

Closing the Loophole: The Impact of a Second-Generation Right to Repair Law on Small, Independent Auto Repair Shops

Jesus Plascencia¹ Stanislav Shaposhnikov²

¹Department of Economics
University of Redlands

²Department of Economics
San Francisco State University

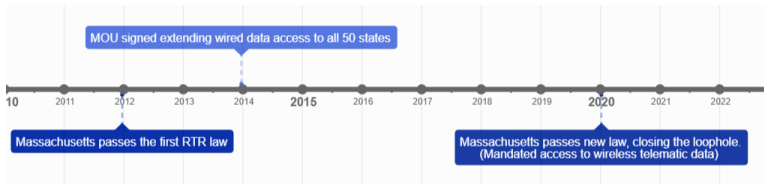
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Introduction

- This project will investigate two key policy events in the "Right to Repair" movement for the U.S. auto industry.
- It will use empirical methods to measure the economic impact of these policies on small businesses and employment.

Background

Timeline



- Right to Repair (R2R) laws require manufacturers to provide owners and independent shops with the parts, tools, and information needed to repair products.

Research Questions

1. What was the effect of the 2020 Massachusetts Right to Repair telematics mandate on the number and employment of small, independent auto repair businesses?
2. What was the nationwide impact of the 2014 Right to Repair Memorandum of Understanding on the market structure and employment levels in the U.S. auto repair industry?

Why this matters & prior research

- Informs policy
 - First analysis on "second-generation" R2R laws. Informing future legislation for autos, consumer electronics and agricultural equipment.
- Impacts Competition & Welfare
 - Impacts on consumer prices, choice, viability of small businesses, etc.
- Prior research (Kahane 2021)
 - The original 2012 "wired data" law in Massachusetts successfully increased the number of small repair shops.
- What's new
 - First analysis of a law targeting the wireless telematics loophole.
 - First study to look at the effects of the 2014 Memorandum of Agreement.

Data

2012 NAICS code		Meaning of Employment size ...	Number of establishments	Annual payroll (\$1,000)
8111	⋮	Establishments with 1 to 4 emplo...	0	0
8111	⋮	Establishments with 1 to 4 emplo...	1,103	90,995
8111	⋮	Establishments with 1 to 4 emplo...	135	7,919
8111	⋮	Establishments with 1 to 4 emplo...	1	0
8111	⋮	Establishments with 1 to 4 emplo...	2,575	185,276
8111	⋮	Establishments with 1 to 4 emplo...	779	38,803
8111	⋮	Establishments with 1 to 4 emplo...	557	47,550
8111	⋮	Establishments with 5 to 9 emplo...	0	0
8111	⋮	Establishments with 5 to 9 emplo...	80	15,177
8111	⋮	Establishments with 5 to 9 emplo...	917	224,648
8111	⋮	Establishments with 5 to 9 emplo...	48	9,574
8111	⋮	Establishments with 5 to 9 emplo...	550	139,188
8111	⋮	Establishments with 5 to 9 emplo...	0	0
8111	⋮	Establishments with 5 to 9 emplo...	239	60,709
8111	⋮	Establishments with 10 to 19 empl...	206	111,307

Sources: CBP, Federal Highway Administration; US Census Bureau

Methodology

R2R Loophole:
Difference in Difference

$$Y_{it} = \alpha_i + \delta_t + \beta_1(MA_i \times Post_t) + \gamma X_{it} + \epsilon_{it} \quad (1)$$

with synthetic control (predictors such as vehicle registrations, drivers, and income).

MOA:

Event study (no control)

1. Synthetic Control with similar industries
 - 1.1 Commercial and Industrial Machinery Repair (NAICS 811310)

Thank you!