

Action and Response

Members React to Legislative Successes

No one appreciates victory more than those who have been near defeat, and no one appreciates help more than those who have nearly fallen. As part of this issue is devoted to legislative and regulatory themes, we asked executives from SEMA-member companies to comment on some of the programs that have helped them overcome adversity and improve the marketplace for both the industry and the consumers who benefit from it.



California Exhaust-Noise Testing Program

Since 2003, California has been operating a motor-vehicle exhaust-noise testing program. The program, the product of a SEMA-sponsored law, equips state motorists to fight unfair exhaust-noise citations issued by law enforcement officers. Owners can now prove that their vehicles comply with state noise standards, and courts can dismiss citations for exhaust systems that have been tested and for which a certificate of compliance has been issued. Under the program, approximately 40 smog-check stations that provide referee functions are performing the tests. Located across the state, these referee stations issue certificates of compliance for vehicles when tests of their exhaust systems demonstrate under SAE test procedure J1169 that they emit no more than 95 decibels. At SEMA's urging, the legislature rejected a bill to ban the sale of "any aftermarket exhaust system component" that would cause the vehicle to produce "excessive or unusual noise."

"Any kind of arbitrary legislation that leaves the resolution of some of these types of activities to the soul judgment of a policeman

or individual is always harmful. Having a system in place that everybody can depend upon and that establishes a benchmark for all of the manufacturers to strive toward is a plus. SEMA's legislative and regulatory efforts are extremely important. SEMA fought a lot of battles prior to this one. As a small industry, I don't think we would've survived the onslaught of the various government agencies without the government affairs office in Washington, D.C. It is a vital part of the association."

—Alex Borla, CEO
Borla Performance Industries

Cash for Clunkers



In 2009, SEMA persuaded Congress to place a 25-year limit on trade-in cars and expand recycling opportunities under "cash for clunkers" legislation. Under the controversial law, consumers were able to receive a voucher to help buy a new car in exchange for scrapping a less-fuel-efficient vehicle. SEMA was able to mitigate the program's effects by convincing lawmakers to include a requirement that the trade-in vehicle be a model-year '84 or newer vehicle. That provision helped safeguard older

vehicles that possess "historic or aesthetic value" and are irreplaceable to hobbyists as a source of restoration parts. The law also allowed all parts to be recycled except the engine. SEMA convinced lawmakers to permit the drivetrain to be recycled if the transmission, driveshaft or rearend were sold as separate parts.

"Without the 25-year exemption fought for by SEMA, the 2009 Cash for Clunkers program might not have hurt our company immediately, but it would definitely have hurt the whole industry down the road. It would have taken a lot of spare parts out of the system that we would need when vehicles were being restored. We knew that this legislation was going to be very difficult to stop. SEMA worked to get a limit on the age of the cars affected and influenced a lot of legislators to limit the damage. The SEMA legislative and regulatory programs are among the best benefits that the association's members receive. SEMA has done an excellent job of being proactive with legislation, and that has helped us a lot."

—Matt Agosta, President
Steele Rubber Products

Collector Car Appreciation Day



In 2010, the U.S. Senate passed Senate Resolution 513 (S. Res. 513) at SEMA's request, designating July 9, 2010, as "Collector Car Appreciation Day." The effort

was undertaken to raise awareness of the vital role automotive restoration and collection plays in American society. In recognition of the day, individuals, car clubs and affiliated businesses held car cruises, club gatherings, product promotions and educational events. The second annual Collector Car Appreciation Day was held on July 8, 2011, with more than double the events than in 2010.

“Vintage vehicles are sometimes confused with gross polluters simply because of their age. Those in the industry and the hobby know that this couldn’t be further from the truth. Collector Car Appreciation Day helps to bring the glory of vintage vehicles to the forefront of the national news. This event helps the hobby and strengthens the entire collector car industry. And while Collector Car Appreciation Day is still in development and there is plenty of work yet to be done, helping lawmakers understand that the automotive specialty-equipment market creates jobs and helps keep the American economy vibrant is vital to our future success. Lawmakers sometimes do not fully understand the unintended consequences of the “well-intentioned” legislation they champion. Having SEMA’s legislative watchdogs on Capitol Hill ensures that our industry is consistently treated fairly and with respect.”

**—Ernie Silvers, CEO
Egge Machine Co.**

Nitrous Oxide



In an effort to mitigate legislation to ban the installation of power-booster systems, including nitrous-oxide systems intended for off-road use, SEMA devised a model bill aimed to provide for the operation of a vehicle equipped for nitrous oxide, so long as the nitrous oxide is disconnected from the engine when the vehicle is operated on public roadways. SEMA has been successful in getting the model bill or a comparable variation enacted in multiple states and Canadian provinces.

“Without the levelheaded input for nitrous usage provided by SEMA, the government bureaucrats would be writing laws regulating something they know little or nothing about. With SEMA’s help in educating these government authorities, a compromise bill was developed to control the use of nitrous oxide. The model bill helps our customers understand what the laws regulating nitrous usage actually are, and they are able to use this knowledge to purchase our products and operate them without fear of undue interference from the authorities. No matter how large your company is, it does not have the clout nor ability to influence legislation the way SEMA is able to. The SEMA staff does all the legislative heavy lifting for the entire performance industry. The nitrous legislation, while not ideal, is the best that could be achieved under the circumstances. There is real danger to the survival of the performance industry without the input of a respected organization such as SEMA.”

**—Mike Wood, Owner
Nitrous Express**

Backyard Restoration



Hobbyists and SEMA members are concerned about the many states and localities currently enforcing or attempting to legislate strict property or zoning laws that include restrictions on visible inoperable automobile bodies and parts. Removal of these vehicles from private property is often enforced through local nuisance laws with minimal or no notice to the owner. Many such laws are drafted broadly, allowing for the confiscation of vehicles being repaired or restored. In response, SEMA drafted its own inoperable-vehicle bill that is fair to restorers while still considerate of neighbors. The SEMA-model bill simply states that project vehicles and their parts must only be maintained or stored outside of “ordinary public view.” States can adopt this model legislation as their own, and SEMA has also led efforts to

defeat bills in states and localities all over the country that would have established unreasonable restrictions on backyard restoration projects.

“From 2000–2007, things really took off in the industry. Because of all the restoration parts that were developed during those times, many cars that were once considered to be only good for salvaging parts now became rebuildable cars. Through SEMA’s efforts, legislation allowed the builders to avoid confiscation of those types of cars by keeping them stored out of public view. If we had not had those extra cars for our customers, we never would have invested in the new tooling to develop more new parts. SEMA’s help allowed a lot more cars to stay in circulation, and increased visibility equals increased sales and more interest in our industry.”

**—Steve Ames, Owner
Ames Automotive Enterprises**

Tire Standards



In 2003, SEMA successfully argued that bias tires should continue to be regulated under current federal testing standards and not a newly created standard that has stricter performance requirements. Bias tires are used on antique/classic cars and also have racing and off-road applications. SEMA also persuaded California legislators to amend a bill creating a tire fuel-efficiency program for passenger car and light-truck replacement tires. A SEMA-drafted provision was adopted to exempt limited-production tires (15,000 or less annually), deep-tread snow tires, limited-use spares, motorcycle tires and tires manufactured for use on off-road vehicles from the scope of the law and subsequent regulation.

“SEMA brings just the right effort at just the right time on behalf of manufacturers and consumers, including education

(or persuasion). It is clear that some regulators and air-quality folks appear to care very little about our products, our issues or us. SEMA did a wonderful job of educating potential regulators that tougher standards on the very small niche-use of bias tires would cost more and could kill an industry along with thousands of jobs while creating little impact on vehicle safety. I am proud to be involved with SEMA for precisely these reasons."

**—Corky Coker, Owner,
Coker Tire Co.**

California Executive Order Program



When no methods existed for compliance with California's emissions anti-tampering requirements, SEMA set about to create and implement what became known as the California Air Resources Board's (CARB) Executive Order (EO) program. With state regulators, SEMA developed a program that allowed parts manufacturers to obtain CARB approval for products by a method that minimized levels of testing, provided reasonable testing criteria and limited the amount of administrative paperwork. The U.S. Environmental Protection Agency (EPA) has acknowledged this program as satisfying federal anti-tampering requirements as well, enabling products legal for sale in California to be legal in the other 49 states.

"SEMA took the role of helping to educate the industry on emissions compliance. Absent that involvement, it would still be a muddy process. There is now a better working relationship between SEMA, CARB and the EPA. Because of the EPA's acceptance now of an EO as a reasonable basis to meeting their requirements in the Clean

Air Act, more and more states are adopting legislation that is either the mirror image of or very close to what CARB has in California. The industry has grown to a significant level, and SEMA is able to monitor, shape and create certain legislation consistent with the needs and wishes of the industry. The Washington, D.C., office is comprised of a very talented and experienced group of incredibly effective people. They have been able to influence legislative issues that could have deeply hurt the industry, recrafting them in a constructive way for the industry's benefit."

**—Jim McFarland, President,
McFarland Consulting**

California Diesel Parts



California is now including the inspection of light- and medium-duty diesel vehicles in its smog-check program. In order for uncertified diesel parts to not cause failure of the visual portion of the smog check, CARB in conjunction with SEMA and SEMA members, created a procedure whereby members were able to submit certification applications. CARB then conducted an engineering analysis of the parts and placed them on a "Products in Progress List." Upon successful completion of this initial process, applicants will be given one year to conduct the required emissions tests and obtain certifications during which time no diesel vehicle equipped with these parts will fail the visual portion of a smog-check test.

"Up until about the year 2000, emissions compliance for diesels was a fairly straightforward process. However, as a result of questionable calibration practices

by the engine manufacturers, CARB and the EPA required updated test methods. CARB developed a new compliance strategy for the OEMs and then said that the aftermarket was also going to need a new strategy. We suddenly had a situation where we had no test available and no means of complying. Ultimately, Gale Banks Engineering sought the help of some California legislative personnel, and together with SEMA, encouraged CARB to develop a test method. The "Products in Progress" list was developed as the process was being hammered out, allowing the industry to bridge the gap between the smog-check program and compliance while the testing was proceeding. Without the "Products in Progress" option, customer vehicles would have been considered noncompliant, which would have caused expense to our customers and loss of market opportunity to Gale Banks Engineering and the whole diesel aftermarket in California and, eventually, the entire country. Once we have achieved compliance for the affected vehicles, however, we will be able to return to a more traditional test method for diesel compliance in the future."

**—Peter Treydte,
Test Group Manager,
Gale Banks Engineering**

Emissions Test Exemptions



For years, SEMA has successfully convinced policy makers to establish exemptions from inspections for low-mileage vehicles, classic vehicles (defined as 25 years old and older) and newer vehicles. Emissions from this small portion of the vehicle fleet are negligible, espe-

cially considering the low miles typically driven by hobby vehicles and the excellent condition in which these vehicles are maintained.

"I don't really believe that legislation that would be harmful to the classic car hobby is typically ill intentioned, but it is often ill informed. On the surface, limiting emissions is like mom and apple pie, and who wouldn't be for that? However, when you realize that applying today's emissions standards to classic cars would virtually kill the hobby along with an entire industry—coupled with the fact that the emissions from these vehicles are negligible in the grand scheme of things—it just doesn't make sense. SEMA's role in bringing these facts to light and guiding legislation along a more rational and hobby/industry-friendly path is imperative. SEMA's approach in these situations is also one of "helping the government do the right thing" rather than being blatantly adversarial, and I believe that's why SEMA's government affairs staff has been so successful in its efforts. May it continue to be successful. The future of our industry depends on it!"

**—Dennis Gage,
President and CEO,
MadStache**

Model Street Rod/ Custom Vehicle Titling



To date, 22 states have enacted into law versions of SEMA-model legislation to create vehicle titling and registration classifications for street rods and custom vehicles. Under the SEMA model, a street rod is defined as an altered vehicle manufactured before 1949 and a custom as an altered vehicle at least 25 years old and manufactured after 1948. Importantly, kit cars and replica vehicles are assigned certificates of title bearing the same model-year designations as the production vehicles they most closely

resemble. The new law allows for the use of non-original materials, provides for special license plates and exempts street rods and customs from emissions-test requirements.

"The SEMA-model street rod and custom bill has immensely benefitted our business and the industry partners from whom we buy our parts and services. Without this bill, owners were not able to properly register and title their hot rods and kit cars with the state after completion. The bill has also allowed us to grow our businesses due to the fact that customers now have a defined method to title their specialty hobby cars. The states that have adopted this bill have a clear understanding of the unique nature of kit cars and hot rods and how they should be accommodated by the regulatory agencies charged with overseeing them. The future customer who buys one of these vehicle can now get accurate information on these vehicle classifications from the paperwork provided at the local DMV office. In the past, some of these replica vehicles were confused for originals (i.e. '32 Ford, '65 Cobra, etc.) when it really was a recently built kit car or hot rod. The SEMA-model bill has alleviated our industry of these misunderstandings and given the states an effective method by which they can provide for hot rods and kits in their vehicle codes."

**—Lance Stander, CEO,
Superformance LLC**

Electronic Stability Control



In 2007, the federal government established a safety standard mandating installation of electronic stability control (ESC) systems on all new passenger cars by September 1, 2011. The SEMA Suspension Task Force, working with the SEMA Tech initiative, undertook a program to understand how certain

vehicle modifications may interact with ESC systems. The task force then made a comprehensive design evaluation available to all members with products that involve suspension/tire modifications. The program includes a co-op approach among SEMA members to help make the cost of developing the vehicle and tire templates for each vehicle affordable to all participants; the use of mechanical simulation (MS) to develop a generic model to help all of SEMA's members evaluate their products on these templated vehicles; a license to use MS software; access to MS simulators for suspension product development; access to MS software and hardware-in-loop testing; and a test matrix for validating vehicle templates and math model simulation software with independent testing validating with full-vehicle testing. The purpose and benefit of this program is to help members quickly and affordably evaluate the impact of their products on an ESC system and vehicle dynamics performance of aftermarket-modified vehicles.

"The ESC program allows Superlift and other participating companies to provide consumers with the confidence they're looking for in suspension products and their manufacturers when modifying new vehicles that will be used on a daily basis. ESC systems are mandatory on all new production vehicles by the end of 2012. Through SEMA's ESC program, we have achieved a real solution for tackling this obstacle, not only ensuring that products function properly, but also going the extra mile to make sure that the OE safety systems will perform when needed as outlined by the NHTSA-mandated Federal Motor Vehicle Safety Standard 126. It could not have been accomplished without the help and assistance of SEMA and our other partners. SEMA fights and guards against potentially damaging legislation every day. Because of the association's efforts, most of this legislation never gets to the point of becoming a real issue. Being a SEMA member is like health insurance for your business, hobby or lifestyle. SEMA provides benefits to member businesses every day, whether they see them or not."

**—Tim Watts,
Vice President Sales & Marketing,
Superlift Suspension Systems**