

Resources

New Transportation Bill Brings Civil Penalty and Whistleblower Changes to the Automotive Industry

December 14, 2015

On December 4, 2015, President Obama signed H.R. 22, Fixing America's Surface Transportation (FAST) Act, into law. The new law reauthorizes federal highway and transit programs for five years. While most of the attention on the legislation has focused on the new funding for transportation infrastructure, the measure also includes significant policy changes related to motor vehicle safety and enforcement actions by the National Highway Transit Safety Administration (NHTSA). All automotive manufacturers and suppliers should be aware of the following provisions included in the FAST Act. Among other provisions, the new law will:

- Triple the maximum cap on civil penalties for violations of motor vehicle safety standards and laws from \$35 million to \$105 million upon NHTSA's certification that its final rule on civil penalty factors has been completed.
- Pay 10% to 30% of the collected monetary sanctions to whistleblowers for original information about possible motor vehicle safety violations.
- Extend the time period that automakers and tire manufacturers must pay for defect remedies for motor vehicles and tires from 10 years to 15 years. It also extends the period companies must retain safety records from five years to 10 years.
- Require a senior official responsible for safety to sign and certify that submissions in response to a request for information in a safety defect or compliance investigation do not contain any untrue statements or omit a material fact that could make the statement misleading.
- Increase the availability and accessibility of safety recall information to consumers, including a requirement that manufacturers identify and include applicable part numbers when notifying NHTSA of safety defects or failures to comply with safety standards.
- Incentivize dealers to check for open recalls at the time of service for all patrons and require rental car companies to ground vehicles that are subject to an open safety recall until they are fixed.
- Broaden a company's recall obligations in the event of bankruptcy.

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Government Policy & Practice

New Transportation Bill Brings Civil Penalty and Whistleblower Changes to the Automotive Industry (Cont.)

Industries

Automotive Industry Group

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