

Testimony of Mr. Ken Crowley
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Bristol, Southington and West Hartford, Connecticut
Legislative Office Building
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Good Afternoon:

Senator DeFronzo, Representative Guerrera, members of the committee, my name is Ken Crowley; I am a businessperson with automobile and RV dealerships in Plainville, West Hartford and Bristol. I employ 300 people in the Crowley Group. One of the businesses I own is Crowley RV in Bristol, Connecticut. We represent Winnebago, Motorhomes and Everlight Travel Trailers for the state of Connecticut.

I am one of eleven (11) RV dealers in our state and between us I would estimate that we employ more than 350 people in good paying jobs, with pensions and health care benefits. Our employees are long term and see their positions with us as a career. We pay local property taxes and thousands of dollars in state and federal taxes. Our facilities are located in Roxbury, East Hampton, Danbury, Windsor, Southington, Bristol, Plainfield, Windsor Locks, Wolcott and Waterbury. Some of the dealers are here today and some are at work trying to earning a living in a very tough economy.

I am here today to ask you to reject and vote against Raised Bill 5453 An Act Concerning Recreational Vehicle Franchises. This bill is being proposed by the large, out-of-state manufacturers; it will take Connecticut dealers' rights away and will set Connecticut's franchise law back 30 years to a time when small business people such as myself had little or no protection against arbitrary actions by large out-of-state corporations who unfairly dictate terms to dealers about how and where to sell RVs. Our existing law prevents arbitrary actions by manufacturers when setting prices for vehicles, terms of a franchise, and payment to dealers for warranty repair work and most importantly balancing the power of the big companies to terminate or refuse to renew a dealership's business. Our existing law works well for dealers because it assures fair compensation to dealers and sets clear commercial terms and standards for such things as inventory, facilities, special tools and equipment and parts that dealers are required to purchase from the manufacturers as part of our franchise agreement.

For many years Connecticut has had a franchise law, time tested, which protects the rights of dealers. Last year you will recall the RV manufacturers came into our state and asked this very committee to totally exempt them from our franchise law. The committee, the ranking members and the chairpersons wisely said NO. This year the manufacturers are back again and they bring with them a law written and passed in other states where manufacturers have large plants and lots of clout. Much of what is before you today is taken directly from what the legislature of Michigan passed. Passage of this pro large corporation bill will hurt locally owned small business RV dealerships and in the long run, I think weaken the industry overall, hurt consumers by eliminating competition and put good Connecticut dealers and employees out of business and jobs.

Let me be specific as to how this bill will hurt RV dealers and our employees. Here are a few examples:

Existing Connecticut law provides very specific fair statutory reasons to terminate a dealership business and an appeal process to the Commissioner of DMV when a manufacturer unfairly terminates a dealership. This bill, as I said, drafted by out-of- state manufacturers gives manufacturers Carte Blanche to terminate dealerships. This legislation adds vague and subjective provisions to our statutes designed to tip the balance against dealers and toward manufacturers. One such addition allows a manufacturer the discretion to terminate a business based on the adequacy of QUOTE the "Nature and extent of a dealer's investment". Or **and I quote** again, the manufacturers opinion as to the "adequacy" of a dealers

“personnel and service”. I could drive a Winnebago through those criteria and right over a dealership. You will agree this basically gives the manufacturer the upper hand.

Existing Connecticut law, passed just last year by this committee for automobile franchises, wisely requires that parts used by dealers for warranty work be reimbursed at the same cost as everyone else pays, retail. BUT...this bill sets the rate at the wholesale price, generally 40% under retail plus an allowance for shipping. Why should a manufacturer get a special deal that all my customers don't get? This is unfair, it will help the manufacturers for sure but it will slam the dealer and ultimately the average consumer by driving up the cost of business. If anything ladies and gentleman of the committee you should reject this and pass the auto franchise warranty reimbursement statute that you unanimously approved last year and make it applicable to RV warranty work.

Existing Connecticut law says if an RV manufacturer terminates a dealership the dealer must get “fair and reasonable compensation for one prior year model inventory”. Remember, dealers are required by manufacturers to finance and buy these vehicles first at the manufacturer's plant, ship them to the dealership and then sell them to consumers. This bill says in line 156 of LCO1989 that “the manufacturer shall have the “**option**” to repurchase” new RV's. In other words NO Option for the dealers. No real requirement to buy back anything. This provision alone could bankrupt our dealers. Last year this committee passed an auto franchise law that **MANDATED** auto manufacturers to buy back two model years of new cars. That law has saved Connecticut jobs and businesses. This bill clearly goes in the wrong direction.

Additionally, this bill cleverly redefines what a “new” vehicle is by excluding any vehicle that is “altered”, in other words, if I put a safety back-up mirror on a brand new RV, the manufacturer has absolutely no obligation to repurchase it because he will claim that I “altered” the vehicle. This is a very big loophole!

Existing Connecticut law gives an RV manufacturer the right to reject me as a dealer if I have been convicted of a felony... That is a good idea and I support it... But that's not good enough for the RV manufacturers ... from Michigan this bill adds a plea of No contest to the reasons they can take my business away. But wait it gets even better....

Under existing Connecticut law a manufacturer can reject my son or daughter or grandchildren from taking over my business when I die if they have been convicted of a felony. Again, I'm ok with that, it is a good meaningful standard, but this bill would add a new item to the list ... the conviction of “moral turpitude”. What is this, the 1930's? Connecticut law rightfully already protects us from fraud and deceitful actions by any dealer, I am not sure this new item has any place in our law. The potential for abuse is great. Incidentally, I would have no problem passing this test personally.

I urge you to carefully consider what I have said. I have been in business for 40 years in this state. Our laws have worked just fine. This bill is unnecessary, it is bad law and it will kill jobs, hurt consumers and will damage our economy. You know there was an old saying from the 1950's that went something like this: “WHAT'S GOOD FOR GENERAL MOTORS IS GOOD FOR THE USA” Well, I'm not so sure about that. I think locally owned businesses, regulated and licensed by our own DMV with Connecticut law is just fine. Please reject this bad bill in its entirety. As I said I have been in the RV and Car business for 40 years. Selling cars and Selling RV's is not all that different. Just last year this committee and the legislature passed a new, fair and improved franchised law for car dealers. The RV manufacturers got themselves exempt from the new law; in my opinion if you want to change the law... make last years Connecticut law applicable to RV dealerships and manufacturers. But whatever you decide please reject Raised bill 5453.

Thank you for your attention.