

Testimony of Mr. Ken Crowley of Woodbury, Connecticut

Senate Bill 236 An Act Concerning Transparency in Motor Vehicle Dealer Fees

Transportation Committee

February 28th 2014

Good Afternoon Representative Guerrero, Senator Maynard and members of the Transportation committee. My name is Ken Crowley; I am the legislative chairperson of the Connecticut Automotive Retailers Association and the President of Crowley Automotive Group. I am here today to testify on Senate Bill 236 **An Act Concerning Transparency in Motor Vehicle Dealer Fees**.

On behalf of the 250 new car dealers of this state who are members of CARA, I want you to know that we all support transparency in the sales process for the autos that we sell. Our employees who are involved in the sales process work every day to ensure that we let our customers know what they are signing and to give them an opportunity to ask questions about and understand the numerous papers, documents and disclosures that we are required by law to have them sign as part of the sales process.

I am concerned that the legislation before you will make an already cumbersome process more difficult to understand and **less not more** transparent to our customers. The time to discuss this fee is not when a customer is walking around on the lot or looking at a beautiful shiny new car; it's when we sit down at the desk in the office with the paperwork and without distraction to clearly explain what all the numbers mean. That's what our existing law is designed to do. That's what we do for all of our customers now.

Under existing Connecticut laws and regulations our state already has one of most transparent Dealer Conveyance Fee notice requirements in the nation.

Connecticut's conveyance fee transparency standards are set by law based in the statutes and in case law by the Connecticut Supreme Court, further the disclosure standards are set in both DMV and DCP regulations.

Hers is what the law requires now, dealers must:

- Prominently post the conveyance fee and explanation of the law in all dealerships where consumers are transacting actual negotiations for the purchase of a vehicle, please see the copy of notice that I have attached to my testimony
- The posted notice of the fee cannot be changed at will, it must be the same fee charged to all customers
- The posted notice must state that the fee is not payable to the state of Connecticut, the customer must know that it is not a State Of Connecticut Fee but rather a Dealer Fee

- The posted notice must state that the buyer may elect to submit documentation for registration and transfer directly to DMV in lieu of paying for the service in the Fee and we must reduce the fee proportionally
- All advertised prices for a vehicle must clearly state in **10 point type** in close proximity to the price that the price **DOES NOT INCLUDE THE DEALER FEE.**
- The advertised price must also note that the Dealer Fee is not a government fee but rather a Dealer Fee.
- The purchase order form and the final invoice form **MUST** show the fee on a separate line, identified as a Dealer Fee and separate from all government imposed fees and taxes and appear as part of the taxable bottom line price of the vehicle.

In a nutshell let me reiterate, under Connecticut law, Connecticut dealers are restricted to charging a conveyance fee that is "reasonable" based on the cost to process and transact the sale (such things as registration and titling processing and vehicle detailing). The dealer is prohibited from charging any cost in the fee which is reimbursed to the dealer by the manufacturer. Costs associated with compliance training, for example the provisions of SB 236, which add up are allowable.

The fee must be "consistent" for all customers and as posted. Dealers are free to set a conveyance fee, however once they do so they cannot pick and choose a different fee for individual customers or under the special provisions of a manufacturers program. It must be **conspicuously posted** or may be given to customer as a **separate written notice** of the fee and explanation of the law.

Bottom line is we don't need more legislation, more notices, and additional paperwork and compliance routines. Existing law mandates the best time to explain all this to a customer. I'm sure the legislation is well intentioned, but I suspect that the proponent of this legislation was not fully aware of all the existing notice requirements that are already in place. This legislation appears to be a "solution in search of a problem".

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

DEALER CONVEYANCE / DEALER PROCESSING FEE

1. AMOUNT OF DEALER CONVEYANCE/PROCESSING FEE \$ _____

2. THE "DEALER CONVEYANCE FEE" OR "DEALER PROCESSING FEE" MEANS A FEE CHARGED BY A DEALER TO RECOVER REASONABLE COSTS FOR PROCESSING ALL DOCUMENTATION AND PERFORMING SERVICES RELATED TO THE CLOSING OF A SALE, INCLUDING, BUT NOT LIMITED TO, THE REGISTRATION AND TRANSFER OF OWNERSHIP OF THE MOTOR VEHICLE WHICH IS THE SUBJECT OF THE SALE.

3. SERVICES PERFORMED BY THIS DEALERSHIP FOR SUCH FEE:

4. THIS FEE IS NOT PAYABLE TO THE STATE OF CONNECTICUT.

5. WHEN THE BUYER ELECTS, WHERE APPROPRIATE, TO SUBMIT THE DOCUMENTATION FOR REGISTRATION AND TRANSFER OF OWNERSHIP TO THE COMMISSIONER OF MOTOR VEHICLES, THE DEALER CONVEYANCE/ PROCESSING FEE IS REDUCED BY: \$ _____.

NOTE: IF A LIENHOLDER OF RECORD EXISTS THE DEALER MUST SUBMIT THE DOCUMENTATION TO THE DEPARTMENT OF MOTOR VEHICLES.