

Approved September 19, 1988
Date

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Rex Crowell at
Chairperson

1:30 ~~xx~~ p.m. on March 15, 1988 in room 519-S of the Capitol.

All members were present except: Representatives Laird and Smith

Committee staff present:

Bruce Kinzie, Revisor of Statutes
Hank Avila, Legislative Research
Donna Mulligan, Committee Secretary

Conferees appearing before the committee:

Senator Nancy Parrish
Dr. Raymond Lumb, Topeka, Kansas
Mrs. Shirley Grantham
Mr. Ray Petty, Topeka Resource Center for the Handicapped
Mr. Keith Landis, Christian Science Committee on Publication for Kansas
Mr. Chip Wheelen, Kansas Medical Society
Senator Don Montgomery
Ms. Rebecca Rice, Kansas Auctioneers Association
Mr. Tom Skinner Kansas Department of revenue
Mr. Bob Barefield, Eldorado Motor Corporation
Mr. Steve Montgomery, Avis Rent-A-Car Systems, Inc.
Mr. Robert F. Lytle, Hertz Corporation
Representative Ed Bideau
Mr. Pat Barnes, Kansas Motor Car Dealers Association

The meeting was called to order by Chairman Crowell and the first order of business was a hearing on SB-488 relating to parking for the handicapped.

Senator Nancy Parrish, sponsor of the bill, briefed the Committee on its contents.

Dr. Raymond Lumb, Topeka, testified in favor of SB-488.

Mrs. Shirley Grantham, testified in support of SB-488. She stated she needs both a handicapped license tag as well as a placard due to her severe disability.

Mr. Ray Petty, Topeka Resource Center for the Handicapped, testified in favor of SB-488. (See Attachment 1)

He said passage of SB-488 would allow a handicapped person to use a placard when that person takes a plane or other public transportation to another locale, then rents an automobile, or when traveling in another person's automobile.

Mr. Petty said it had been suggested by Mr. Jim Kaup, League of Kansas Municipalities, that conceptually where "handicapped parking devices" is used in the bill that it be modified to read "handicapped parking identification devices". Mr. Petty said he is in agreement with this.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation

room 519-S, Statehouse, at 1:30 ~~am~~/p.m. on March 15, 1988

Mr. Keith Landis, Christian Science Committee on Publication for Kansas, testified on SB-488. He requested an amendment if the bill is to be passed. (See Attachment 2)

Mr. Landis suggested that SB-488 be amended by inserting after the period in Line 0042 on Page 1: "Satisfactory proof of disability, condition or impairment shall include a statement from a physician or a Christian Science practitioner listed in The Christian Science Journal certifying that such person is a handicapped person."

Mr. Chip Wheelen, Kansas Medical Society, suggested to the Committee that if the amendment is adopted as suggested by Mr. Landis, it would seem appropriate to also amend Section 3(b) by inserting in Line 123 after the word "physician", the phrase "or Christian Science practitioner." (See Attachment 3)

The hearing on SB-488 ended.

The next order of business was a hearing on SB-558 concerning exemption of auctioneers from the Vehicle Dealers' and Manufacturers' Licensing Act.

Senator Don Montgomery, sponsor of the bill, briefed the Committee on its contents.

Ms. Rebecca Rice, Kansas Auctioneers Association, testified in support of SB-558. (See Attachment 4)

Mr. Tom Skinner, Kansas Department of Revenue, testified in support of SB-558.

The hearing on SB-558 was concluded.

The next order of business was a hearing on HB-3085 concerning supplemental places of business under the Vehicle Dealers' and Manufacturers' Licensing Act and grounds for denial, supervision, or revocation of license.

Mr. Tom Skinner, Kansas Department of Revenue, testified in favor of HB-3085. (See Attachments 5 and 6)

Committee discussion followed Mr. Skinner's testimony.

Mr. Bob Barefield, Eldorado Motor Corporation, Minneapolis, Kansas, testified in opposition to HB-3085.

He suggested HB-3085 be amended to allow recreational vehicle dealers to sell motor homes for travel trailers at locations other than the dealer's established or supplemental place of business. (See Attachment 7)

Mr. Steve Montgomery, Avis Rent-A-Car Systems, Inc., testified in opposition to HB-3085. (See Attachment 8)

He said passage of HB-3085 would prohibit the practices of rental car dealerships from selling used fleet vehicles at supplemental locations.

He stated the prohibition of fleet sales will cost the State of Kansas substantial revenue in the form of lost sales tax, personal property taxes and registration fees.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S, Statehouse, at 1:30 ~~am~~/p.m. on March 15, 1988.

Mr. Robert F. Lytle, Hertz Corporation, testified in opposition to HB-3085. (See Attachment 9)

Mr. Lytle said the Hertz Corporation offers prospective customers tips on buying used cars. (See Attachment 10)

Representative Ed Bideau testified in opposition to HB-3085.

Mr. Pat Barnes, Kansas Motor Car Dealers Association, gave neutral testimony concerning HB-3085. He stated KMCD is not responsible for HB-3085 being introduced.

The meeting was adjourned at 3:05 p.m.



Rex Crowell, Chairman



TOPEKA RESOURCE CENTER FOR THE HANDICAPPED

West Tenth Professional Building
1119 West Tenth, Suite 2
Topeka, Kansas 66604-1105

Telephone
913-233-6323

Testimony on S. 488 regarding handicapped parking
presented to the House Transportation Committee
by Ray Petty, Executive Director
Topeka Resource Center for the Handicapped
March 15, 1988

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to discuss handicapped parking with you once again. Senate Bill No. 488, as amended by the Senate Transportation and Utilities Committee, includes several changes in state law which I believe are both helpful for consumers of this privilege and responsive to the need for better oversight and enforcement. The bill before you was passed by the Senate on February 17th, 1988 by a vote of 40-0.

Senator Nancy Parrish introduced S. 488 in response to a constituent's need to obtain a placard in addition to the special license plate on her convertible. I understand that the primary reason this person needs a placard in addition to her "handicapped" plate is to use on trips when she takes a plane or other public transportation to another locale and then rents an automobile, or when travelling in another person's automobile. Allowing both a plate and placard would solve this constituent's problem. [The particular reason why a placard alone will not meet this person's needs is that when the vehicle is driven with the top down, use of a placard would invite theft, while raising the top every time the person desires to park would be too troublesome]. Another common reason for allowing both is to accommodate persons who have special license plates when their automobile in the shop for service.

As originally introduced, the bill would have mandated that both a plate and placard be issued to all applicants. I believe that goes too far. Allowing both to be issued upon application and payment of appropriate fees is what is needed. The changes at the bottom of page 1 of the bill and in lines 49-54 provide for issuance upon request. [I understand that Senator Parrish did not intend to force the Department of Revenue to issue both, only to allow both to be issued].

The amendment in lines 62-66 prevents persons from obtaining multiple special plates but allows service organizations which provide transportation to obtain them. This change was suggested by the Department of Revenue. It's effect would be to reduce opportunity for violations by persons driving those vehicles who are not consumers of handicapped parking privileges.

The amendment in lines 98-108 explicitly gives more regulatory authority to the secretary of revenue. What we're trying to accomplish is better oversight over the system, more careful regulation, and beefed up enforcement capabilities.

Lines 136-147 contain new penalty provisions to make it an unclassified misdemeanor with a fine of up to \$50 to use a revoked or suspended device or one issued to another person except when transporting or arriving to transport that person.

To my knowledge the remaining amendments are technical in nature.

I have responded to several letters and phone calls about this problem from people - totally out of the blue. Virtually everyone I know who is concerned with these privileges would support these changes. They will definitely enhance the state of the art in our handicapped parking system.

I appreciate your continued attention to this issue and will make myself available now and later should you need further information. Thank you.

Christian Science Committee on Publication For Kansas

820 Quincy Suite K
Topeka, Kansas 66612

Office Phone
913/233-7483

To: House Committee on Transportation

Re: Senate Bill 488

It is requested that Senate Bill 488 be amended by inserting after the period in line 0042 on page 1:

Satisfactory proof of disability, condition or impairment shall include a statement from a physician or a Christian Science practitioner listed in The Christian Science Journal certifying that such person is a handicapped person.

The director of vehicles currently accepts a statement from a Christian Science practitioner, on a form provided by my office, as evidence that a person is handicapped. The proposed amendment will make clear that the current policy does not conflict with legislative intent.

This policy has not been abused. In the few years it has been in effect, less than a half-dozen applications have been made by Christian Scientists. I personally know of only one who has received a placard and none who applied and were refused.

It is my understanding that the author of the bill, the director of vehicles and the Kansas Medical Society do not oppose the proposed amendment.

Similar wording can be found in a Wisconsin statute relating to handicapped parking.

Your favorable consideration of this request will be appreciated.



Keith R. Landis
Committee on Publication
for Kansas



KANSAS MEDICAL SOCIETY

1300 Topeka Avenue · Topeka, Kansas 66612 · (913) 235-2383

March 15, 1988

TO: House Transportation Committee
FROM: Kansas Medical Society *Chip Wooten*
SUBJECT: Senate Bill 488, As Amended by Senate Committee

Thank you for the opportunity to respond in regard to the amendment requested by Mr. Keith Landis on behalf of the Christian Science Committee on Publication for Kansas. Mr. Landis' amendment would allow a Christian Science practitioner as well as a physician to verify eligibility of a handicapped person for special parking privileges.

The Kansas Medical Society does not object to the requested amendment but would suggest that an equity consideration arises. If the Committee desires to incorporate Mr. Landis' amendment, it would seem appropriate to also amend Section 3(b) by inserting in line 123 after the word "physician", the phrase "or christian science practitioner."

Thank you for considering our comments.

CW:nb

Attach. 3

TESTIMONY TO THE Amended 3/16/88
HOUSE COMMITTEE ON TRANSPORTATION
BY REBECCA S. RICE
ON BEHALF OF THE KANSAS AUCTIONEERS ASSOCIATION
SENATE BILL 558
March 15, 1988

Mr. Chairman, and members of the committee:

I am Rebecca Rice, legislative counsel for the Kansas Auctioneers Association, who is in support of S.B. 558. This legislation arose from a problem experienced by a few auctioneers whereby "cease and desist" orders were issued directing such auctioneers to no longer sell at auction any motor vehicles. The basis for these cease and desist orders is found in those statutes dealing with vehicle dealers' licenses.

The Kansas Auctioneers Association has asked the Department of Revenue for a clear statement of the Department's position regarding who must have a vehicle dealers license to sell a vehicle. The section of the statute which this bill will amend is the statute defining which individuals who sell vehicles must be licensed. K.S.A. 8-2404, which is not reproduced in this bill, enumerates the requirements for those who are seeking a vehicle dealers license.

I bring that section of the statutes to your attention because the typical initial reaction to this problem is to simply have auctioneers obtain vehicle dealers' licenses. A license is fifty dollars (\$50.00) for a used vehicle dealer's license and it would seem a cheaper and more logical solution to obtain a license than to come to the Legislature and attempt to get this statute amended. However, in reviewing the requirements to receive a license (K.S.A. 8-2404), it becomes clear that most auctioneers would not qualify for a license because they are not in the business of selling vehicles. Auctioneers are in the business of conducting sales of personal property for other individuals. As you have ascertained, this is a Catch-22 problem.

The Department tells auctioneers they can not sell vehicles because they do not have licenses. Auctioneers can not obtain a license because they are not in the business of selling vehicles. Upon reading the licensing requirements, it becomes clear the licensing statute is designed for those businesses which are traditional car dealerships. Rather, an auctioneer's business involves occasionally selling vehicles. I have not yet received a ruling from the Department of Revenue so I am uncertain at what point the Department of Revenue makes the determination that an auctioneer has gone from being an auctioneer who conducts sales of personal property for an individual to a vehicle dealer who must obtain a license. In any event, there are those auctioneers who are conducting sales of

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farm machinery which have included motor vehicles and have subsequently had cease and desist orders issued to them which effectively also prevents the sale of used vehicles by those auctioneers at estate or farm auctions.

I have assisted in drafting the language for this short amendment to K.S.A. 8-2401 and have received input from both the Motor Car Dealers' Association and the Department of Revenue. The language was drafted carefully and we believe it accomplishes the needed clarification which is to allow auctioneers to occasionally sell motor vehicles without a vehicle dealers license. There is no attempt on the part of the Kansas Auctioneers Association to allow individuals who are conducting vehicle auctions on a regular basis, where the auction consists solely of vehicles and the auctioneers business consists primarily of selling vehicles, to be exempt from obtaining a license.

The first part the amendatory language deals with is auctioneers assisting those individuals who are exempt under (A), (B) and (C), which includes administrators, executors, receivers, trustees etc. This will reach most estate sales as an estate typically is held under the authority of an administrator or an executor. This also will allow a guardian to liquidate the personal property of an individual who can no longer care for themselves or who needs to liquidate their assets. Certainly these sales will typically include vehicles. I would like to reiterate that the Kansas Auctioneers Association believes that they have always been allowed to conduct auctions for these individuals whether or not that personal property would, by chance, include a used vehicle.

The balance of the amendment will allow an auctioneer to conduct auctions which include vehicles which were used as farm vehicles or business vehicles except for vehicles used by vehicle leasing businesses. An additional requirement is that all of the vehicles must be registered in Kansas. This requirement was added at the request of the Department of Revenue who is concerned about an influx of stolen or tampered vehicles.

If the vehicle is owned by an individual, the amendment limits the number of individuals to four per auction. This is designed to prevent "total" car auctions for private owners.

I would like to thank the Committee for considering this legislation and I would be happy to answer any questions.

M E M O R A N D U M

To: The Honorable Rex Crowell, Chairman
House Committee on Transportation

FROM: Thomas W. Skinner
Director of Vehicles

RE: House Bill 3085 - Vehicle Dealers' and Manufacturers' Licensing Act

DATE: March 15, 1988

House Bill 3085 is legislation proposed by the Division of Vehicles dealing with the Dealer Licensing Act.

The Bill basically deals with amendments or additions in six areas of the Dealers Act.

I. Operation Only From Licensed Locations

For years the Department has broadly interpreted the Dealers Act to prohibit a dealer from operating anywhere but at his licensed or supplemental place of business. Under the current provisions of the Act, it is probable that upon final resolution of a pending lawsuit, the Department will be forced to discontinue enforcement of the above mentioned requirement with regard to all dealers. If Dealers are allowed to operate at unlicensed locations, the Department would effectively be stopped from making unannounced inspections, which serve as a deterrent against violations of the Act.

II. Maximum Civil Penalty

Currently K.S.A. 8-2411(b) provides for a Maximum civil penalty of \$1000 for violations of K.S.A. 8-2401 et. seq. In keeping with trends in Federal law, it is suggested that the possible liability for violations of the Dealer Act be raised from \$1000 to \$2000. This amendment is designed to serve as a deterrent against the commission of so-called "serious" violations of the Dealer Act.

III. Clarification of Enforcement Statute

The Department presently enforces K.S.A. 8-611, K.S.A. 8-116, K.S.A. 79-1019 and the provisions of the vehicle registration laws in connection with operation as a dealer, pursuant to several "catch all" provision of K.S.A. 8-2410. In order to "clean up" the present situation, it is recommended that enforcement of these statutes be expressly provided for.

RE: House Bill 3085
DATE: March 15, 1988

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IV. 30-Day Registration Permits

Currently, the only civil penalty available against a Dealer who issues more than one thirty-day registration permit to the purchaser of a vehicle is either suspension, revocation or a monetary civil penalty assessment. Due to the nature of the violation, this almost always results in a fairly low monetary civil penalty. In order to add additional "teeth" to the available civil penalties, it is recommended that K.S.A. 8-2409 be amended to provide the Department the authority to deny the purchases of thirty-day permits if the dealer, at a hearing, is found to have issued these permits improperly.

V. Proof of Ownership

Currently, dealers do not have to provide any type of proof of ownership for vehicles in their possession. It is recommended that K.S.A. 8-2410 be amended to correct the situation.

VI. Office Requirements, Sign Permanency and Display Space

Currently there are no minimum requirements for sign permanency, display space or offices. It is recommended that K.S.A. 8-2404 be amended to correct the situation.

NOTE: One suggested technical addition is to add "or supplemental" after "established" on line 0404.

Amendments to Vehicle Dealer Act

A. Issue:

Should the Vehicle Dealers Act be amended? In order to legally continue enforcement of the department's current interpretation that a vehicle dealer must conduct business only from a licensed location, it is suggested that certain portions of K.S.A. 8-2401 et. seq. be amended.

B. Background:

Over the years, the investigation of certain dealers has revealed certain activity which should constitute a violation of the Vehicle Dealers Act but isn't because such conduct is not prohibited by statute. We believe that the Legislature envisioned that such conduct would be prohibited and the statutes should be amended to so specify. In addition, industry practice reveals that dealers do operate other than at their established place of business and the statutes should be amended to reflect this fact.

At the present time, Hertz and Airs have an injunction which prohibits the department from enforcing its' interpretation that K.S.A. 8-2401 et. seq. requires a Vehicle Dealer to conduct business only from an "established" and/or "supplemental" location, which is licensed by the Department. Due to poor wording in the current provisions of the Act, it is probable that upon final resolution of the pending lawsuit, the department will be forced to discontinue enforcement of the above mentioned requirement with regard to all Dealers. If Dealers are allowed to operate at unlicensed locations, the department would effectively be stopped from making unannounced inspections, which serve as a deterrent against violations of the act. Several amendments of K.S.A. 8-2401 et. seq. are needed to correct this situation.

C. Recommendation:

1. K.S.A. 8-2401 - insert after (ii): "Supplemental place of business" means a business location other than that of the established place of business. All requirements which apply to an established place of business shall apply to a supplemental place of business. A supplemental place of business shall be operated on a continuous, year-round basis.
2. K.S.A. 8-2404(m) - amend to: If the established or supplemental place of business or lot is zoned, approval must be secured from the proper zoning authority and proof that the use complies with the applicable zoning law, ordinance or resolution must be furnished to the director by the applicant for licensing.
3. K.S.A. 8-2410(a)(25) - Doing business as a vehicle dealer at other than the dealer's established or supplemental place of business.

Violations of the Dealer Act

A. Issue:

In order to raise the possible liability for violations of the Dealer Act, K.S.A. 8-2401 et. seq., it is suggested that K.S.A. 8-2411(b) be amended by the 1988 Legislature.

B. Background:

Currently K.S.A. 8-2411(b) provides for a Maximum civil penalty of \$1000 for violations of K.S.A. 8-2401 et. seq. In keeping with trends in Federal law, it is suggested that the possible liability for violations of the Dealer Act be raised from \$1000 to \$2000. This amendment is designed to serve as a deterrent against the commission of so-called "serious" violations of the Dealer Act.

C. Recommendation:

K.S.A. 8-2411 should be amended as follows:

(b) any person who is found to have violated any applicable provisions of this act, any rule and regulation adopted pursuant thereto or any applicable order of the director shall be subject to a civil penalty of not less than \$50 nor more than \$2,000 for each violation or such person's license may be suspended or revoked or both civil penalty and license suspension or revocation.

Clarification of Enforcement Statutes under the Dealer Act

A. Issue:

Currently the Department enforces several statutes which are not expressly provided for under K.S.A. 8-2401 et. seq. It is suggested that enforcement of these statutes be expressly provided for under the Dealers Act.

B. Background:

The Department presently enforces K.S.A. 8-611, K.S.A. 8-116, K.S.A. 79-1019 and the provisions of the vehicle registration laws, pursuant to several "catch all" provisions of K.S.A. 8-2410. In order to "clean up" the present situation, it is recommended that enforcement of these statutes be expressly provided for in K.S.A. 8-2410.

C. Recommendation:

K.S.A. 8-2410 should be amended as follows:

(a)(26) Failure to comply with any provision of Kansas vehicle registration laws in connection with such person's operation as a dealer.

(a)(27) Any violation of K.S.A. 8-116 and amendments thereto.

(a)(28) Any violation of K.S.A. 8-611 and amendments thereto.

(a)(29) Any violation of K.S.A. 79-1019 and amendments thereto.

30-Day Registration Permits

A. Issue:

In order to assess a meaningful civil penalty in instances where Dealers issue more than one thirty-day registration permit to the purchaser of a vehicle, it is suggested That the 1988 Legislature amend K.S.A. 8-2409(b).

B. Background:

Currently, the only civil penalty available against a Dealer who issues more than one thirty-day registration permit to the purchaser of a vehicle is either suspension, revocation or a monetary civil penalty assessment. Due to nature of the violation, this almost always results in a fairly low monetary civil penalty. In order to add additional "teeth" to the available civil penalties, it is recommended that K.S.A. 8-2409 be amended to provide for the following additional remedy.

C. Recommendation:

K.S.A. 8-2409 should be amended as follows:

(b) - The division of vehicles may deny any dealer the authority to purchase thirty-day permits if the vehicle dealer is delinquent in monthly sales reports to the division for two months or more, or if the vehicle dealer is found to have issued more than one thirty-day permit to the purchaser of a vehicle.

Certificate of Title Violations

A. Issue:

In order to eliminate possible certificate of title violations, it is suggested that the 1988 Legislature amend K.S.A. 8-2410.

B. Background:

Currently, dealers do not have to provide proof of ownership for vehicles in their possession. It is recommended that K.S.A. 8-2410 be amended to correct the situation.

C. Recommendation:

K.S.A. 8-2410 should be amended as follows:

(a)(30) Failure to provide adequate proof of ownership for motor vehicles in dealers possession.

Dealer Signage

A. **Issue:**

In order to alleviate substandard sign permanency, display space and offices, it is suggested that the 1988 Legislature amend K.S.A. 8-2404.

B. **Background:**

Currently there are no minimum requirements for sign permanency, display space or offices. It is recommended that K.S.A. 8-2404 be amended to correct the situation.

C. **Recommendation:**

K.S.A. 8-2404 should be amended as follows:

(n) - An established place of business, otherwise meeting the requirements of this act may be used by a dealer to conduct more than one business, provided that suitable space and facilities exist therein to properly conduct the business of a vehicle dealer. However, no more than one dealer shall operate at an established place of business.

(r) - The Director shall promulgate rules and regulations on minimum requirements for sign permanency, display space and offices.

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913 282 3810 PETERSON IND INC
703 620 5071 R.U.I.R. RESTON

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(25) Being a vehicle dealer who has sold or displayed vehicles other than motor homes or travel trailers at a location other than the dealer's established or supplemental place of business.

or

(25) Being a vehicle dealer who has done business as a dealer of vehicles other than motor homes or travel trailers at a location other than the dealer's established or supplemental place of business.

or

(25) Being a vehicle dealer who has done business as a dealer of automobiles at a location other than dealer's established or supplemental place of business.

Attach. 7

MEMORANDUM

TO: House Transportation Committee
FROM: Avis Rent-A-Car Systems, Inc.
RE: Testimony in Opposition to HB 3085
DATE: March 15, 1988

My name is Steve Montgomery and I am appearing on behalf of Avis Rent-A-Car Systems, Inc., in opposition to House Bill 3085. House Bill 3085 would eliminate the practices of rental companies such as Avis, Hertz and others, of selling used vehicles at credit unions and other lending institutions. Avis is currently licensed as a vehicle dealer at locations in Kansas City, Wichita and Topeka. When a number of Avis' cars reach approximately 20,000 miles, Avis will organize a sale of these fleet vehicles. Typically, Avis makes arrangements at credit unions or other lending institutions to conduct the sales of the vehicles at the lender's location. Besides providing consumers with an easily available method of financing, such as is commonly provided by typical car dealers, these types of sales are conducted with relatively low overhead and result in savings to consumers.

The fleet vehicles which Avis sells are quality used vehicles. All of these vehicles receive complete preventive maintenance every 7,500 miles and are fully checked upon return from each lease. No vehicle is sold if it has sustained more than \$2,000 in repairs during the life of the vehicle. The average mileage of vehicles sold is approximately 20,000-25,000 miles. The complete maintenance and repair logs on each

Attach. 8

vehicle are disclosed to prospective buyers. Finally, Avis provides a 12-month/12,000 mile power-train warranty with many additional warranties available for purchase by the buyer.

History of Supplemental Sales

The history of the issue of supplemental sales is quite interesting. Below is a rough time line of the developments which led to this bill being introduced.

Prior to 4/84: Dept. of Revenue allows sales at supplemental locations.

4/84: Dept. of Revenue changes position without change in law--sales are prohibited.

11/84: Lawsuit filed by Hertz & Avis. Court enters temporary restraining order allowing supplemental sales.

After 11/84: Supplemental sales conducted by Hertz and Avis.

12/87: Dept. of Revenue agrees to allow sales if no legislation passed in 1988.

5/88: Status conference set before Judge Conklin to report on legislation.

HB 3085 Will Have a Negative Fiscal Impact.

Attached to this memorandum is a fiscal impact statement prepared by Avis with respect to its supplemental sales during the 1986 calendar year. Obviously, HB 3085 will adversely impact the highway and general funds.

HB 3085 Will Harm Consumers.

Legislation has been proposed in other states for the purpose of prohibiting supplemental sales by rental car companies. The Federal Trade Commission has taken a position that such a prohibition would be harmful to motor vehicle consumers in general by regulating free market competition. I have attached to my testimony a copy of Federal Trade Commission communications to Texas Governor Clements and Illinois State Representative Woods Bowman. These communications explain in detail that supplemental sales by rental companies increase competition in the market place and tend to drive used car prices down. The consumer is the ultimate winner when such sales occur.

AVIS' FISCAL IMPACT STATEMENT

The prohibition of fleet sales will cost the State of Kansas substantial revenue in the form of lost sales tax, personal property taxes and registration fees. The figures used here are from 1986 as 1987 is not available.

Sales Tax

110 cars were sold at Avis' supplemental sales statewide after the Shawnee County District Court issued a temporary restraining order allowing these sales.

Gross Sales	\$816,598	
Sales Tax Rate	x .04	
Total State Sales Tax (1%)		\$35,863.92
Additional Local Sales Tax		<u>8,165.98</u>
	TOTAL SALES TAX	\$44,029.90

Registration Fees

Total Cars Sold	110	
Minimum Registration Fee	x \$14.00	
	TOTAL REGISTRATION FEES	\$ 1,540.00

Property Tax

It is not possible to estimate the amount of property taxes paid in 1986 by buyers registering their newly purchased vehicles from Avis. However, if it is assumed that only \$100.00 in personal property tax was paid on each of the 110 vehicles sold, the total property tax paid would be \$11,000.00

Title Fees

A title fee of \$9.50/title is charged for all new titles. Assuming that all 110 vehicles sold were titled, the total fees realized would be \$ 1,045.00

TOTAL TAXES & FEES PAID \$57,614.90



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

OFFICE OF PUBLIC AFFAIRS
(202) 326-2180

FOR YOUR INFORMATION.....June 2, 1987

The Federal Trade Commission staff has sent a letter to the Governor of Texas recommending against enactment of a bill that would severely restrict fleet sales of used cars, saying that the bill would probably raise used car prices and reduce competition.

The usual practice of fleet dealers, such as Hertz and Avis, is to hold used car sales at temporary locations. Since these sales entail low overhead, fleet dealers are able to pass along substantial savings to consumers. The Texas legislature is considering a proposal that would prohibit fleet dealers from selling vehicles at such temporary locations.

In the letter, the FTC staff said that the bill would "virtually eliminate fleet sales as they are presently conducted." According to the staff, "The unjustified limitations on fleet sales are likely to increase fleet dealers' costs and, correspondingly, increase the prices consumers pay for used vehicles."

"The effects may be particularly pronounced in certain areas of the state," according to the staff. "We understand that many fleet sales are made in smaller cities or towns where there may only be a limited number of conventional dealerships. Competition from the fleet sales may be especially important in this context."

In addition, the staff said, the proposed bill would harm consumers in the rental car market as well. Fleet dealers sometimes sell their vehicles at temporary locations set up by rental car companies. According to the letter, "Fleet sales benefit this market by enabling fleet dealers to turn over their inventories more efficiently. By prohibiting fleet sales as they are now conducted, House Bill 1953 would tend to increase the cost of car rentals."

The letter represents the views of the FTC's Dallas Regional Office and the FTC's Bureaus of Competition, Consumer Protection, and Economics, and does not necessarily reflect the views of the Commission or any individual Commissioner.

Copies of the letter are available from the FTC's Dallas Regional Office, 8303 Elmbrook Drive, Suite 140, Dallas, Texas, 75247; 214-767-7053; and from the FTC's Public Reference Branch, Room 130, 6th St. and Pennsylvania Ave. N.W., Washington, D.C. 20580; 202-326-2222; TTY 202-326-2502.

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MEDIA CONTACT: Dee Ellison, Office of Public Affairs, 202-326-2177

STAFF CONTACT: James A. Moseley, Dallas Regional Office, 214-767-7053

[TexasFleet]



FEDERAL TRADE COMMISSION
Chicago Regional Office

Suite 1437
55 East Monroe Street
Chicago, Illinois 60603
Area Code 312 353-4423

April 24, 1987

The Honorable Woods Bowman
State Representative
2100 Ridge
Evanston, IL 60201

Dear Mr. Bowman:

The Federal Trade Commission staff is pleased to have this opportunity to respond to your letter of April 15, 1987, requesting our comments on House Bill 1173.¹ This bill would have the effect of prohibiting fleet dealers, such as Avis and Hertz, from conducting fleet sales outside a 10 or 15 mile radius around their licensed, permanent dealer lots. The probable result of this legislation would be to reduce competition and to increase the prices paid by Illinois consumers for used cars. We believe that consumers will be best served if the market is left free to operate without unnecessary regulation, and we therefore recommend that this bill not be enacted.

Our interest in this legislation stems from the Commission's mandate to enforce the antitrust and consumer protection laws of the United States. Section 5 of the Federal Trade Commission Act prohibits unfair methods of competition, and unfair or deceptive acts or practices. By enforcing this statute, the Commission staff has gained substantial experience in analyzing the impact of various restraints on competition and the costs and benefits to consumers of such restraints. In recent years we have been involved in several such issues that specifically related to the used car market. In 1984, for example, the Commission issued the "Used Car Rule" to reduce the effects of oral misrepresentations in used car transactions.² The development of this rule, as well as the conduct of investigations and studies relating to the

¹ The views presented in this letter are those of the Chicago Regional Office and Bureaus of Competition, Consumer Protection, and Economics and are not necessarily those of the Commission itself. The Commission has, however, voted to authorize us to present these comments.

² Used Motor Vehicle Trade Regulation Rule, 16 C.F.R. § 455.

automobile industry, have provided the Commission staff with substantial experience in several aspects of the automobile market.³

In November of 1986, we were invited to provide written comments on House Bill 787, which was very similar to the legislation that is now being considered. We opposed that bill. It was our belief that HB 787 was likely to harm consumers by increasing the price of used cars. Therefore we believe that the Illinois legislature acted in the best interest of consumers when it chose not to enact that bill.

HB 1173 raises the same issues. HB 1173 would amend the Illinois Vehicle Code to prohibit the issuance of a supplemental license to a new or used vehicle dealer intending to hold a sale outside of his or her relevant market area.⁴ It is our -- understanding that most fleet sales are currently held outside the seller's relevant market area. HB 1173 therefore proposes to virtually eliminate fleet sales as they are presently conducted.

The purpose of this bill is apparently to protect consumers against "fly-by-night" used car sellers. Illinois already addresses these concerns, however, through the Illinois Consumer Fraud Act,⁵ and through its regular licensing of new and used car dealers.⁶ We are not aware of any reason to believe that HB 1173 would provide consumers any addition protection from fly-by-night operators.

3 The FTC Bureau of Economics' Staff Report on the Effect of State Entry Regulation on Retail Automobile Markets, January 1986, is a recent example of the FTC's concern with anti-competitive regulations in the automobile market.

4 Section 2 of the Motor Vehicle Franchise Act defines relevant market area as a 10 or 15 mile radius around the dealer's principal location, depending upon the population of the county. Ill. Rev. Stat. ch. 121 1/2, § 752 (1985).

5 Illinois Consumer Fraud and Deceptive Business Practices Act, Ill. Rev. Stat. ch. 121 1/2, § 262 et seq. (1985).

6 Illinois Vehicle Code, Ill. Rev. Stat. ch. 95 1/2, § 5-101 et seq. (1985).

Indeed, we believe that HB 1173 would adversely affect Illinois consumers by restricting competition in the used car market. This in turn would be likely to lead to price increases. The usual practice of fleet dealers, such as Avis and Hertz, is to hold used car sales on credit union property. Such sales entail low overhead, and fleet dealers may therefore pass along substantial savings to consumers. Credit unions recently surveyed by the Illinois Credit Union League estimated that members paid an average of \$1,118 less for a used car sold at a credit union sponsored fleet sale than they would have paid a "conventional" used car dealer. Credit unions, however, tend to be located in parts of the state other than where the fleet owners maintain their principal lots. Thus the principal effect of restricting supplemental licensing for used car dealers will be to increase the prices paid by consumers for those cars.

The effects may be particularly pronounced in certain areas of the state. We understand that many fleet sales are made in the smaller cities or towns where there may only be a limited number of conventional dealerships. Competition from the fleet sales may be especially important in this context.

In addition, the proposed bill would harm consumers in the car rental market. Fleet sales benefit this market by enabling fleet dealers to turn over their inventories more efficiently. By effectively prohibiting fleet sales as they are now conducted, HB 1173 would tend to increase the cost of car rentals.

In conclusion, we believe that HB 1173 would ultimately harm consumers of used vehicles. The unjustified limitations on fleet sales would lead to unnecessary increases in fleet dealers' costs and, correspondingly, to unnecessary increases in the prices consumers pay for used vehicles. Restricting fleet sales in the manner proposed would also reduce the competition that these sales provide to other segments of the used car market. The proposed bill may also lead to similar increases in price in the rental vehicle market. For all of the above reasons, the staff of the Federal Trade Commission recommends that HB 1173 not be enacted.

We appreciate having had this opportunity to provide our views on these issues.

Sincerely,



John M. Peterson
Director
Chicago Regional Office

3008450



Federal Trade Commission

Office of the Regional Director
1603 Elmbrook Drive
Dallas, Texas 75247
(214) 767-7050

June 1, 1987

The Honorable William P. Clements, Jr.
Governor of Texas
Office of the Governor
Austin, Texas 78711

Dear Governor Clements:

The Federal Trade Commission staff is pleased to have this opportunity to respond to your office's request for comments on House Bill 1953.¹ This bill would prohibit dealers from selling used vehicles at temporary locations and would prevent fleet dealers, such as Hertz and Avis, from conducting fleet sales at locations other than their licensed, permanent dealer lots. The probable effect of such legislation will be to reduce competition and to increase the prices paid by Texas consumers for used vehicles. We believe that consumers will be better served if the market is left free to operate without unnecessary regulation, and we therefore recommend that this bill not be enacted.

Our interest in this legislation stems from the Commission's mandate to enforce the antitrust and consumer protection laws of the United States. Section 5 of the Federal Trade Commission Act prohibits unfair methods of competition, and unfair or deceptive acts or practices. By enforcing this statute, the Commission staff has gained substantial experience in analyzing the impact of various restraints on competition and the costs and benefits to consumers of these restraints. In recent years, we have been involved in several issues that relate specifically to the used car market. In 1984, for example, the Commission issued the "Used Car Rule" to reduce the frequency and effect of oral misrepresentations in used car transactions.² The development of this rule, as well as the conduct of investigations and preparation of studies relating to the automobile industry,

¹ The comments represent the views of the Dallas Regional Office and the Bureaus of Competition, Consumer Protection, and Economics of the Federal Trade Commission and are not necessarily those of the Commission itself. The Commission has, however, voted to authorize us to present these comments.

² Used Motor Vehicle ...

smaller cities or towns where there may only be a limited number of conventional dealerships. Competition from the fleet sales may be especially important in this context.

The apparent purpose of this bill is to protect consumers from fly-by-night operators. Texas already addresses these concerns in several ways. The Texas Deceptive Trade Practices Act provides treble damages for fraudulent acts and practices.⁶ Further, current Texas law requires that dealers participating in sales must hold a license number for a permanent location in Texas.⁷ Thus, Texas consumers are already protected from unscrupulous operators who do not have a valid business location in the state.

The proposed bill would harm consumers in the rental car market as well. Fleet sales benefit this market by enabling fleet dealers to turn over their inventories more efficiently. By prohibiting fleet sales as they are now conducted, House Bill 1953 would tend to increase the cost of car rentals.

In conclusion, we believe that House Bill 1953 would virtually eliminate fleet sales as they are presently conducted and would ultimately harm consumers of used vehicles. The unjustified limitations on fleet sales are likely to increase fleet dealers' costs and, correspondingly, increase the prices consumers pay for used vehicles. Restricting fleet sales in the manner proposed would also reduce the competition that these sales provide to other segments of the used car market. Finally, the proposed bill may lead to similar increases in price in the rental vehicle market. For all of the above reasons, the staff of the Federal Trade Commission recommends that House Bill 1953 not be enacted.

We appreciate having had this opportunity to provide our views on these issues.

Sincerely,



Jim Mosley
Regional Director
Dallas Regional Office

⁶ Tex. Bus. & Com. Code Ann. § 17.01 et. seq. (Vernon 1987).

⁷ Tex. Rev. Civ. Stat. Ann. art. 6686 (Vernon 1987).

TESTIMONY OF ROBERT F. LYTLE

I am appearing before the Transportation Committee of the Kansas House of Representatives on behalf of the Hertz Corporation to present our client's views on House Bill No. 3085. Our law firm, Bennett and Lytle, has represented the Hertz Corporation for a number of years, and we have been asked to explain to this Committee several of the effects which passage of this Bill would have upon Kansas consumers and the economy of the State of Kansas.

The adverse effects of House Bill No. 3085 stem from the fact that it would ban temporary sales of automobiles at locations separate from the dealer's established place of business. For years, a number of registered automobile dealers in the state of Kansas (including Hertz) have held special sales at locations other than their established place of business. To be sure, Hertz, like any other car dealer, has an established place of business which is registered with this state and at which it can be served with process and located for other regulatory purposes. Indeed, it is this requirement that helps the state prevent "fly-by-night" operators.

However, it has become common in recent years for car dealers to have special sales at other locations. Shopping malls and other similar cross-roads of commerce have become popular locales for such sales. For example, Hertz has, in recent times, held sales at

the State Fairgrounds in Hutchison which were administered through its Wichita office.

The beauty of such off-site sales for consumers is that it brings a large inventory of cars practically to the doorstep of the consumer, particularly in areas where such breadth of selection is not common. Hertz primarily utilizes these sales to sell its fleet of rental cars, so in that case, the consumer further benefits by having a wide selection of well-maintained, popular models of used cars in a central forum.

Several years ago, however, the division of vehicles began interpreting the Vehicle Dealers' and Manufacturers' Licensing Act, K.S.A. 8-2401 et seq., as to prohibit off-site sales. To date, the District Court of Shawnee County, Kansas, has restrained the state from acting upon that interpretation, holding that the law in Kansas currently does not prohibit off-site sales. However, House Bill No. 3085 would legislatively reverse the Court's interpretation by requiring that a "supplemental place of business shall be operated on a continuous, year-round basis." Section 1(nn).

This provision, while seemingly innocuous, serves no legitimate governmental purpose, and indeed creates a variety of adverse economic effects, particularly for the Kansas automobile consumer.

In order to understand just how the consumer is affected by this Bill, it is important to understand more fully how Hertz markets its cars. Typically, Hertz is invited into a community by a credit union to act in concert with that credit union in hosting

a temporary off-site sale. The automobiles sold are generally twelve to eighteen months old, and come from a variety of manufacturers, including General Motors, Chrysler, Ford, and a number of foreign manufacturers. Each car has been tested, reconditioned and checked before being offered for sale, and customers are invited to test drive an automobile before making their purchase. A network of over 1,200 independent service centers nationwide exists to service these automobiles, which is explained more fully below. Indeed, in a survey conducted in Illinois about two years ago, it was discovered that the average purchaser at a fleet sale, such as Hertz conducts, pays approximately \$1,100 less than at a used car lot. It is also important to note that Hertz had a survey done a couple of years ago and determined that the majority of its automobiles are rented by college-educated business people whose ages lie between 24 and 54 years, and who earn over \$47,000 a year. It is easy to infer from those statistics that these are automobiles which have not only been meticulously maintained, but which have generally been driven by responsible adults.

Perhaps the most outstanding feature of Hertz's off-site fleet sales is the warranties that are offered consumers. Not only does every customer get a complete service history outlining any repairs, tune-ups, or the like on each car, but in addition, every car carries with it free of charge a 12 month/12,000 mile warranty on the power train. In addition, a customer may purchase further warranty protection. These warranties can be extended to covering

air conditioning, suspension, and similar parts, and are available in increments of 12 months/12,000 miles, 24 months/ 24,000 miles, or 36 months/36,000 miles.

Hertz has recently offered yet another set of warranty options for its customers. For the 1987 and 1988 model years, many manufacturers began offering extended warranties on power trains. Hertz offers a system of warranties whereby the customer simply pays the transfer fee to obtain the manufacturer's power train warranty, and Hertz makes available the same extended warranties on air conditioning, suspension, and the like in addition to the manufacturers' warranties. Since the manufacturer has warranted the power train, Hertz will pay the \$100 deductible charged for any power train, repairs. These Companion warranties, as they are known, are also available in 12 months/12,000 miles, 24 months/24,000 miles and 36 months/36,000 miles options.

Warranties are serviced by a wide network of general dealership and specialty repair outlets with which Hertz has specific contracts. For example, Hertz has contracts with Firestone and Goodyear dealerships for warranty repairs, and customarily arranges for a specialized repairs, such as the transmission repairs and the like, with a company such a Gibraltar or Lee Myles. In addition, the following represent some of the automobile dealerships in Kansas with which Hertz has warranty contracts:

Ryder Chevrolet (Great Bend); Donovan Auto and
Tire (El Dorado); Jeff O'Neil Ford (Hutchison);
George Ballas Motors (Kansas City, Kansas);

Murdoch Chevrolet (Manhattan); Bob Site Lincoln Mercury (Overland Park); Louis Toyota (Topeka); Dale Sharp Pontiac (Topeka); Rusty Eck Ford (Wichita); and Prestige Pontiac (Wichita).

Of course if a customer lives in an area where there is no regular contract repair outlet, that consumer is not left high and dry. The customer can always select his preferred repair shop and Hertz will either contact that repair shop to arrange for warranty payment or the customer can simply obtain the necessary repairs and submit the bill to Hertz. Hertz commonly pays such bills within ten days of the receipt of the repair invoice. Indeed, if a consumer is having difficulty in finding a warranty outlet, Hertz will attempt to locate the nearest possible service outlet for the needed repairs.

These consumer benefits are not merely illusory. A survey of customers who have purchased Hertz used vehicles has showed that over nine out of ten customers are satisfied with the purchase they have made, and a similar percentage would not only consider buying again from Hertz, but would recommend purchasing a Hertz car to a friend. Thus, experience shows that purchasing at an off-site fleet sale is a far cry from the stereotype of an unscrupulous dealer.

A number of other factors mitigate against adoption of the Bill as it is drafted. Since many of the sales are conducted in cooperation with local credit unions, there are beneficial effects simply by virtue of the financing that is made available. The

following credit unions in Kansas have participated in off-site sales with Hertz in the past:

Federal Employees' Credit Union; Steel Worker Federal Credit Union; Edison Credit Union; Kansas City Policemen Credit Union; Sears Kansas City Employees' Federal Credit Union; Farmland Industries Credit Union; Colgate-Palmolive Employees' Credit Union; Wyandotte Credit Union; McConnell Air Force Base Federal Credit Union; Valcan Chemical Credit Union; Beechcraft Employees' Credit Union; Government Employees' Credit Union; Mid-American Credit Union; WSU Campus Credit Union; Safeway Employees' Federal Credit Union; Wichita Municipal Federal Credit Union.

Thus, the promissory notes, the so-called "dealer paper" remains in the local Kansas community rather than being bundled as a national package for GMAC or Ford Motor Company credit, and thereafter being serviced by national credit offices in Detroit or Chicago. The local credit unions service the local loans, thus creating jobs and economic development in Kansas and the local community.

In addition, warranty service and repair work is done by local businesses. While Hertz is proud of the condition of the cars it sells, no car is perfect, and when a car from Hertz requires repair under the warranty, the customer can always obtain local service, either through the established repair network or through personalized arrangements.

We believe it is a well established public policy of both houses of the legislature, as well as the Governor's office and also a cornerstone of the platform of both major political parties

that we should, in adopting legislation, promote commerce and industry in Kansas and jobs and job opportunities for our citizens. This Bill, if enacted, will probably have the opposite effect. Without doubt, it will cause companies such as Hertz to sell their automobiles that would have been sold in Kansas in other states. This will have a rippling effect upon the jobs of credit union employees, Hertz sales employees in Kansas, and most significantly there will be a loss of general revenue and property tax revenue to the state and local governmental units. As an example, Hertz sold approximately forty-eight cars from its rental fleet in Kansas at off-site sales in 1987 at an average sales price of \$9,690. If these sales are moved to Missouri or other states as a result of House Bill 3085 being enacted, there would be the following tax losses to Kansas governmental units:

Registration \$17.75 (average registration for a mid-size car	X 48 cars = \$	852
Title Charge \$9.50	X 48 cars = \$	456
Property Tax for a late model mid-size car \$250.00	X 48 cars = \$	12,000
Sales Tax for Total Sales of \$465,120	X.05% = \$	<u>23,256</u>
	Total	\$ 36,564

Banning off-site sales is contrary to the spirit of free enterprise which has been a hallmark of our state's history, and, indeed, its law, for years. Certainly Kansas' statutes outlining restraint of trade are clear evidence of this public policy. See, K.S.A. 50-101 et seq. Indeed, the Federal Trade Commission's

Chicago regional office came to the conclusion that prohibiting off-site fleet sales would have an adverse effect upon competition and would probably increase the prices paid by consumers for used cars. A copy of a letter from John Peterson, the Director of the Chicago Regional Office of the FTC, to the Honorable Woods Bowman, a state representative in Illinois, is attached hereto and labeled Exhibit 1, and further details the FTC's support for off-site sales. The regional office of the FTC in Dallas also has reached the same conclusion.

It can scarcely be argued that any valid purpose would be served by prohibiting off-site sales. Certainly Hertz is unaware of any complaints having been lodged by consumers dissatisfied with the off-site marketing of used vehicles. Our statutes currently provide redress for consumers who feel they have been treated unfairly, such as the Kansas Consumer Protection Act, and which protect the consumer from unscrupulous trade practices without penalizing the legitimate ends of business in our state's economy.

In short, off-site sales of fleet vehicles are held at times and locations convenient to consumers, and provide consumers with a product and financing beneficial both to themselves and to the state's economy as a whole. By preventing temporary off-site sales, no one is helped, and the consumer ultimately pays the price for decreased competition in our economy.

Some opponents of off-site sales charge unfair competition from the rent-a-car companies or allege that rental-car companies

flood the market with their cars. The facts tell a different story. In 1985, more than 15.9 million used cars were sold in the United States. In that same year, Hertz, the largest retailer of used cars in the world, sold approximately 50,000 cars, only a fraction of those vehicles sold off-site. In Kansas we know that only forty-eight cars were sold off-site in 1987.

Importantly, consumer opinion research shows that consumers overwhelmingly reject measures to restrict off-site sales. In fact, 77% specifically oppose legislation to restrict or eliminate off-site sales by car rental companies (and only 6% indicated that they would support such legislation). Only 5% of consumers believe that the sales provide unfair competition to car dealers. While this opinion research was conducted in another state, we believe that Kansas consumers would feel the same.

New car dealer trade associations in a number of other states also have attempted to restrict the right of consumers to purchase used cars through off-site sales events. New car dealers have lobbied hard for anti-competitive measures in Illinois, Michigan, Pennsylvania, Texas and Louisiana.

Illinois Governor James R. Thompson has twice vetoed legislation sponsored by new car dealers in that state which he labeled as "anti-competitive" and "not in the consumer's best interest." Thompson noted that measures to prohibit off-site sales would curtail competition among dealers, "thereby increasing the cost of vehicles to Illinois consumers."

This view was echoed by the Chicago regional office of the Federal Trade Commission, which predicted before Thompson's veto that the probable effect of the legislation to prohibit off-site sales would be increased prices paid by consumers for used cars. The FTC regional office described the legislation as "contrary to the public interest because it will unnecessarily restrain competition in the used car market."

The success of off-site sales throughout the United States is evidence of strong consumer confidence in both the vehicles and the companies sponsoring them. Efforts to limit or prohibit them are nothing more than blatant attempts to eliminate competition and to limit consumer choice.



FEDERAL TRADE COMMISSION
Chicago Regional Office

Suite 1437
55 East Monroe Street
Chicago, Illinois 60603
Area Code 312 353-4423

April 24, 1987

The Honorable Woods Bowman
State Representative
2100 Ridge
Evanston, IL 60201

Dear Mr. Bowman:

The Federal Trade Commission staff is pleased to have this opportunity to respond to your letter of April 15, 1987, requesting our comments on House Bill 1173.¹ This bill would have the effect of prohibiting fleet dealers, such as Avis and Hertz, from conducting fleet sales outside a 10 or 15 mile radius around their licensed, permanent dealer lots. The probable result of this legislation would be to reduce competition and to increase the prices paid by Illinois consumers for used cars. We believe that consumers will be best served if the market is left free to operate without unnecessary regulation, and we therefore recommend that this bill not be enacted.

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automobile industry, have provided the Commission staff with substantial experience in several aspects of the automobile market.³

In November of 1986, we were invited to provide written comments on House Bill 787, which was very similar to the legislation that is now being considered. We opposed that bill. It was our belief that HB 787 was likely to harm consumers by increasing the price of used cars. Therefore we believe that the Illinois legislature acted in the best interest of consumers when it chose not to enact that bill.

HB 1173 raises the same issues. HB 1173 would amend the Illinois Vehicle Code to prohibit the issuance of a supplemental license to a new or used vehicle dealer intending to hold a sale outside of his or her relevant market area.⁴ It is our understanding that most fleet sales are currently held outside the seller's relevant market area. HB 1173 therefore proposes to virtually eliminate fleet sales as they are presently conducted.

The purpose of this bill is apparently to protect consumers against "fly-by-night" used car sellers. Illinois already addresses these concerns, however, through the Illinois Consumer Fraud Act⁵ and through its regular licensing of new and used car dealers.⁶ We are not aware of any reason to believe that HB 1173 would provide consumers any addition protection from fly-by-night operators.

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Indeed, we believe that HB 1173 would adversely affect Illinois consumers by restricting competition in the used car market. This in turn would be likely to lead to price increases. The usual practice of fleet dealers, such as Avis and Hertz, is to hold used car sales on credit union property. Such sales entail low overhead, and fleet dealers may therefore pass along substantial savings to consumers. Credit unions recently surveyed by the Illinois Credit Union League estimated that members paid an average of \$1,118 less for a used car sold at a credit union sponsored fleet sale than they would have paid a "conventional" used car dealer. Credit unions, however, tend to be located in parts of the state other than where the fleet owners maintain their principal lots. Thus the principal effect of restricting supplemental licensing for used car dealers will be to increase the prices paid by consumers for those cars.

The effects may be particularly pronounced in certain areas of the state. We understand that many fleet sales are made in the smaller cities or towns where there may only be a limited number of conventional dealerships. Competition from the fleet sales may be especially important in this context.

In addition, the proposed bill would harm consumers in the car rental market. Fleet sales benefit this market by enabling fleet dealers to turn over their inventories more efficiently. By effectively prohibiting fleet sales as they are now conducted, HB 1173 would tend to increase the cost of car rentals.

In conclusion, we believe that HB 1173 would ultimately harm consumers of used vehicles. The unjustified limitations on fleet sales would lead to unnecessary increases in fleet dealers' costs and, correspondingly, to unnecessary increases in the prices consumers pay for used vehicles. Restricting fleet sales in the manner proposed would also reduce the competition that these sales provide to other segments of the used car market. The proposed bill may also lead to similar increases in price in the rental vehicle market. For all of the above reasons, the staff of the Federal Trade Commission recommends that HB 1173 not be enacted.

We appreciate having had this opportunity to provide our views on these issues.

Sincerely,



John M. Peterson
Director
Chicago Regional Office

.....
**ANATOMY
OF A
USED CAR**
.....

Reprinted with permission from
The Hertz Corporation

ANATOMY OF A USED CAR. NO. 1 IN A SERIES FROM HERTZ

DON'T BE HOODWINKED BY BODY WORK.

A GOOD CAR IS LIKE A GOOD BOOK. IT'S WHAT'S UNDER THE COVER THAT COUNTS. FANCY LOOKING COVERS CAN BE DECEIVING, SO WATCH FOR THESE TELL-TALE SIGNS.

CHECK UNDER THE CAR FOR RUST OR BREAKS. LOOK FOR SIGNS OF WELDING. THESE ARE INDICATIONS OF WEAKNESSES IN THE CAR'S STRUCTURE.

LOOK FOR DENTS, RUST, AND ANY EVIDENCE THAT PARTS OF THE CAR (PARTICULARLY AROUND THE BOTTOM OF THE DOORS AND THE REAR FENDERS) HAVE RUSTED OUT AND BEEN REPAIRED WITH BODY PUTTY. SOME USED CARS HAVE A CHECKERED PAST, BUT IT CAN OFTEN BE HARD TO SEE. SO

CHECK FOR RIPPLES IN THE FENDER, OR PAINT THAT DOESN'T MATCH. EVEN A MINOR ACCIDENT COULD AFFECT ALIGNMENT, AND POSSIBLY CAUSE OTHER PROBLEMS, SUCH AS UNEVEN TIRE WEAR.

INSIDE THE CAR, EXAMINE THE ACCESSORIES. LOOK FOR TEARS OR WEAR ON THE UPHOL-

STERY. CHECK ALL HANDLES, LOCKS, MIRRORS, AND GLASS.

LOOK UNDER THE CARPETING OR FLOOR MATS FOR RUST.

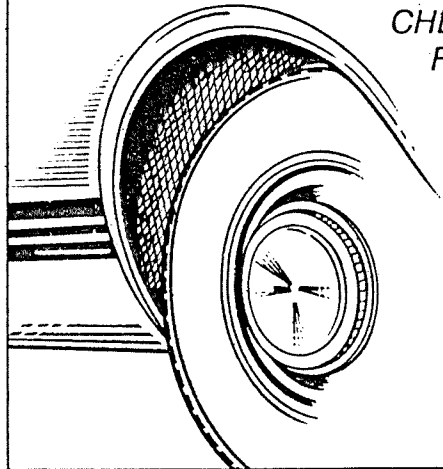
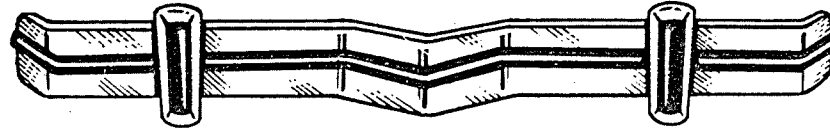
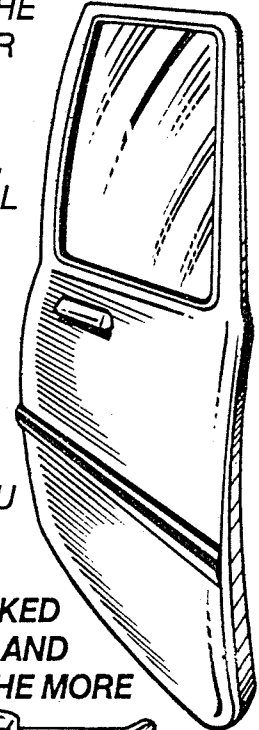
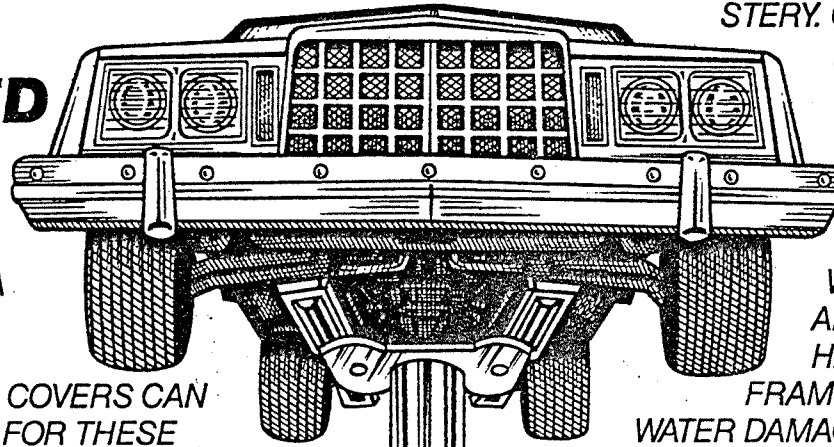
AT HERTZ, WE WILL NOT SELL ANY CAR THAT HAS EVER HAD

FRAME, FIRE, OR WATER DAMAGE. AND EVERY

CAR HAS A SERVICE/MAINTENANCE RECORD. THIS WILL GIVE YOU THE CAR'S HISTORY OF SERVICE, REPAIRS AND TUNE-UPS. IN WRITING, WHICH YOU CAN CHECK BEFORE YOU BUY.

EVERYTHING THAT SHINES IS NOT ALWAYS GOLD, SO DON'T BE HOODWINKED BY A SPARKLING EXTERIOR. BE SMART AND SHOP WISELY. THE MORE YOU KNOW, THE MORE

YOU WILL GET FOR YOUR INVESTMENT. HERTZ GIVES YOU THE BEST BECAUSE WE KNOW YOU DEMAND THE BEST. SO VISIT YOUR NEAREST HERTZ DEALER SOON AND SEE WHY 9 OUT OF 10 HERTZ CAR OWNERS SURVEYED SAID THEY'D RECOMMEND HERTZ TO A FRIEND.



ANATOMY OF A USED CAR. NO. 2 IN A SERIES FROM HERTZ

UNDER THE HOOD.

IF YOU HAVE TROUBLE LOCATING THE DIP STICK IN YOUR ENGINE, UNDER THE HOOD CAN BE AN INTIMIDATING PLACE TO LOOK WHEN YOU'RE BUYING A USED CAR. BUT IT'S ABSOLUTELY ESSENTIAL...AND A LOT EASIER THAN YOU THINK.

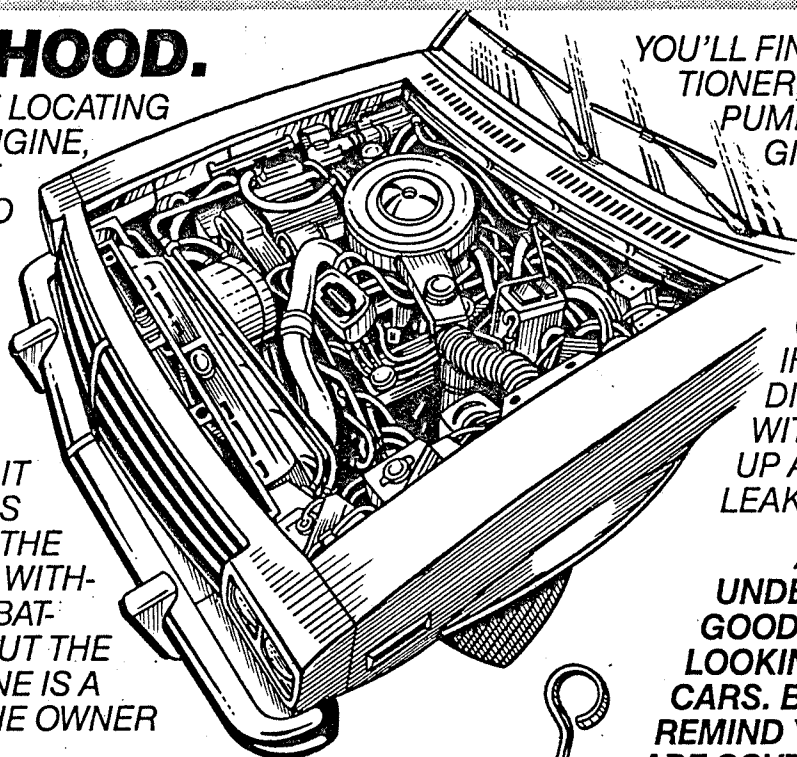
THE FIRST THING TO CHECK IS THE BATTERY. IS IT CRACKED? ARE THE WELLS FILLED WITH WATER? ARE THE CONNECTIONS TIGHT AND WITHOUT CORROSION? A NEW BATTERY IS NOT EXPENSIVE, BUT THE CONDITION OF THE OLD ONE IS A GOOD CLUE AS TO HOW THE OWNER CARED FOR HIS CAR.

NEXT, LOOK AT THE SPARK PLUG CABLES. ARE THEY WORN OR SHABBY? OR ARE THEY NEW? DON'T OVERLOOK THE DISTRIBUTOR CAP. IS IT COVERED WITH

GREASE? OR HAS IT BEEN REPLACED RECENTLY?

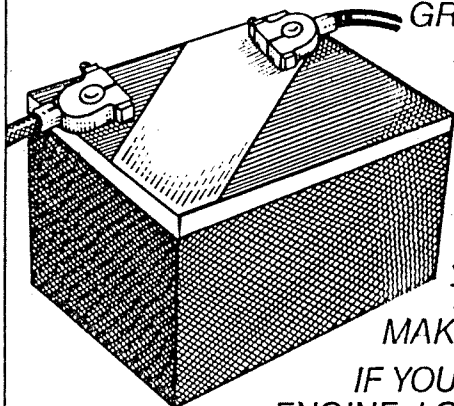
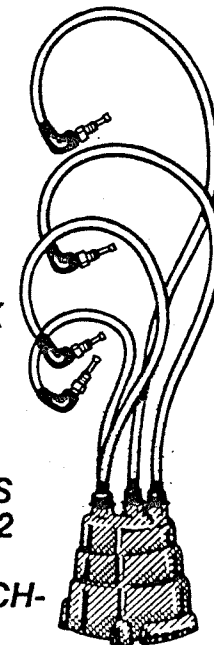
LOOK FOR NEW PARTS IN THE FUEL AND IGNITION SYSTEMS. IF YOU FIND THEM, YOU CAN GENERALLY RULE OUT PROBLEMS IN THOSE SYSTEMS. (HOWEVER, ONLY TESTING EQUIPMENT CAN MAKE A FINAL DETERMINATION.)

IF YOU HEAR SQUEAKING IN THE ENGINE, LOOK FOR LOOSE BELTS.



YOU'LL FIND THEM ON THE AIR CONDITIONER, POWER STEERING PUMP, WATER PUMP, ALTERNATOR AND FAN. SIMPLY GIVE THE BELT A PUSH. IF IT GIVES MORE THAN HALF AN INCH, IT NEEDS TIGHTENING OR REPLACEMENT. GIVE THE ENGINE A ONCE OVER LOOK. IF IT'S EXCESSIVELY DIRTY OR SPOTTED WITH OIL, YOU MAY BE UP AGAINST AN OIL LEAK.

AT HERTZ, WE THINK UNDER THE HOOD IS A GOOD PLACE TO BEGIN LOOKING OVER OUR USED CARS. BECAUSE IT WILL REMIND YOU THAT OUR CARS ARE COVERED BY OUR FREE 12 MONTH/12,000 MILE LIMITED POWER TRAIN WARRANTY, WHICH EVER COMES FIRST. WITH NO DEDUCTIBLE. COME INTO YOUR HERTZ DEALER TODAY FOR DETAILS AND WATCH THINGS BEGIN TO LOOK UP.



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ANATOMY OF A USED CAR. NO. 3 IN A SERIES FROM HERTZ

PEEK FOR LEAKS.

PITY THE POOR OWNER WHO LEAVES A TRAIL OF OIL IN HIS WAKE LIKE HANSEL AND GRETEL'S CRUMBS. IF A USED CAR LEAVES ITS SIGNATURE IN GREASE WHILE IT'S STANDING IN THE STREET, THAT'S A GOOD INDICATION NOT TO SIGN ON THE DOTTED LINE.

BUT DON'T PANIC. A FEW DROPS OF OIL ISN'T UNUSUAL. WE'VE RARELY SEEN A CAR THAT DOESN'T HAVE A SPARE DROP OR TWO. LAY A PIECE OF NEWSPAPER UNDER THE ENGINE. IF A POOL ACCUMULATES, YOU COULD HAVE TROUBLE.

ENGINE LEAKS CAN USUALLY BE TRACED TO THE GASKETS AT THE TOP OR THE BOTTOM OF THE ENGINE. SIMPLY REPLACING THE GASKET IS OFTEN AN INEXPENSIVE SOLUTION. IF THAT DOESN'T WORK, IT COULD BE ONE MORE SIGN OF BASIC AND COSTLY ENGINE WEAR.

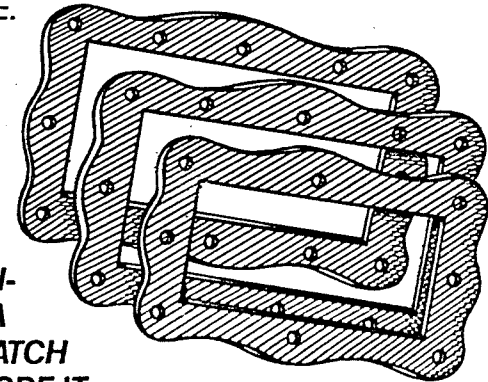
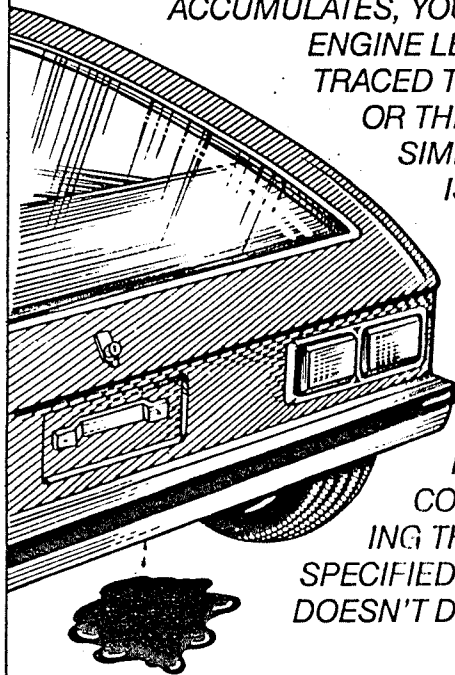
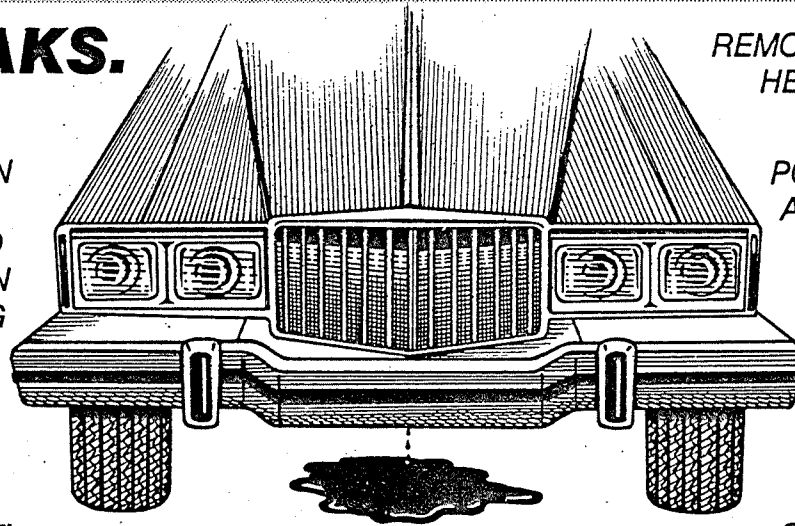
LEAKS FROM THE HEAD GASKET CAN BE CORRECTED BY TIGHTENING THE HEAD BOLTS TO THE SPECIFIED TORQUE. IF THAT DOESN'T DO IT YOU MAY HAVE TO

REMOVE AND REFIT THE HEAD FOR A HEFTY SUM.

THE TRANSMISSION IS ANOTHER POPULAR PLACE FOR LEAKS. LOOK AT THE COLOR OF THE OIL THAT'S DRIBBLING DOWN. IF IT'S REDDISH PURPLE IT'S FROM THE TRANSMISSION. THE PROBLEM IS OFTEN IN THE SEALS WHICH ARE A LOT LESS COSTLY TO REPAIR IN A STICK THAN IN AN AUTOMATIC.

CHECK UNDER THE HOOD. OIL SPLATTERS OR AN EXCESSIVELY DIRTY ENGINE BLOCK CAN BE YOUR TIP-OFF TO MORE SERIOUS TROUBLE.

AT HERTZ WE WANT YOU TO PEEK FOR LEAKS UNDERNEATH OUR CARS BECAUSE WE'VE GOT NOTHING TO COVER UP. CHANCES ARE, THE CARE AND MAINTENANCE THAT GO INTO A HERTZ USED CAR WILL CATCH THE PROBLEM LONG BEFORE IT REACHES THE STREET. COME INTO OUR LOT TODAY.



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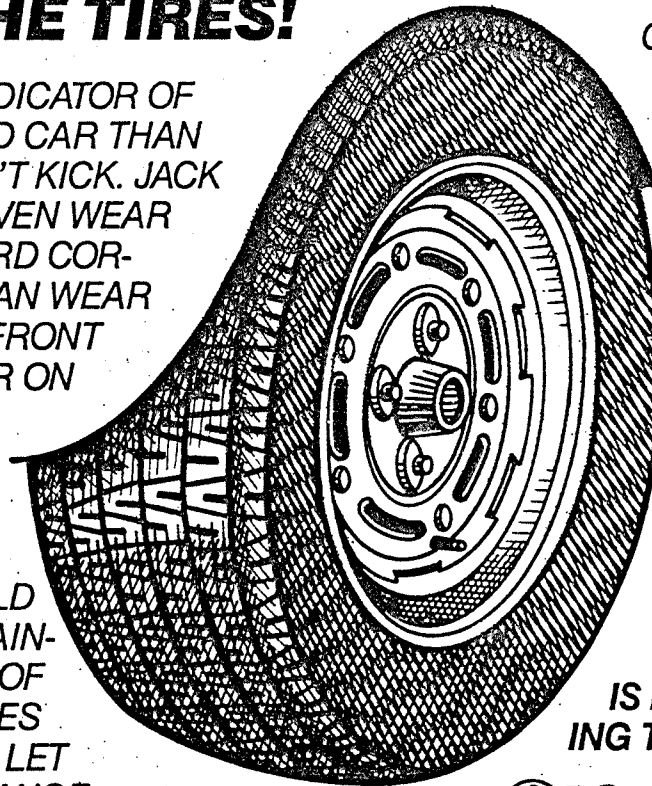
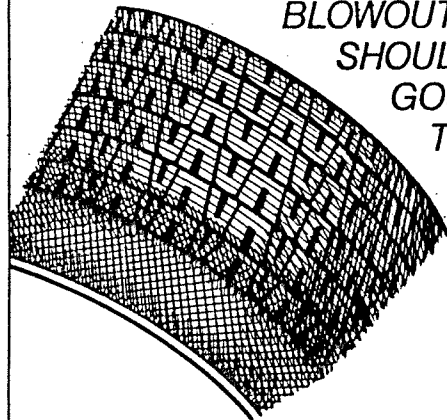
ANATOMY OF A USED CAR. NO. 4 IN A SERIES FROM HERTZ

DON'T KICK THE TIRES!

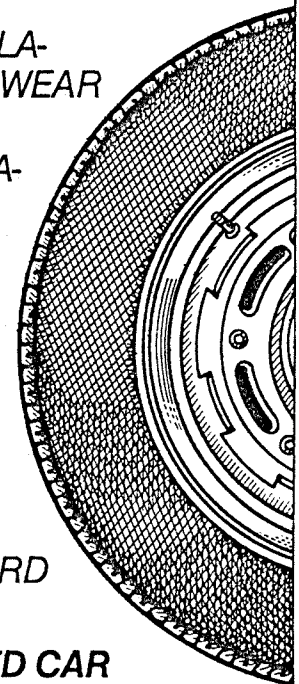
THERE'S NO BETTER INDICATOR OF WEAR AND TEAR ON A USED CAR THAN THE TIRES. BUT LOOK, DON'T KICK. JACK RABBIT STARTS LEAVE UNEVEN WEAR ON THE REAR WHEELS. HARD CORNERING AT HIGH SPEEDS CAN WEAR DOWN THE EDGES OF THE FRONT TREADS. GOOD, EVEN WEAR ON THE TREADS ALL AROUND MEANS EVEN-TEMPERED DRIVING.

CHECK THE DEPTH OF THE TREADS. THERE SHOULD BE PLENTY OF TREAD REMAINING —IDEALLY TO A DEPTH OF $\frac{5}{32}$ ". SOME BRANDS OF TIRES HAVE WEAR INDICATORS TO LET YOU KNOW IT'S TIME TO CHANGE.

A WEAKNESS IN THE TIRE WALLS CAN MEAN A BLOWOUT AT HIGH SPEEDS. WALLS SHOULD HAVE NO MAJOR GOUGES, RIPS OR PUNCTURES. THE SPARE TIRE SHOULD BE CHECKED AS WELL, AND BE SURE THAT THE JACK IS IN GOOD WORKING ORDER.



OVER OR UNDER-INFLATION MEANS EXTRA WEAR AND TEAR ON THE TIRES. OVER-INFLATION CAN WEAR OUT THE CENTER OF THE TREAD AND LEAD TO POOR GAS MILEAGE. AN UNDER-INFLATED TIRE WEARS ON BOTH SIDES OF THE TREAD, MAKING HARD TURNS DIFFICULT.



CHOOSING A USED CAR IS NO LONGER AS SIMPLE AS KICKING THE TIRES AND SLAMMING THE



DOORS. THAT'S WHY WE WANT YOU TO KNOW: YOU'RE ON SURE FOOTING WITH HERTZ USED CARS. COME INTO THE LOT TODAY.

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ANATOMY OF A USED CAR. NO. 5 IN A SERIES FROM HERTZ

DON'T DOWNGRADE THE UPHOLSTERY!

ON THE OUTSIDE IT LOOKS LIKE THE CAR OF YOUR DREAMS. THEN YOU LOOK INSIDE AND YOU MAY HAVE THE MAKINGS OF A NIGHTMARE. DO YOU KNOW HOW TO SPOT THE SIGNS OF A DREAM CAR THAT HAS FADED?

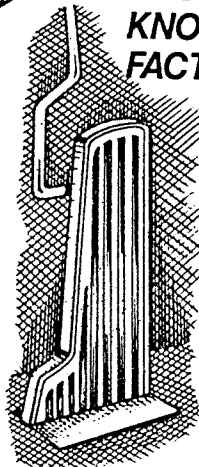
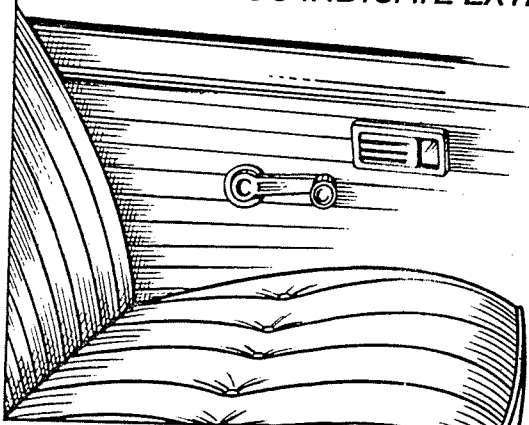
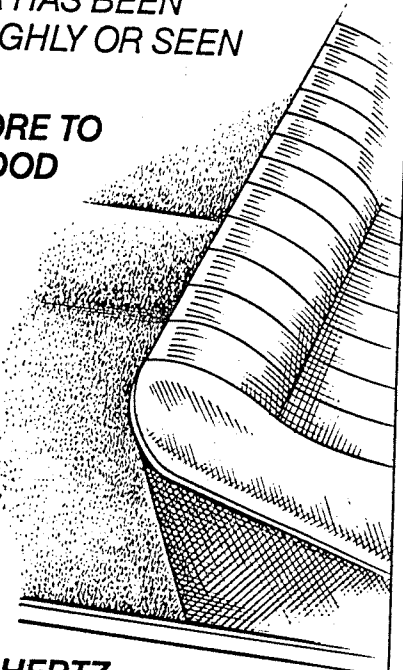
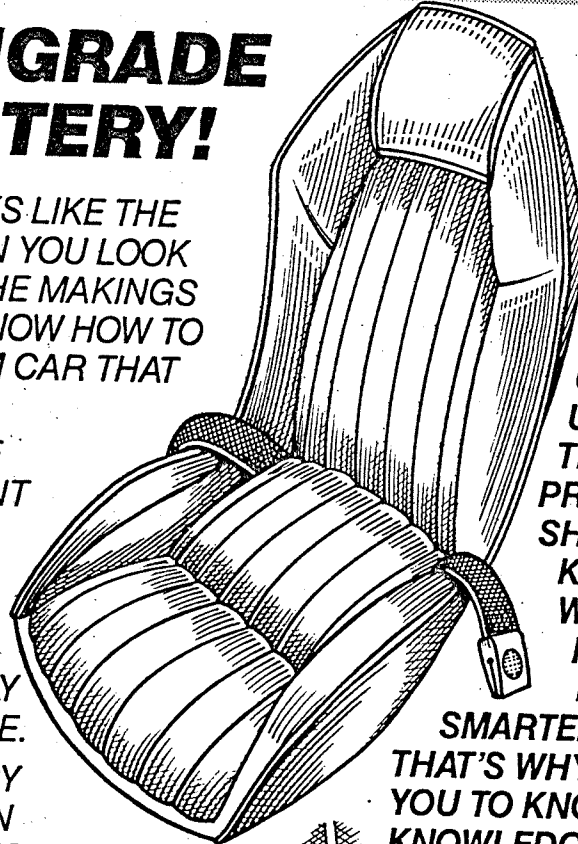
YOUR FIRST CLUE MAY BE FOUND BY FEELING THE FRONT SEAT CUSHION ON THE DRIVER'S SIDE. IF THE CUSHION HAS WEAK OR BROKEN SPRINGS, LUMPS OR HOLLOWES, THE CAR PROBABLY HAS HAD LONG AND HARD USE.

EXAMINE THE UPHOLSTERY AND CARPETING. BADLY WORN MATERIAL OR DAMAGED SEAMS MAY ALSO INDICATE EXTENSIVE WEAR.

A MUSTY SMELL INSIDE THE CAR MAY BE A SIGN OF WATER DAMAGE FROM A RAIN LEAK. SUCH LEAKS CAN BE HARD TO TRACK DOWN AND REPAIR.

PADDING AROUND THE DOORS, HANDLES, AND THE CAR'S ROOF MAY ALSO SHOW SIGNS OF WEAR AND TEAR THAT COULD BE A TIP-OFF THAT THE CAR HAS BEEN TREATED ROUGHLY OR SEEN HEAVY USE.

THERE'S MORE TO CHOOSING A GOOD USED CAR THAN THE STICKER PRICE AND A SHINY HOOD. KNOWING WHAT TO LOOK FOR WILL MAKE YOU A SMARTER CONSUMER. THAT'S WHY HERTZ WANTS YOU TO KNOW THE FACTS. KNOWLEDGE AND SATISFACTION ARE WHAT MAKES HERTZ THE #1 NAME IN USED CARS. VISIT YOUR NEAREST HERTZ DEALER TODAY AND SEE HOW EASY IT IS TO GET QUALITY AND SECURITY FROM A NAME YOU CAN TRUST.



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DON'T STOP SHORT OF THE BRAKES.

THE PROPER FUNCTIONING OF A CAR'S BRAKES CAN BE THE ONLY THING STANDING BETWEEN YOU AND DESTINY.

HERE'S HOW TO TELL WHEN THE BRAKES CAN CAUSE A BIT MORE EXCITEMENT THAN YOU'RE WILLING TO BARGAIN FOR.

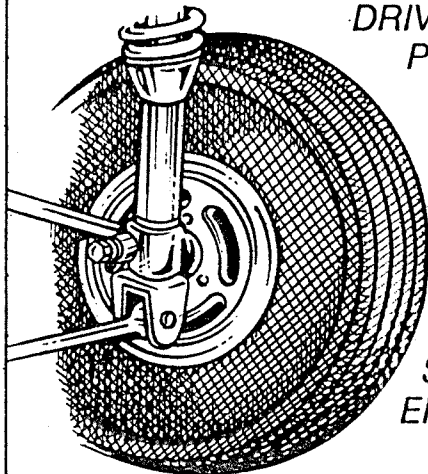
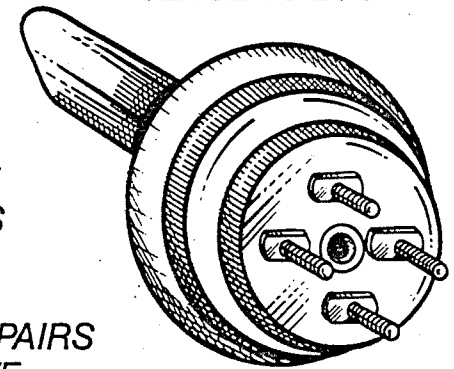
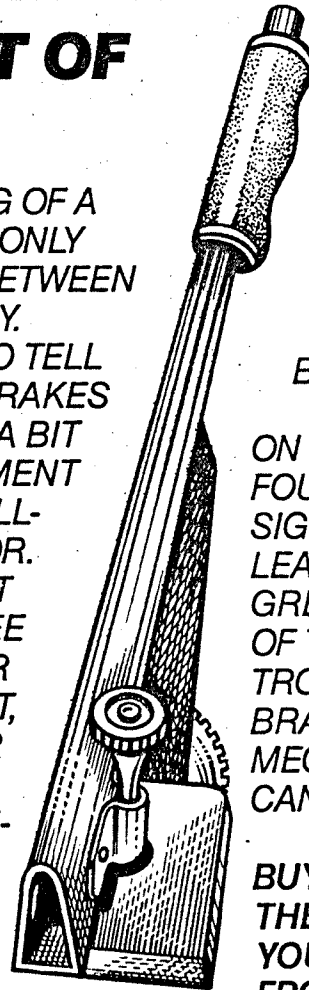
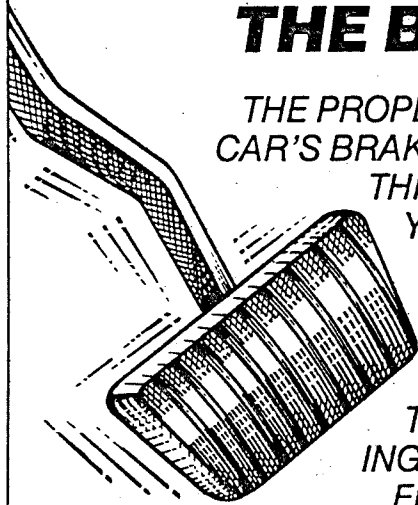
FIRST, CHECK OUT THE PARKING BRAKE. SEE IF IT HOLDS WHILE THE CAR IS PARKED ON AN INCLINE. IF IT DOESN'T, THAT PROBABLY MEANS THAT THE REAR LININGS ARE NO GOOD.

DURING YOUR TEST-DRIVE, THE BRAKE PEDAL SHOULD STAY SOLID AND WELL ABOVE THE FLOOR. THE PEDAL SHOULD NOT FEEL SOFT OR SPONGY. WHEN YOU COME TO A STOP, THE CAR SHOULDN'T SWERVE TO EITHER SIDE. AND THE

BRAKES SHOULD NOT GRAB OR CHATTER. BRAKES WORK BY MEANS OF FRICTION. THAT MEANS CONSTANT ACCUMULATED WEAR. A CAR'S AGE ALONE IS NOT THE BEST INDICATION OF BRAKE WEAR. A HEAVY FOOT ON THE PEDAL CONDEMNS THE LININGS, ROTORS, AND DRUMS TO AN EARLY GRAVE. A LIGHTER TOUCH PROLONGS BRAKE LIFE ENORMOUSLY.

IT ALSO MAKES SENSE TO LOOK ON THE INSIDE OF THE FOUR WHEELS FOR SIGNS OF FLUID LEAKS. OIL OR GREASE ON THE INSIDE OF THE BRAKES MEANS TROUBLE. REMEMBER, BRAKES ARE COMPLEX MECHANISMS, AND REPAIRS CAN BE VERY EXPENSIVE.

HERTZ WANTS YOU TO STOP BEFORE YOU BUY, AND MAKE SURE THAT YOU ARE GETTING THE CAR YOU WANT. WHEN YOU CHOOSE HERTZ, YOU'LL GET THE PROTECTION AND SECURITY FROM A NAME YOU CAN TRUST. VISIT YOUR NEAREST HERTZ DEALER TODAY, AND SEE HOW EASY IT IS TO GET THE MOST FROM #1.

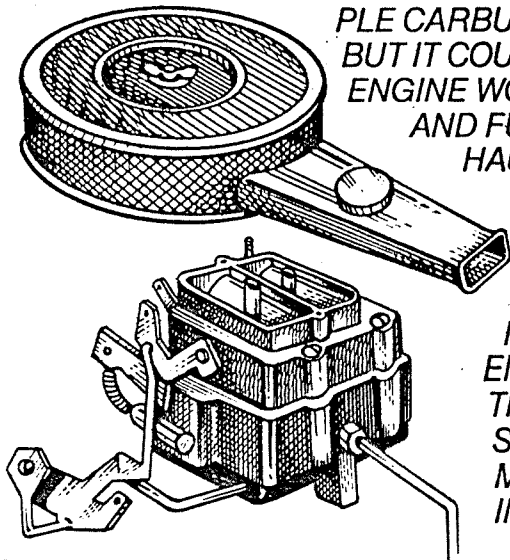


TEST-DRIVE WITH CONFIDENCE PART I.

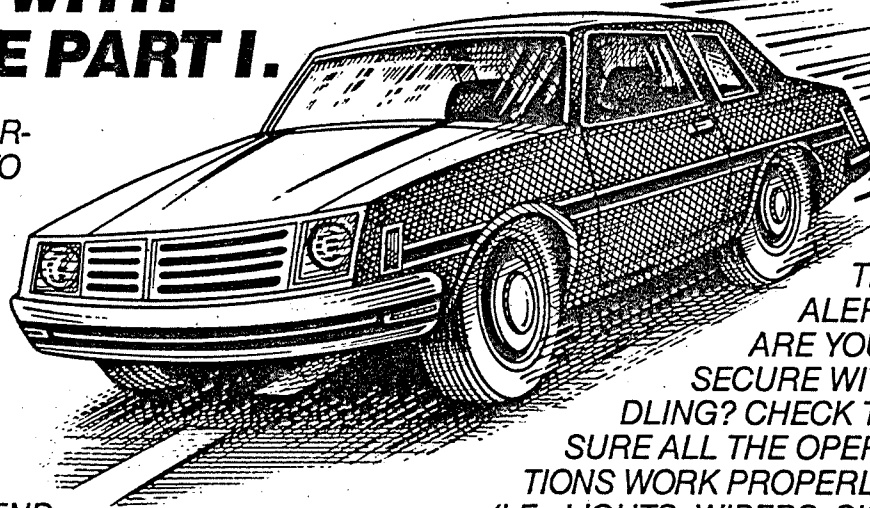
TEST-DRIVING IS IMPORTANT IF YOU KNOW WHAT TO LOOK FOR.

DON'T HURRY YOUR TEST. INCLUDE A SERIES OF ROAD CONDITIONS. HILLS, BUMPS, AND TIGHT TURNS WILL ALL TEST THE CAR'S ABILITY TO RESPOND UNDER A VARIETY OF CIRCUMSTANCES. HAVE A FRIEND ALONG AND COMPARE NOTES AND REACTIONS TO THE CAR'S PERFORMANCE.

STARTING IS A VITAL KEY. IF THE CAR WON'T TURN OVER AND IDLE QUIETLY AND STEADILY, IT MEANS TROUBLE. PERHAPS IT'S JUST A SIMPLE CARBURETOR ADJUSTMENT, BUT IT COULD POINT TO MAJOR ENGINE WORK OR AN IGNITION AND FUEL SYSTEM OVERHAUL.



ACCELERATE HARD IN A SAFE DRIVING AREA. POOR RESPONSE MAY INDICATE THAT THE ENGINE NEEDS TUNING. THE STEERING WHEEL SHOULD REQUIRE NO MORE THAN A FEW INCHES OF TURNING IN

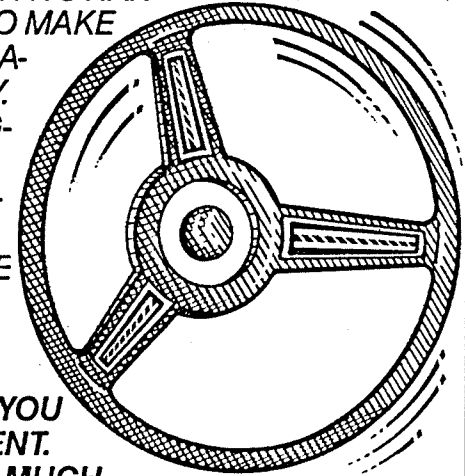


EITHER DIRECTION FOR A FIRM RESPONSE FROM THE WHEELS. NOISE IN THE POWER STEERING COULD ALSO MEAN TROUBLE. ASK YOURSELF QUESTIONS AS YOU TEST-DRIVE. BE ALERT TO THE FEEL OF THE CAR. ARE YOU COMFORTABLE AND

SECURE WITH ITS HANDLING? CHECK TO MAKE

SURE ALL THE OPERATIONS WORK PROPERLY. (I.E., LIGHTS, WIPERS, SIGNALS, DASH INDICATORS). AND CHECK THE AIR CONDITIONING IN THE WINTER, AND THE HEAT IN THE SUMMER.

HERTZ KNOWS HOW IMPORTANT IT IS TO BE FULLY SATISFIED BEFORE YOU MAKE A MAJOR INVESTMENT. THAT'S WHY HERTZ DOES MUCH MORE TO GIVE YOU THE SECURITY, PROTECTION, AND VALUE YOU NEED TO DRIVE AWAY WITH CONFIDENCE. VISIT YOUR NEAREST HERTZ DEALER TODAY AND SEE HOW #1 CAN DELIVER THE MOST FOR YOU.



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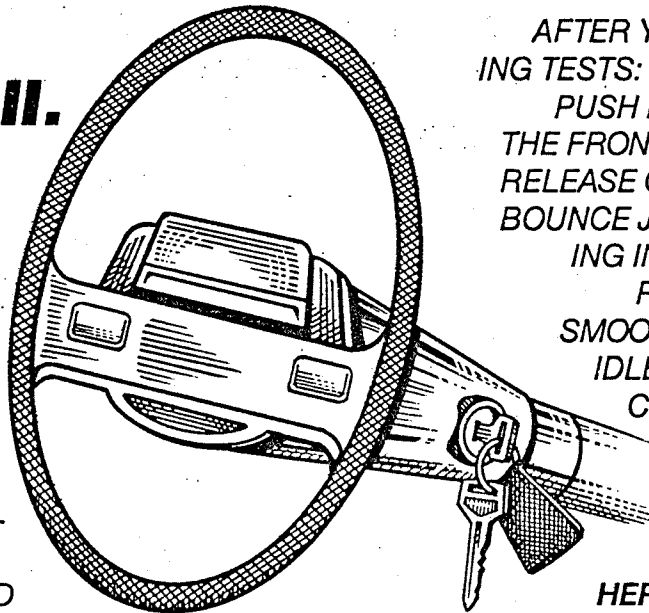
TEST-DRIVE WITH CONFIDENCE PART II.

THERE'S MORE TO SMART TEST-DRIVING THAN JUST PLAIN DRIVING. AFTER YOU HAVE TESTED THE CAR'S STARTING ABILITY, ROAD HANDLING, AND OVERALL RESPONSE, THERE ARE A FEW OTHER DETAILS THAT MIGHT TIP YOU OFF TO TROUBLE:

PUT THE CAR THROUGH ORDINARY DRIVING PACES. PARALLEL PARK IN A RELATIVELY TIGHT SPOT. THIS WILL GIVE YOU A GOOD INDICATION OF

STEERING RESPONSE, AND THE CONDITION OF THE TRANSMISSION. THE FRONT WHEELS SHOULD TURN SMOOTHLY, ESPECIALLY WITH POWER STEERING. GRINDING

AND LOUD WHINING CAN MEAN BELT WEAR OR LOOSENING. AS YOU SHIFT GEARS, BE ALERT TO HITCHES OR BALKS IN THE TRANSMISSION. DOES THE ENGINE RACE DURING SHIFTING? DOES THE CAR HAVE A DELAYED RESPONSE TO THE ACCELERATOR? IF SO, THE PROBLEM MIGHT BE IN THE ENGINE.



AFTER YOUR DRIVE, RUN THE FOLLOWING TESTS:

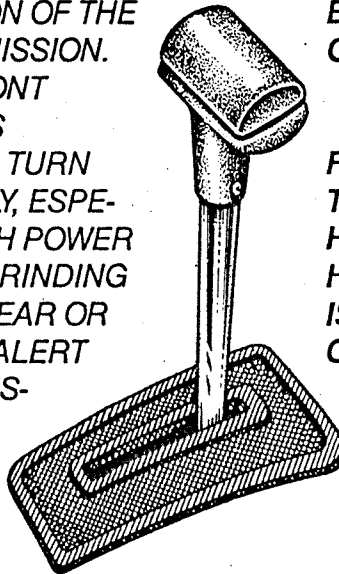
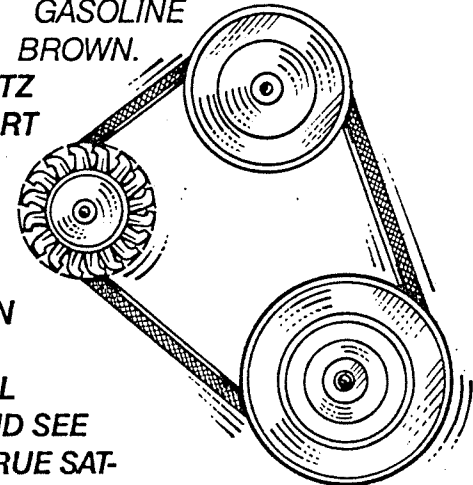
PUSH DOWN HARD ON EACH SIDE OF THE FRONT AND REAR FENDERS AND RELEASE QUICKLY. THE CAR SHOULD BOUNCE JUST ONCE. CONTINUED BOUNCING INDICATES WORN SHOCKS.

PARK THE CAR OVER A CLEAN, SMOOTH AREA OF CONCRETE. LET IT IDLE FOR FIVE MINUTES, AND THEN CHECK THE GROUND FOR LEAKS.

ENGINE OIL IS BLACK, TRANSMISSION FLUID RED AND GASOLINE BROWN.

HERTZ

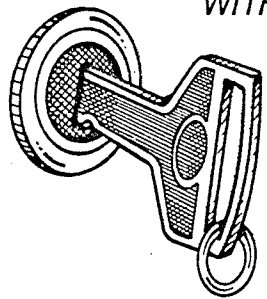
WANTS YOU TO BE A SMART DRIVER AND A SMART BUYER. WHEN YOU CHOOSE A HERTZ USED CAR, YOU GET SECURITY AND PROTECTION FROM A NAME YOU CAN TRUST. VISIT YOUR LOCAL HERTZ DEALER TODAY AND SEE HOW EASY IT IS TO GET TRUE SATISFACTION ON THE CAR OF YOUR CHOICE.



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NO SHOCKS FROM THE ELECTRICAL.

SINCE NO ONE HAS PROPOSED GOING BACK TO THE CRANK, WE'LL JUST HAVE TO LIVE A BIT LONGER



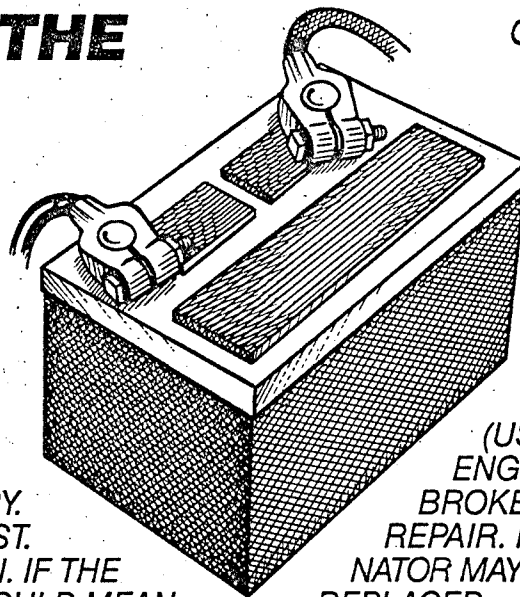
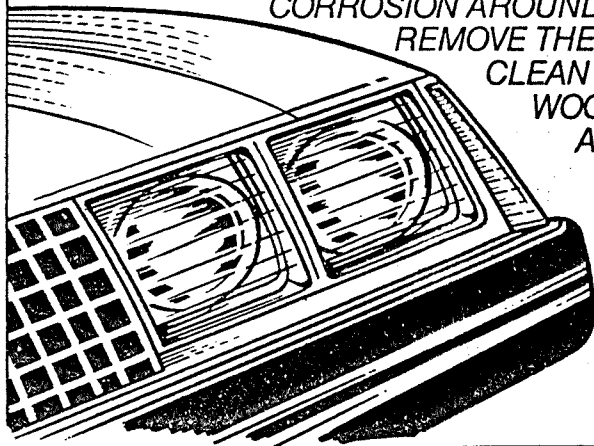
WITH THE ELECTRICAL SYSTEMS IN OUR CARS. FORTUNATELY, THE GREAT PERCENTAGE OF PROBLEMS CAN BE TRACED BACK TO THE SOURCE... THE BATTERY. FIRST THINGS FIRST.

TURN ON THE IGNITION. IF THE ENGINE TURNS OVER SLUGGISHLY, IT COULD MEAN A WORN BATTERY. OR, IT COULD BE THE STARTER. TO ISOLATE THE PROBLEM, FIRST TURN ON THE BRIGHTS. IF THEY DIM CONSIDERABLY WHILE THE STARTER IS OPERATING, THE BATTERY IS PROBABLY THE CULPRIT.

NEXT TRY THE TURN SIGNALS. A WEAK RESPONSE ALSO POINTS TO THE BATTERY.

ANOTHER CAUSE OF SLUGGISH STARTING CAN BE CORROSION AROUND THE TERMINALS.

REMOVE THE BATTERY CABLES, CLEAN THEM WITH STEEL WOOL, REPLACE THEM AND TRY THE IGNITION AGAIN. IF THERE'S NO CHANGE, YOU'VE GOT TROUBLE IN YOUR BATTERY OR YOUR STARTER. A

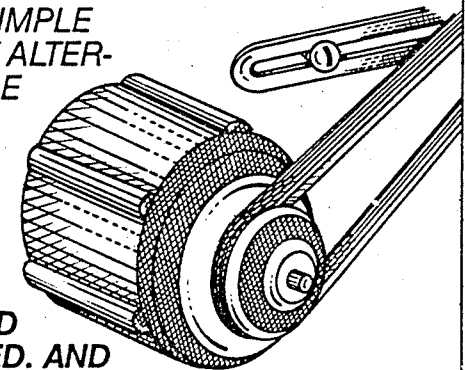


GARAGE CAN DO A BATTERY TEST. AND STARTERS CAN BE REPLACED... BUT NOT INEXPENSIVELY.

IF BATTERY AND STARTER ARE FINE AND THERE'S NO CORROSION, THE NEXT PLACE TO LOOK FOR TROUBLE IS THE ALTERNATOR. MOST CARS HAVE A RED LIGHT ON THE DASH TO WARN YOU SOMETHING'S AMISS WITH THE CHARGING SYSTEM.

FIRST, CHECK THE FAN BELT (USUALLY IN THE FRONT OF THE ENGINE). IF IT'S LOOSE OR BROKEN, IT'S A SIMPLE REPAIR. IF NOT, THE ALTERNATOR MAY HAVE TO BE REPLACED.

DON'T LET SPARKS FLY IF YOU DO FIND SOMETHING WRONG IN YOUR USED CAR'S ELECTRICAL SYSTEM. MOST OF THOSE PROBLEMS ARE EASILY AND INEXPENSIVELY CORRECTED. AND IF YOU CHOOSE A HERTZ USED CAR, YOU'LL FIND A WHOLE SERIES OF OPTIONAL WARRANTIES AT LOW ADDITIONAL COST TO PROTECT YOU FROM MOST OF WHAT CAN GO WRONG. SO COME INTO YOUR HERTZ LOT TODAY. WE THINK THAT WHAT YOU'LL FIND THERE WILL SPARK YOUR INTEREST.



ANATOMY OF A USED CAR. NO. 10 IN A SERIES FROM HERTZ

HOW HERTZ CAN HELP.

HOW OFTEN HAVE WE FOUND THAT BUYING A USED CAR IS A LITTLE LIKE PLAYING LET'S MAKE A DEAL: "HOW MANY DOLLARS

WILL YOU GIVE ME FOR WHAT'S BEHIND THIS STICKER AND UNDER THE HOOD?"

AT HERTZ USED CAR SALES, EVERYTHING WE DO IS DESIGNED TO TAKE THE DRAMA OUT OF THAT PURCHASE.

IT BEGINS WITH OUR SERVICE/MAINTENANCE RECORD. HERE'S THE WHOLE HISTORY OF THE AUTOMOBILE: ITS SERVICE, REPAIR AND TUNE-UPS—SOMETHING YOU WON'T EVEN FIND AS AN OPTION ON MOST USED CARS.

BEFORE WE PUT ANY CAR UP FOR SALE, WE MAKE SURE IT'S UP TO SPEC—

UNDER THE HOOD, OIL AND OIL FILTERS ARE CHANGED. BELTS AND FLUID LEVELS ARE CHECKED. THE ENGINE IS FINE-TUNED AND STEAM-CLEANED.

AND YOU'LL FIND THAT OUR EXTERIORS SHIMMER. BUT WE DON'T DO IT TO HIDE ANY DAMAGE. WE SIMPLY DO NOT SELL ANY CAR WITH FIRE, FRAME OR WATER DAMAGE.

TO REMOVE ANY LAST,

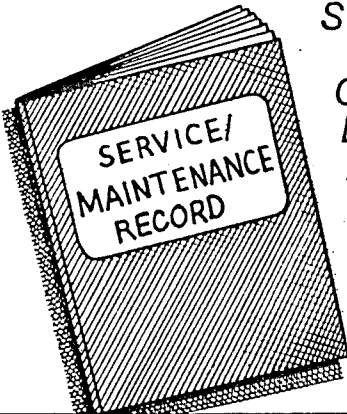
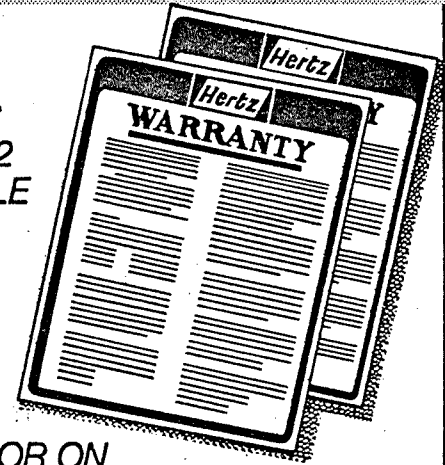
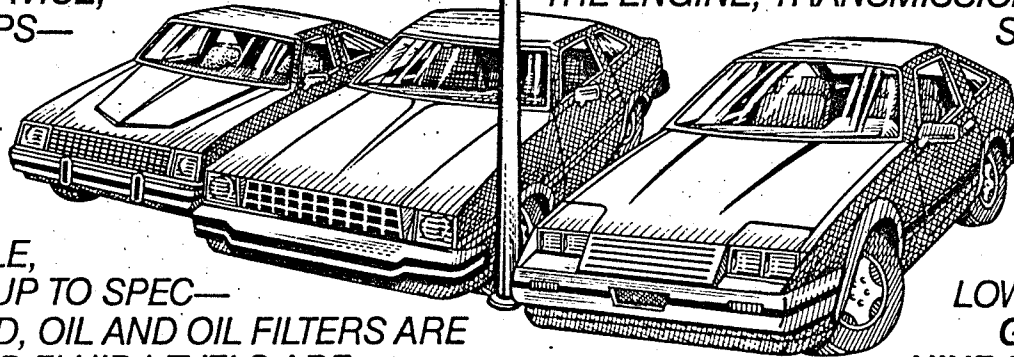
LINGERING DOUBT, WE COVER OUR CARS WITH OUR FREE 12 MONTH/12,000 MILE LIMITED POWER TRAIN WARRANTY, WHICHEVER

COMES FIRST. IT BEGINS THE DAY OF YOUR PURCHASE AND COVERS PARTS AND LABOR ON THE ENGINE, TRANSMISSION, DRIVE

SHAFT AND DIFFERENTIAL. AND YOU CAN INCREASE YOUR PROTECTION WITH A CHOICE OF THREE ADDITIONAL WARRANTIES AT

LOW COST.

GO AHEAD. USE THE NINE OTHER GUIDES IN THIS SERIES TO CHECK OUT THE COMPETITION. THEN COMPARE YOUR FINDINGS TO A LATE MODEL HERTZ USED CAR. WE THINK YOU'LL FIND HERTZ CHECKS OUT THE BEST. VISIT YOUR HERTZ DEALER TODAY AND SEE FOR YOURSELF HOW NUMBER ONE IS DOING MORE FOR YOU.



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