Savings Act Amendments of 1976, as to the scope of research and development required to make such equipment compatible with State motor vehicle inspection and diagnostic equipment. The report shall assess the extent to which private industry can supply small automotive repair shops with low-cost test equipment which can be used to monitor compliance with Federal safety, noise, and emissions standards promulgated by the Secretary, the Administrator of the Environmental Protection Agency, and by State or local regulatory agencies.

“(c) In carrying out this section, the Secretary shall provide—

“(1) the Administrator of the Environmental Protection Agency with an opportunity to assist, to the extent such assistance relates to noise and emissions, in the establishment of the special motor vehicle diagnostic inspection demonstration project under subsection (a) and the evaluation of existing diagnostic and test equipment under subsection (b); and

“(2) the Administrator of the Federal Energy Administration with an opportunity to assist, to the extent such assistance relates to fuel efficiency, in the establishment of such project and the evaluation of such equipment.”

SEC. 303. Section 321 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1964) is amended to read as follows:

“AUTHORIZATION OF APPROPRIATIONS

“SEC. 321. There are authorized to be appropriated to carry out this title \$5,000,000 for the fiscal year ending June 30, 1976; \$500,000 for the period beginning July 1, 1976, and ending September 30, 1976;

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\$7,500,000 for the fiscal year ending September 30, 1977; and \$4,400,000 for the fiscal year ending September 30, 1978. Sums appropriated under this section shall remain available until expended.”.

## TITLE IV—AMENDMENTS TO TITLE IV

SEC. 401. Section 402 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1982) is amended by—

(1) redesignating paragraphs (1), (2), and (3) as paragraphs (3), (4), and (5), respectively; and

(2) inserting before paragraph (3), as redesignated, the following new paragraphs:

“(1) The term ‘dealer’ means any person who has sold 5 or more motor vehicles in the past 12 months to purchasers who in good faith purchase such vehicles for purposes other than resale.

“(2) The term ‘distributor’ means any person who has sold 5 or more vehicles in the past 12 months for resale.”.

SEC. 402. The first sentence of section 403 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1983) is amended to read as follows: “No person shall advertise for sale, sell, use, or install or cause to be installed, any device which causes an odometer to register any mileage other than the true mileage driven.”.

SEC. 403. Section 404 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1984) is amended to read as follows:

## “UNLAWFUL CHANGE OF MILEAGE

“SEC. 404. No person shall disconnect, reset, or alter or cause to be disconnected, reset, or altered, the odometer of any motor vehicle with intent to change the number of miles indicated thereon.”.

SEC. 404. Section 405 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1985) is amended to read as follows:

## “OPERATION WITH INTENT TO DEFRAUD

“SEC. 405. No person shall, with intent to defraud, operate a motor vehicle on any street or highway knowing that the odometer of such vehicle is disconnected or nonfunctional.”.

SEC. 405. Section 407 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1987) is amended by (1) inserting “(a)” immediately after “Sec. 407.”; (2) striking out the last sentence thereof; and (3) adding at the end thereof the following new subsection:

“(b)(1) No person shall fail to adjust an odometer or affix a notice regarding such adjustment as required pursuant to subsection (a) of this section.

“(2) No person shall, with intent to defraud, remove or alter any notice affixed to a motor vehicle pursuant to subsection (a) of this section.”.

SEC. 406. Section 408(b) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1988(b)) is amended to read as follows:

“(b) No transferor shall violate any rule prescribed under this section or give a false statement to a transferee in making any disclosure required by such rule.

“(c) No transferee who, for purposes of resale, acquires ownership of a motor vehicle shall accept any written disclosure required by any rule prescribed under this section if such disclosure is incomplete.”

SEC. 407. Section 410 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1990) is amended to read as follows:

“INJUNCTIVE ENFORCEMENT

“SEC. 410. (a) The United States district courts shall have jurisdiction, for cause shown and subject to the provisions of rule 65 (a) and (b) of the Federal Rules of Civil Procedure, to restrain violations of this title, or rules, regulations, or orders issued thereunder. Such actions may be brought by the Attorney General in any United States district court for a district wherein any act, omission, or transaction constituting the violation occurred, or in such court for the district wherein the defendant is found, is an inhabitant, or transacts business. In any action brought under this section, process may be served on a defendant in any other district in which the defendant resides or may be found.

“(b) In any action brought under this title, subpoenas for witnesses who are required to attend a United States district court may run into any other district.”

SEC. 408. Title IV of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1981 et seq.) is amended by—

- (1) redesignating sections 411, 412, and 413 as sections 418, 419, and 420, respectively; and
- (2) inserting immediately after section 410 the following new sections:

“STATE ENFORCEMENT

“SEC. 411. (a) If any person violates any requirement imposed under this title, the chief law enforcement officer of the State in which such violation occurred may bring any action to—

- “(1) restrain such violation; or
- “(2) recover amounts for which such person is liable under section 409 to each person on whose behalf such action is brought.

“(b) Any action under subsection (a) of this section may be brought within two years from the date on which the liability arises—

- “(1) without regard to the amount in controversy, in any appropriate district court of the United States, or
- “(2) in any court of competent jurisdiction of any State.

“CIVIL PENALTY

“SEC. 412. (a) Any person who commits any act or causes to be done any act that violates any provision of this title or omits to do any act or causes to be omitted any act that is required by any such provision shall be subject to a civil penalty not to exceed \$1,000 for each such violation. A violation of any such provision shall, for purposes of this section, constitute a separate violation with respect to each motor vehicle or device involved, except that the maximum civil penalty shall not exceed \$100,000 for any related series of violations.

“(b) Any civil penalty under this section shall be assessed by the Secretary and collected in a civil action brought by the Attorney General on behalf of the United States. Before referral of civil penalty claims to the Attorney General, civil penalties may be compromised by the Secretary after affording the person charged with a violation of any section of this title an opportunity to present views and evidence in support thereof to establish that the alleged violation did not occur. In determining the amount of such penalty, the Secretary shall take into account the nature, circumstances, extent, and gravity of the violation committed and, with respect to the person found to have committed such violation, the degree of culpability, any history of prior offenses, ability to pay, effect on ability to continue to do business, and such other matters as justice may require.

“CRIMINAL PENALTIES

“SEC. 413. (a) Any person who knowingly and willfully commits any act or causes to be done any act that violates any provision of this title or knowingly and willfully omits to do any act or causes to be omitted any act that is required by any such provision shall be fined not more than \$50,000 or imprisoned not more than one year, or both.

“(b) Any individual director, officer, or agent of a corporation who knowingly and willfully authorizes, orders, or performs any of the acts or practices constituting in whole or in part a violation of any section of this title shall be subject to penalties under this section without regard to any penalties to which that corporation may be subject under subsection (a).

“INSPECTIONS AND INVESTIGATIONS

“SEC. 414. (a) (1) The Secretary is authorized to conduct any inspection or investigation necessary to enforce this title or any rules, regulations, or orders issued thereunder. Information obtained indicating noncompliance with this title or any rules, regulations, or orders issued thereunder, may be referred to the Attorney General for investigative consideration. In making investigations under this paragraph, the Secretary shall cooperate with appropriate State and local officials to the greatest extent possible consistent with the purposes of this subsection.

“(2) For purposes of carrying out paragraph (1) of this subsection, officers or employees duly designated by the Secretary, upon stating their purpose and presenting appropriate credentials and written notice (which notice may consist of an administrative inspection warrant) to the owner, operator, or agent in charge, are authorized at reasonable times and in a reasonable manner—

“(A) to enter (i) any factory, warehouse, establishment, or other commercial premises in or on which motor vehicles or items of motor vehicle equipment are manufactured, held for shipment or sale, maintained, or repaired, or (ii) any noncommercial premises in or on which the Secretary reasonably believes that there is a motor vehicle or item of motor vehicle equipment that has been the object of a violation of this title;

“(B) to impound, for a period not to exceed 72 hours, for purposes of inspection, any motor vehicle or item of motor vehicle equipment that the Secretary reasonably believes to have been the object of a violation of this title; and

“(C) to inspect any factory, warehouse, establishment, premises, vehicle, or equipment referred to in subparagraph (A) or (B) of this paragraph.

Each inspection or impoundment under this paragraph shall be commenced and completed with reasonable promptness.

“(3) Whenever, under the authority of paragraph (2) (B) of this subsection, the Secretary impounds for the purpose of inspection any motor vehicle (other than a vehicle subject to part II of the Interstate Commerce Act) or any item of motor vehicle equipment, he shall pay reasonable compensation to the owner of such vehicle or equipment to the extent that such inspection or impounding results in the denial of the use of the vehicle or equipment to its owner or in the reduction in value of the vehicle or equipment.

“(b) For the purpose of enabling the Secretary to determine whether any dealer or distributor has acted or is acting in compliance with this title or any rules, regulations, or orders issued thereunder, each dealer and distributor shall—

“(1) maintain such records as the Secretary may reasonably require to make such determination;

“(2) permit an officer or employee duly designated by the Secretary, upon request of such officer or employee, to inspect appropriate books, papers, records, and documents relevant to making such determination; and

“(3) provide such officer or employee information from records required to be maintained under this subsection as the Secretary finds necessary for such determination if the Secretary (A) provides the reason or purpose for requiring such information, and (B) identifies to the fullest extent practicable such information. Nothing in this subsection authorizes the Secretary to require a dealer or distributor to provide information on a regular periodic basis.

“(c) (1) For the purpose of carrying out the provisions of this title, the Secretary or, with the authorization of the Secretary, any officer or employee of the Department of Transportation may hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records as the Secretary, or such officer or employee, deems advisable.

“(2) In order to carry out the provisions of this title, the Secretary or his duly authorized agent shall at all reasonable times have access to, and for the purposes of examination the right to copy, any documentary evidence of any person having materials or information relevant to any function of the Secretary under this title.

“(3) Except to the extent inconsistent with the last sentence of subsection (b) of this section, the Secretary is authorized to require, by general or special orders, any person to file, in such form as the Secretary may prescribe, reports or answers in writing to specific questions relating to any function of the Secretary under this title. Such reports and answers shall be under oath or otherwise, and shall be filed with the Secretary within such reasonable period as the Secretary may prescribe.



“(4) Any of the district courts of the United States within the jurisdiction of which an inquiry is carried on may, in the case of contumacy or refusal to obey a subpoena or order of the Secretary or such officer or employee issued under paragraph (1) or (3) of this subsection, issue an order requiring compliance therewith, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

“(5) Witnesses summoned pursuant to this subsection shall be paid the same fees and mileage which are paid witnesses in the courts of the United States.

“(d) All information reported to or otherwise obtained by the Secretary or his representative under this title, which information contains or relates to a trade secret or other matter referred to in section 1905 of title 18 of the United States Code, shall be considered confidential for the purpose of that section, except that such information may be disclosed to other officers or employees concerned with carrying out this title or when relevant in any proceeding under this title. Nothing in this section shall authorize the withholding of information by the Secretary or any officer or employee under his control from the duly authorized committees of the Congress.

#### “ADMINISTRATIVE WARRANTS

“SEC. 415. (a) A warrant under this section shall be required for any entry or administrative inspection (including impoundment of motor vehicles or motor vehicle equipment) authorized by section 414 of this Act, except if such entry or inspection is—

“(1) with the consent of the owner, operator, or agent in charge of the factory, warehouse, establishment, or premises;

“(2) in situations involving inspection of motor vehicles where there is reasonable cause to believe that the mobility of the motor vehicle makes it impracticable to obtain a warrant;

“(3) in any other exceptional or emergency circumstance where time or opportunity to apply for a warrant is lacking;

“(4) for access to and examination of books, records, and any other documentary evidence pursuant to section 414(c)(2); or

“(5) in any other situations where a warrant is not constitutionally required.

“(b) Issuance and execution of administrative inspection warrants shall be as follows:

“(1) Any judge of the United States or of a State court of record, or any United States magistrate, may, within his territorial jurisdiction, and upon proper oath or affirmation showing probable cause, issue warrants for the purpose of conducting administrative inspections authorized by section 414 and of impoundment of motor vehicles or motor vehicle equipment appropriate to such inspections. For the purposes of this section, the term ‘probable cause’ means a valid public interest in the effective enforcement of this title or regulations issued thereunder sufficient to justify administrative inspections of the area, factory, warehouse, establishment, premises, or motor vehicle, or contents thereof, in the circumstances specified in the application for the warrant.

“(2) A warrant shall be issued only upon an affidavit of an officer or employee having knowledge of the facts alleged, sworn to before the judge or magistrate and establishing the grounds for issuing the warrant. If the judge or magistrate is satisfied that grounds for the application exist or that there is a reasonable basis for believing they exist, he shall issue a warrant identifying the area, factory, warehouse, establishment, premises, or motor vehicle to be inspected, the purpose of such inspection, and, where appropriate, the type of property to be inspected, if any. The warrant shall—

“(A) identify the items or type of property to be impounded, if any;

“(B) be directed to a person authorized under section 414 to execute it;

“(C) state the grounds for its issuance and the name of the person or persons whose affidavit has been taken in support thereof;

“(D) command the person to whom it is directed to inspect the area, factory, warehouse, establishment, premises, or motor vehicle identified for the purpose specified, and, where appropriate, shall direct the impoundment of the property specified;

“(E) direct that it be served during the hours specified in it; and

“(F) designate the judge or magistrate to whom it shall be returned.

“(3) A warrant issued pursuant to this section must be executed and returned within 10 days of its date unless, upon a showing by the Secretary of a need therefor, the judge or magistrate allows additional time in the warrant. If property is impounded pursuant to a warrant, the person executing the warrant shall give the person from whom or from whose premises the property was taken a copy of the warrant and a receipt for the property taken or shall leave the copy and receipt at the place from which the property was taken. The return of the warrant shall be made promptly and shall be accompanied by a written inventory of any property taken. The inventory shall be made in the presence of the person executing the warrant and of the person from whose possession or premises the property was taken, if they are present, or in the presence of at least one credible person other than the person making such inventory, and shall be verified by the person executing the warrant. The judge or magistrate, upon request, shall deliver a copy of the inventory to the person from whom or from whose premises the property was taken and to the applicant for the warrant.

“(4) The judge or magistrate who has issued a warrant under this section shall attach to the warrant a copy of the return and all papers filed in connection therewith and shall file them with the clerk of the district court of the United States for the judicial district in which the inspection was made.

#### “PROHIBITED ACTS

“SEC. 416. No person shall fail to comply with the requirements of section 414 to maintain records, make reports, provide information, permit access to or copying of records, permit entry or inspection, or permit impounding.

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“AUTHORIZATION OF APPROPRIATIONS

“SEC. 417. There are authorized to be appropriated to carry out this title \$450,000 for the fiscal year ending June 30, 1976; \$100,000 for the period beginning July 1, 1976, and ending September 30, 1976; \$650,000 for the fiscal year ending September 30, 1977; and \$562,000 for the fiscal year ending September 30, 1978.”

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*