



December 18, 2020

Texas Sunset Advisory Commission
P.O. Box 13066
Austin, Texas 78711

Re: Sunset Staff Report on Regulation of Used Automotive Parts Recyclers

Dear Chairman Cyrier and Members of the Commission,

On behalf of LKQ Corporation, I am writing in opposition to Recommendation 5.1 of the Commission's review of the Texas Department of Licensing and Regulation (TDLR) which would transfer regulation of Used Automotive Parts Recyclers (UAPR) in the state from TDLR to the Department of Motor Vehicles (TxDMV).

LKQ Corporation is a leading provider of alternative and specialty parts to repair and accessorize automobiles and other vehicles. Based in the United States, LKQ employs approximately 25,000 people in North America and operates more than 540 facilities in 47 states, with approximately 1,900 employees at 43 facilities in Texas, offering its customers a broad range of replacement systems, components, equipment and parts to repair, maintain and accessorize automobiles, trucks, and recreational and performance vehicles.

Licensing is a sound public policy measure on behalf of consumers. Licensing ensures that only practitioners who follow safety, environmental and operational requirements can function as Used Auto Parts Recyclers (UAPR). Oversight of the industry creates a compliance and enforcement framework conducive to reduce the number of bad actors and increase accountability for law-abiding businesses. UAPR and Salvage Dealers are very disparate businesses under Texas statute and should be treated as such.

UAPR are dismantling facilities that must follow both federal EPA and state environmental regulations in their operations. Salvage Dealers do not have the proper facilities to operate as dismantlers to meet federal and state environmental requirements nor are they equipped for proper dismantling, fluid containment, or disposal or sale of used auto parts. Salvage Dealers who dismantle vehicles without proper regulatory oversight will not properly dispose of chemicals such as engine oil or transmission and radiator fluids. This hazardous waste ends up in rivers and streams and may contaminate the public's drinking water. UAPR must have a Stormwater permit with detailed samples and sample spots (outfall) for the facility. Salvage Dealers do not have the same requirements placed upon them as they are not required to obtain Stormwater permits.

While Salvage Dealers buy and sell vehicles for a variety of purposes, UAPR are end-of-life businesses and are not in the practice or have intent of selling or rebuilding automobiles. Environmentally-conscious, consumer-oriented UAPR businesses are incurring significant operational costs to safely process end-of-life vehicles while unregulated "salvage dealers" holding the same license as UAPR would be allowed to profit from dealing with severely damaged vehicles under dubious standards at high risk to the general public and the environment.

UAPR specialize in handling recalls of unsafe auto parts (e.g. TAKATA air bags) to ensure safe disposal of the recalled parts. Defective auto parts can contribute to serious vehicle malfunctions that may result in deadly accidents. Salvage Dealers do not have the experience or ability for tracking of recalled parts and would be able to continue selling them thus risking possible death or injury to the consumer. UAPR also have extensive experience and ability in selling used automotive parts with warranties and accountability of ownership. Salvage Dealers also do not have the same training, experience or ability to trace ownership and warranties for those used parts.

Additionally, by combining the licenses and adding disparate business interests under one umbrella, in the future when there is a need to make statutory or regulatory changes to the laws and regulations imposed on UAPR, the other business interests holding that “umbrella” license that covers both the UAPR and Salvage Dealers may choose to impede the ability of the state and industry to make the necessary changes. It also follows that a business holding the new “umbrella” license, and for who selling used auto parts is only incidental to their primary business, may create significant environmental, health, and or safety issues that reflect badly on the professional UAPR and result in unneeded and unwarranted new laws and regulations on the UAPR as a result.

LKQ respectfully urges members of the Commission to reconsider the reasons behind Recommendation 5.1 and to not affect a transfer of regulatory oversight from TDLR to TxDMV.

Please do not hesitate to contact me if you have any questions. I can be reached at (616) 984-6209 or kxfisk@lkqcorp.com

Respectfully,

A handwritten signature in black ink that reads "Kevin Fisk". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

Kevin Fisk
Government Affairs – Central Region
LKQ Corporation