



June 6, 2023

RE: IRRC #3373, Proposed rule to amend 37 Pa. Code by amending Chapter 301

George D. Bedwick
Chairman, Independent Regulatory Review Commission
333 Market Street
14th Floor
Harrisburg, PA 17101

Via email: irrc@irrc.state.pa.us

Dear Chairman Bedwick

I hope this letter finds you well. I am writing to express my strong opposition, on behalf of Copart, Inc., to the proposed regulation in Pennsylvania that would impose inspection requirements on used vehicle dealers and mandate written disclosures to consumers regarding the findings. While we understand the intention behind this proposed regulation, we firmly believe that Copart should be exempted from these requirements due to the unique nature of our business operations.

Copart is a national vehicle auction service company and has been a proud member of the Pennsylvania business community since 2005. We currently have ten locations within the state and are continually looking for opportunities to expand our footprint. Copart was founded with one yard in 1982 and is now a world-wide industry leader that provides for the movement, storage and sale of damaged and undamaged vehicles for auto insurers, lenders, rental car companies, charities, and other consigners. Copart currently has 245 employees in Pennsylvania and approximately 7,000 employees in North America.

Copart is a licensed dealer in Pennsylvania, but we operate in a distinct manner from traditional car dealerships. We specialize in the auctioning of vehicles on behalf of third parties through our online platform, with a focus on salvage-titled vehicles. Unlike traditional dealers, we typically do not own the vehicles we auction, nor do we engage in repairs or have repair departments. Most of our buyers consist of dealers, wreckers, recyclers, exporters, and other businesses involved in the automotive industry.

Neither Copart nor any other representative of the auction industry was consulted during the drafting process of this proposed regulation. The lack of industry input in the formulation of these requirements raises significant questions about the effectiveness and fairness of the proposed measures. By excluding auction industry stakeholders from the development of this regulation, the unique characteristics, and operational considerations specific to auctions, such as Copart, have been overlooked. It is crucial that any regulation be informed by the perspectives and expertise of all relevant stakeholders to ensure it is well-rounded and achieves its intended objectives. Therefore, we strongly urge you to consider the absence of auction industry input when evaluating the appropriateness of applying inspection and disclosure requirements to Copart and to reevaluate the need for such regulations considering our unique business model and the knowledge possessed by our buyers.

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First, Copart does not own the vehicles it auctions. We act as a platform for sellers to list their vehicles, and buyers participate in auctions to acquire these vehicles. As a result, we lack control over the physical condition of the vehicles being auctioned. Imposing inspection requirements on us would place an undue burden on Copart, as it would require us to inspect and assess vehicles that we do not own or have the ability to repair.

Second, Copart does not employ qualified staff or have appropriate facilities to conduct vehicle inspections. We also auction thousands of vehicles each year in the state. Therefore, imposing the vehicle inspection requirement on Copart would create a significant financial burden on Copart. Notably, in section "G. Benefits, Costs and Compliance" of the Proposed Regulation, it states that the proposed regulation would "impose no significant new costs on the private sector". This statement is not accurate with respect to Copart and other auctions. Copart specifically would need to build physical and manpower capacity to inspect tens of thousands of vehicles annually, incurring both significant one-time and ongoing new costs.

Third, the majority Copart buyers are industry professionals who possess the expertise to evaluate vehicles and make informed decisions based on their specialized knowledge. Our buyers, including dealers, wreckers, recyclers, and exporters, possess the necessary skills and experience to assess the condition of salvage and clean title vehicles. By requiring inspections and written disclosures for Copart, the proposed regulation would duplicate efforts that are already being undertaken by our buyers, resulting in redundant processes and unnecessary costs.

Finally, salvage title vehicles occupy a unique segment of the used car market. These vehicles have been deemed to be a total loss and receive a salvage brand on their title due to various factors, such as accidents, floods, or other events. Buyers of salvage title vehicles are typically knowledgeable about the associated risks and understand that these vehicles require repairs to be registered and driven on the roads. Requiring written disclosures specifically for salvage title vehicles would be excessive and unnecessary, as buyers are already aware of the salvage status and make informed decisions based on that information.

We believe that it is essential to tailor regulations to the specific characteristics of different industry players. In our case, applying inspection requirements and written disclosures to Copart would be unjustified, burdensome, and redundant, given our unique business model and the expertise of our buyers.

To address our concerns, I would like to suggest these amendments to the published proposed rule:

Add to Section 5: This section does not apply to salvage titled vehicles if that brand is adequately advertised prior to sale.

Add subsection (iii) to Section 5.1: Any business licensed as an auction pursuant to 63 P.S. § 818.303 whose primary business is the auction of vehicles on behalf of third parties shall not be subject to this certified inspection requirement.



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Add to Section 9.1: This section does not apply to salvage titled vehicles if that brand is adequately advertised prior to sale.

We believe these suggested amendments are a reasonable update to the language and do not put retail consumers at risk, which is the intended goal of the updated rules. Your consideration of this request is appreciated.

If you have any questions or would like any additional information, please contact our local counsel Robert DeSousa at rdesousa@eckertseamans.com or (717) 237-6064. You can also contact me directly at Jeff.Liaw@Copart.com. Thank you for the consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "J Liaw", is written over a faint, larger version of the Copart logo.

Jeff Liaw
Co-Chief Executive Officer
Copart, Inc.

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