

**Testimony of Mr. Jeff Aiosa of Stonington, Connecticut**  
**Transportation Committee Public Hearing**  
**Senate Bill 236 - An Act Concerning Transparency in Dealer Fees**  
**Friday, February 28, 2014**

Good afternoon, Senator Maynard, Representative Guerrera and members of the Transportation the Committee, my name is Jeff Aiosa of Stonington, Connecticut. I am a member of the board of the Connecticut Automotive Retailers Association (CARA) and president of the Carriage House of New London.

I am here to today to testify on Senate Bill 236 - An Act Concerning Transparency in Dealer Fees. I am also a director of the National Automobile Dealers Association and mention this because I am familiar with how many states address the matters which are the subject of this bill. I along with the 250 new car dealer members of CARA and the more than 13,000 employees who work in our dealerships support transparency in dealer conveyance fees and have worked with state agencies over the years to ensure that our customers are familiar with dealers fees and understand what it is that they are paying for when they come into our stores.

Connecticut has one of the best and most transparent automobile retail fee disclosure laws in the country. Existing Connecticut laws and regulations ensure transparency of the dealer conveyance fee with clear notice requirements. Automotive retailing is appropriately one of the most highly regulated retail businesses as well. Purchasing a car is the biggest purchase that most consumers will make after buying a home.

Let me review briefly the state and federal agencies that have cognizance over the sales transaction portion of our business. I have attached to my written testimony an excel spreadsheet entitled "Dealership Regulatory Checklist" for your review of the existing federal regulations we are required to comply with. The federal agencies that govern our sales practices include the Federal Trade Commission (FTC), the Federal Communications Commission (FCC) and because we help obtain loans for customers the federal banking regulators such as the Federal Reserve and the Consumer Financial Protection Bureau (CFPB) also have an interest in what we do and how we do it.

At the state level the conveyance fee is governed by Connecticut General Statutes (CGS) 14-62 which imposes specific disclosure regulations, plus portions of the Connecticut Unfair Trade Practices Act, as well as Connecticut Supreme Court case law in 2007 in Dyvon Small v. Going Forward, Inc., 281 Conn. 717 (200&) which held that CGS 14-62 further imposes a disclosure obligation on all dealers. No less than 5 state agencies including the Department of Motor Vehicles (DMV), the Department of Consumer Protection (DCP), the Office of the Attorney General, the state Banking and Insurance Departments have laws and regulations concerning the sales transaction and disclosure.

With respect to SB 236 and the fee that dealers are allowed to charge to cover the costs associated with conveying, titling, registering, arranging for finance, filing a lien, training our employees in compliance and preparing a vehicle to leave the lot, Connecticut's existing law is very clear, very extensive and very pro consumer and we support it.

As I said Connecticut's conveyance fee standards are set by law based on statutory provisions and in case law. The disclosure standards are established in both DMV and DCP regulations. As I noted although most states have some form of a conveyance fee, unlike Connecticut, many states have no statutes or regulations governing the transparency of the fee.

Under Connecticut law, Connecticut dealers are restricted to charging a Fee that is reasonable based on the cost to properly convey the vehicle, it must be consistent for all customers, we can't just change it on every deal and it must be conspicuously posted at the dealership. The fee must appear and be identified as a separate line item on the purchase order form when the car is ordered and on the final invoice when the car is delivered.

The law requires that the customer must be informed that the fee is not a State of Connecticut Fee but rather a dealer fee. The disclosure obligation mandates that consumers be informed that the fee may be reduced for a customer who chooses to process registration papers personally at a DMV office rather than have the dealer provide this service for them.

Keep in mind that DMV requires all licensed dealers that sell more than 10 cars in any month to offer registration services to customers. This was done nearly 15 years ago to relieve the long lines at DMV branches. CARA agreed several years ago to work with DMV to develop a registration system to reduce traffic and lines in DMV branch offices. As you know the registrations and titling of vehicles can involve significant time to both the consumers, dealers and DMV staff. Since adoption of the Dealer Registration System, traffic in DMV offices was significantly reduced. Licensed dealers presently handle 40% of all registrations, transfers, military registration, vanity registration and other vehicle and title related work for the DMV.

In conclusion is we the new car dealers of this state support transparency but we believe we don't need more legislation, more notices, more regulations etc. Adding additional paperwork and compliance routines when a customer walks in the door or calls to see if a dealer has a vehicle or is just browsing on the lot is not the best time or place to do this. The best time to explain all this is when the customer is focused on the paperwork, which occurs once the vehicle is selected and a decision is made to purchase a vehicle.

Thank you for the opportunity to testify. I hope you will consider our views on this matter.

## Dealership Regulatory Checklist

<b><u>Energy &amp; Environment</u></b>	
Monroney Label	Label must be displayed until vehicle delivery
Aboveground Storage Tanks	Rules apply to dealerships storing more than 1,320 gallons of oil above ground.
Underground Storage Tanks	Requirement for notification of underground storage tanks
Clean Air (Stationary Sources)	Requirements govern fueling and refueling, refinishing and solvent cleaning
Hazardous Waste	Governs the handling of hazardous waste
Mercury	Regulation covering products containing Mercury. Motor vehicle switch recovery.
Mobile Air Conditioning Coolant	Regulation on training, certification, refrigerant sales and substitute refrigerants
<b><u>Facility</u></b>	
Americans with Disabilities	Accessibility of dealership public accommodations and practices
<b><u>Federal Communications Commission</u></b>	
CAN-SPAM Act	Commercial e-mail restrictions to wireless devices
Telephone Consumer Protection Act (TCPA)	Junk Fax Protection act of 2005 preserves the established business relationship and imposes a new opt-out notice requirement
TCPA: Telemarketing Restrictions	Dealers must comply with telemarketing restrictions including the Do-Not-Call rules, time restrictions, Caller ID requirements etc.
<b><u>Federal Reserve Board</u></b>	
Equal Credit Opportunity Act (Reg B)	Prohibits discriminatory practices against credit applicants and requires notification when credit is denied
Federal Consumer Leasing Act (Reg M)	Disclosure, Advertising, Requirement and Restrictions on Consumer Leases
Truth In Lending Act (Reg Z)	Disclosure, Advertising, Requirement and Restrictions on Consumer Credit Sales
Fair and Accurate Credit Transactions Act (Reg FF)	Exceptions to the statutory prohibition against obtaining and using medical information in determining credit eligibility.
<b><u>Federal Trade Commission</u></b>	
CAN-SPAM Act	Regulations to restrict commercial email messages to non-wireless devices.
Credit Practices Rule	Requires written disclosures and regulates unfair credit practices to cosigners
Fair Credit Reporting Act (FCRA)	Regulates users of credit reports and those who furnish information to consumer reporting agencies
Fair and Accurate Credit Transactions (FACT) Act	Adds identity theft and creditor responsibilities to the FCRA
FACT Act: Disposal Rule	Regulates disposal of private information
FACT Act: Fraud/Active Duty Alerts	Notification Information

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FACT Act: Red Flags and Address Discrepancy Rules	Regulations imposed to combat identity theft
FACT Act: Risk-Based Pricing Notices	New notice requirements intended to improve the accuracy of credit reports
FACT Act: Truncation of Credit/Debit Numbers	Regulations imposed to protect your customer's personal information
Gramm-Leach-Bliley (GLB) Act: Privacy Rule	Privacy Notice Requirements and non-public Information Restrictions
GLB Act: Safeguards Rule	Requires dealers to develop and maintain a dealership policy to protect customer information
Used Car Rule	Posting Requirement on all Used Cars showing availability of warranty and warranty terms
<b>Financial Crimes Enforcement Network (FinCEN) &amp; IRS</b>	
Information Sharing	When asked, dealers must search records for business transacted with designated persons
Cash Reporting	Dealers must report the receipt of cash or cash equivalents in excess of \$10,000 in a single or multiple related transactions
Recordkeeping	Dealers must comply with business retention requirements
<b>National Highway Traffic Safety Administration</b>	
Airbags	Notification requirement to NHTSA when airbag switch installed for customer
Alterations	Label requirement when components changed or altered on vehicle prior to first sale.
Insurance Booklet	Dealers must make available, upon request, the insurance cost booklet for customers.
Odometers	Prohibits dealers from tampering with odometers and requires odometer disclosures on vehicle transfers
<b>Office of Foreign Assets Control (OFAC)</b>	
Specially Designated Nationals (SDN)	Prohibits entering into transactions with specially designated organizations and individuals. Requires query of OFAC list.
<b>Occupational Safety and Health Administration (OSHA)</b>	
Emergency Action Plan	Develop and implement emergency response and exit strategies for employees
Fire Protection	Fire suppression equipment, detection systems and alarms required. Mandatory development of fire protection plan for hazards and control procedures.
Hazard Communication Standard	Maintenance of MSDS. Chemical inventory and labeling requirements, employee training
Hexavalent Chromium (Hex Chrome)	Exposure limitations
Lockout/Tagout (LOTO)	Requirement to develop and implement a written plan, employee training and inspections
Means of Egress	Clearly placed signs for expedient exit routes

## Dealership Regulatory Checklist

Medical/First Aid	Provide medical/first aid commensurate with workplace hazards
Personal Protective Equipment (PPE)	Determine what PPE is necessary in the dealership and provide the proper equipment.
Personal Protective Equipment (PPE) - Electrical Work	Gloves used for work on hybrid or electric vehicles must meet certain standards.
Respiratory Protection Rule	Written program to select, apply and maintain respirators to protect body shop workers