

MOTOR VEHICLE REPAIR INDUSTRY BOARD
Professional and Vocational Licensing Division
Department of Commerce and Consumer Affairs
State of Hawaii

MINUTES OF MEETING

The agenda for this meeting was filed with the Office of the Lieutenant Governor, as required by section 92-7(b), Hawaii Revised Statutes ("HRS").

- Date: Tuesday, April 10, 2018
- Time: 2:00 p.m.
- Place: King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813
- Members Present: Marie Weite, Public Member, Chairperson
Robert Figaroa, Jr., Industry Member, Vice-Chairperson
Stuart Lau, Public Member
Michael Tetsutani, Industry Member
- Staff Present: Carol Kramer, Executive Officer
Mana Moriarty, Esq., Deputy Attorney General ("DAG")
Terry Akasaka-Toyama, Secretary
Jessica Mullin, Secretary
- Call to Order: There being a quorum present, Chairperson Weite called the meeting to order at 2:00 p.m.
- Approval of Minutes: It was moved by Mr. Tetsutani, seconded by Mr. Figaroa, and unanimously carried to approve the Board and executive session minutes of the January 18, 2018 meeting as circulated.
- 2018 Legislative Session: a. H.B. 2349, H.D.1, S.D.1 – Relating to Citations for Motor Vehicle Repair Violations
- This bill would authorize the issuance of a citation for specific violations of the motor vehicle repair laws and rules by licensees and sets forth a process for licensees to contest the citation and provides for the assessment of fines for each violation.
- This bill was further amended in S.D.2 to correct a reference to the type of certificate held by the dealer from "registration" to "licensure".

b. H.B. 1620, H.D.2, S.D.1 – Relating to Motor Vehicle Repairs
(Companion Bill S.B. 2243, S.D.1)

The purpose and intent of this measure is to establish the Vehicle Repair Practices Task Force to study and report on motor vehicle repairs made with original equipment manufacturer ("OEM") parts instead of aftermarket parts, also known as like kind and quality ("LKQ") crash parts, and the effects on the use of these parts on automobile insurance coverage and costs.

It was also requested that the Motor Vehicle Repair Industry Board consider whether certifying shops and individuals that perform cosmetic work on motor vehicles would be appropriate and to examine the area of law covered by this measure and its impact on the area of law that is within the Board's purview. One member of this Board was requested to be a part of this task force and the Board will also need to decide whether they will take the lead on the task force.

Executive
Session:

At 2:14 p.m., it was moved by Mr. Tetsutani, seconded by Mr. Figaroa, and unanimously carried to move into executive session pursuant to HRS §92-5 to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities, as provided in HRS §92-5(a)(4).

EXECUTIVE SESSION

At 2:20 p.m., it was moved by Mr. Lau, seconded by Mr. Tetsutani, and unanimously carried to move out of executive session and return to the Board's regular order of business.

Discussion continued with comments that this bill puts a heavy burden on insurance companies when the insured consumer chooses OEM crash parts that would affect the insured's crash avoidance or safety systems, and not pay the additional cost of the OEM crash part that is in excess of the equivalent LKQ crash part.

Executive Officer Kramer reminded the Board that by definition in their statute, "Crash parts" means motor vehicle replacement parts, either sheet metal or plastic, which constitute the visible exterior of the vehicle, including inner and outer panels, and which are repaired or replaced as the result of a collision."

It was also commented that this bill alludes more towards bodywork when mentioning cosmetic work, which the Board does not regulate. However, it was also mentioned that the newer cars now have electrical panels on the doors as well as sensors under the bumpers, which would require a licensed mechanic. Those body shops should be subcontracting the work out to a licensed mechanic if mechanical work needs to be done.

The current problem is enforcing the existing law where unlicensed mechanics are making repairs. Requiring unlicensed mechanics or persons performing bodywork to get a license will not fix the problem.

In a straw poll, majority of the members were inclined to keep the Board's function as status quo versus expanding their function to include certification of body/paint shops. They felt there would not be an increase to consumers' safety. It was also discussed that HRS 437B-15 should be amended to include the disclosure of the cost of the OEM part, LKQ part, the mark-up and any potential impact on the vehicle's manufacturer warranty.

With regards to the task force, Executive Officer Kramer will submit the Board's following comments to the Insurance Division to be included in the Department's conference letter:

- The Board does not have a member available to volunteer on the task force.
- The Board declines to take the lead on the task force as it appears to be more of an insurance issue.

Next Meeting: Thursday, May 17, 2018
1:30 p.m.
Queen Liliuokalani Conference Room
King Kalakaua Building, 1st Floor
335 Merchant Street
Honolulu, Hawaii 96813

Adjournment: The meeting adjourned at 3:07 p.m.

Taken and recorded by:

/s/ Terry Akasaka-Toyama

Terry Akasaka-Toyama, Secretary

Reviewed and approved by:

/s/ Carol Kramer

Carol Kramer, Executive Officer

CK:tat

4/13/18

[x] Minutes approved as is.

[] Minutes approved with changes. See Minutes of _____.