

The Honorable Tom Oliverson  
Chairman, House Insurance Committee  
State Capitol  
Box 2910  
Austin, TX 78768

Chairman Oliverson and Members of the Committee:

The Auto Care Association is a national trade association comprised of more than 3000-member companies and affiliates that manufacturer, distribute and sell motor vehicle parts, accessories, services, tools, equipment, materials, and supplies. In short, we represent the entire supply chain of the auto industry.

On behalf of the aftermarket industry, we are writing to express our concern and opposition to HB 1131 – Insurance Practices with Respect to Vehicle Repair. This bill is a government mandate on consumers private property and would harm consumers right of choice. Additionally, this bill would increase repair costs for consumers while limiting competition. Most disturbing, this legislation promotes the use of OEM parts for all repairs and would change the competitive balance in the repair industry. Not only would this legislation create higher priced repair costs for consumers but would threaten an industry that generates \$381B in annual sales and employs 4.6 million people across the country while contributing 2% to GDP. The aftermarket industry is a significant contributor to the Texas jobs market as well as business and commerce. Employing nearly 207,000 jobs, representing \$36.6B in economic activity and \$14.B in wages from business outlets such as manufacturers, wholesalers, retailers, and related services will be affected in the state. Aftermarket businesses provide Texas residents with affordable options for maintaining and repairing their vehicles.

Additionally, there is no body of research, individual study, or any data to support the implication that aftermarket parts are inferior to OE parts. In fact, they are often produced by the same company that produced the original equipment (OE) part but may come in a different box. The only difference is the OE part often costs more than the non-OE branded equivalent, meaning increased repair and insurance costs for consumers. Further, since aftermarket companies can observe the OE part in use, aftermarket companies are often able to correct problems with the component that were discovered after the vehicle was on the road. Such actions translates' into the ability of aftermarket parts to provide motorist with improved vehicle reliability and safety.

We respectfully urge you to **VOTE NO on HB 1131** due to the unintended consequences for consumers and the negative impact to Texas businesses.

Sincerely,

Tom Tucker  
Senior Director, State Government Affairs