

# CONNECTICUT AUTOMOTIVE RETAILERS ASSOCIATION

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**Testimony of Mr. Michael Lynch, Jr of Manchester, Connecticut  
Tuesday, March 11, 2014  
Joint Standing Committee on General Law**

**Raised Bill 375 AN ACT CONCERNING CONSUMER RENTAL CAR COST  
REIMBURSEMENT AND USED MOTOR VEHICLE WARRANTIES.**

Good evening Senator Doyle, Representative Baram and members of the Committee. My name is Michael Lynch, Jr. and I am the President of Lynch Toyota of Manchester, Connecticut a third generation family owned auto dealership with 110 employees. I am also the Chairperson of the Connecticut Automotive Retailers Association (CARA) a not for profit trade association that represents the interests of the 250 licensed franchised auto dealers and their 12,000 employees in our state.

I am here to testify in opposition to Raised Bill 375 AN ACT CONCERNING CONSUMER RENTAL CAR COST REIMBURSEMENT AND USED MOTOR VEHICLE WARRANTIES.

This legislation mandates that all used car warranties required by law include coverage for the cost of a rental car for any vehicle sold by a dealer in this state covering the times when the vehicle "might" be in the shop for warranty work. This will require all consumers to pay for the cost of a rental car in the price of a used car. It is anti consumer-choice. It mandates an expensive option that many consumers many not need or want. It is anti consumer as it will make many lower end used vehicles less and less affordable to consumers. It violates the principals of transparency in the sales process by statutorily burying the cost of a rental car in the price of a car.

As a licensed "franchised" dealer in this state, I along with 250 of my colleagues sell both new and used cars. There are also approximately 1600 licensed "used car only" dealers in this state as well.

Last year Connecticut licensed dealers sold approximately 337,000 vehicles or 40% of all vehicle sales. Conservatively, CARA estimates that half of all dealer sales are for used cars. I tell you this because as a used car dealer I know that many consumers are looking to purchase affordable transportation, they do not want extras added into the price.

In fact state and federal laws go to great lengths to protect used car consumers from paying for options they did not ask for. Connecticut and federal law does not allow dealers to load up the price of a car with extra products like GAP coverage, VIN etching, extended service contracts

and other aftermarket items unless the consumer wants these products. These laws are designed to ensure transparency in the process and give the consumer choice of price and options in the used vehicle market.

There are many options that dealers may offer to customers; GAP coverage, it's a great product. If you get in an accident and your vehicle is totaled and you still owe money on the car loan over and above what the insurance covered, GAP will pay the car off. Some customers ask to purchase this product, many customers do not, and they want an affordable payment and don't want the cost of the GAP coverage in the price of the car.

Extended service contracts are also available to consumers for both new and used cars. Some consumers agree to buy these products but dealers are prohibited from including such coverage in the price of a car without the consumers consent. In fact some extended service contracts will cover the cost of a rental car while a car is in the shop.

Vehicle identification etching is an anti theft product offered by dealers to all consumers in our state. If your car is stolen the etching of the VIN number in various discreet areas of the vehicles helps police return recovered stolen vehicles to their rightful owners - car thieves can't remove such etched VIN numbers from the vehicles. Some consumers buy this product others do not. Dealers are not allowed to charge this cost to a consumer without the consumer's permission.

This bill, by CARA's estimate, will add anywhere from \$50 to perhaps \$200 dollars to the bottom line price of most used vehicles. Now that may not seem like a lot of money to many of you, but it is a lot of money to someone who is scraping together a down payment, trying to qualify for a loan with poor or no credit or seeking to get the most for the "trade-in" so they can get a payment which is affordable. If we assume that 1/2 of the 337,000 autos sold by dealers last year were used cars and we add just one days worth of rental to the cost of a used vehicle we are asking Connecticut's consumers to pay over \$8 million dollars for products that they will most likely never use and in most cases don't want in the price of a car. I don't think that a state law or a dealer should be able to add options to the price of what is supposed to be the purchase of a car.

Why you ask are the costs of such products as extended warranties, GAP coverage and VIN etching not included, well because some consumers are interested in the bottom line price of the vehicle and not all the extras. The decision to have this type of coverage should be optional and individual consumers should decide if they want to pay for any aftermarket products, GAP insurance, extended warranties, etching etc. or rental service cars.

Thank you for the opportunity to offer you my views and I think the views of my many loyal customers on this matter.