PREPARED STATEMENT OF THE FEDERAL TRADE COMMISSION

on

Repair Restrictions

Before the

JUDICIARY COMMITTEE

CALIFORNIA STATE SENATE

Sacramento, CA

April 11, 2023

Chair Umberg, Vice Chair Wilk and members of the Committee, I am Dan Salsburg, Chief Counsel for Development and Innovation in the Bureau of Consumer Protection at the Federal Trade Commission ("FTC or "Commission"). I appreciate the opportunity to present the Commission's testimony on manufacturer repair restrictions. ¹ This testimony is based on the findings in the Nixing the Fix Report (the "Report") ² – a report mandated by Congress and issued unanimously by the bipartisan FTC in May 2021. The Report evaluated manufacturer practices that restrict the ability of owners and independent repair shops to fix things, the harms caused by repair restrictions, and manufacturers' professed justifications for the restrictions.

Some of the main types of repair restrictions analyzed in the Report concerned efforts by manufacturers to impede owners' and independent repair providers' access to spare parts, diagnostic tools, and repair instructions – the types of repair restrictions addressed by SB-244, the "Right to Repair Act." When a manufacturer restricts access to spare parts, it is a challenge for individuals and independent repair shops to replace consumable parts that are likely to need replacement during the course of a product's useful life, such as mobile phone batteries.

Moreover, a manufacturer's control of spare parts may result in consumers' needing to replace appliances and other products well before the end of their useful lives simply because they cannot obtain a spare part. Without repair manuals, making repairs also can be very difficult or impossible. And, diagnostic software and firmware are often necessary to make repairs because they help repair shops diagnose problems with devices.

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¹ This written statement presents the views of the Federal Trade Commission. My oral statements and responses to questions are my own and do not necessarily reflect the views of the Commission or of any Commissioner.

FTC, <u>NIXING THE FIX: AN FTC REPORT TO CONGRESS ON REPAIR RESTRICTIONS</u> (2021), *available at* https://www.ftc.gov/system/files/documents/reports/nixing-fix-ftc-report-congress-repair-restrictions/nixing the fix report final 5521 630pm-508 002.pdf.

Thank you for the opportunity to provide the Commission's views. The FTC remains committed to promoting competition and consumer choice in repair markets and welcomes the opportunity to work with California legislators on this critical issue.