



April 10, 2018

Senator Kwame Raoul, Chair  
Senate Judiciary Committee  
301 South Second Street  
Capitol Building, Room 123  
Springfield, IL 62706

**Re: Senate Bill 2521: Electronic tracking and starter interrupt technology**

Dear Chairman Raoul:

I write on behalf of the American Financial Services Association (“AFSA”)<sup>1</sup> to register our opposition to Senate Bill 2521, which would create certain conditions for the use of electronic tracking technology or starter interrupt technology in connection with the credit sale, loan, or lease of a motor vehicle. We have serious concerns about this bill as drafted and respectfully urge you not to support it, as this legislation would negatively affect consumers in Illinois who could face higher costs in financing the lease or purchase of a vehicle.

Many financial institutions use electronic tracking and starter interrupt technology to decrease the risk of default and costs of recovery by allowing the GPS-location and/or the disabling of a vehicle by remote means, resulting in reduced default rates and rapid and efficient repossession where necessary. The reduced risk also enables financial institutions to offer financing to borrowers who may not have otherwise been able to obtain credit. Increased costs resulting from this legislation are likely to fall on all Illinois consumers in the form of higher costs for credit and may further tighten the availability of affordable credit to consumers with less than perfect credit histories.

Repossession is a result that neither consumers nor financial institutions want. Vehicle finance companies seek to avoid repossession wherever possible, using this process only as a last resort. For these reasons, financial institutions put a considerable amount of time and effort into proactively reaching out to their customers experiencing financial difficulty to work with them to resolve account issues and avoid repossession whenever possible and recognize that each individual’s situation, credit history, and account history vary; therefore, they work with individuals on a case-by-case basis to find ways to remedy an account problem whenever possible.

Financial institutions nearly always lose money in the repossession process due to the costly act of physical repossession and the unlikelihood of recovering the deficiency. Though a last resort,

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<sup>1</sup> Founded in 1916, the American Financial Services Association (AFSA), based in Washington, D.C., is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.

repossession is sometimes the only option available. Electronic tracking and starter interrupt technology provide an alternative option to traditional repossession, making physical repossession of a vehicle unnecessary except in the most extreme cases of default. This allows a consumer to avoid costs of repossession, the embarrassment of having a repossession company take the vehicle (often from a home or office), the inconvenience of retrieving the vehicle, the cost of tow and impounding, the risk of damage to the vehicle, and a repossession notation on a consumer report.

It is critical that any legislation regulating the use of this technology recognize these key differences between physical repossession and the temporary disabling of a vehicle's starter and that these distinctions are reflected in each process' treatment under the law. Treating the use of starter interrupt technology as a repossession under Article 9 of the Uniform Commercial Code fails to recognize the significant differences between the processes and would put at risk many of the consumer-friendly advantages starter interrupt technology may provide versus physical repossession.

We also have concerns with the data requirements proposed in the legislation. Technology manufacturers comply with myriad federal laws—many of which preempt related state law—governing the use of consumer information, including the Fair Debt Collection Practices Act, Fair Credit Reporting Act, and Gramm-Leach-Bliley Act, which protects nonpublic personal information. The proposed requirements would create additional unnecessary burdens, with no added consumer benefit, for data already protected by federal law and existing industry best practices.

For these reasons, we respectfully urge you not to move forward with this legislation as proposed. Thank you in advance for your consideration of our comments. If you have any questions or would like to discuss this further, please do not hesitate to contact me at 202-469-3181 or [mkownacki@afsamail.org](mailto:mkownacki@afsamail.org).

Sincerely,



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cc: Senate Committee on Judiciary