

Testimony of James Fleming of Simsbury, Connecticut  
Joint Standing Committee on Transportation Public Hearing  
State Legislative Office Building,  
Hartford, Connecticut  
February 9, 2015

Good morning Representative Guerrero, Senator Boucher, Senator Leone, Representative ODea, members of the Transportation Committee, my name is James Fleming of Simsbury, Connecticut. I am President of the Connecticut Automotive Retailers Association (CARA). CARA has 270 new car dealer members. Our members employ more than 13,000 employees in dealerships located in nearly every town and city in our state.

I am here to testify in opposition to House Bill 5939 An ACT CONCERNING THE SALE OF ZERO EMISSION VEHICLES IN CONNECTICUT.

Thank you for the opportunity to comment on my opposition to House Bill 5939 An ACT CONCERNING THE SALE OF ZERO EMISSION VEHICLES IN CONNECTICUT. Many of you listened to hours of testimony on the same concept heard in public hearing on Friday February 6th and consider CARA's submitted testimony at that time in opposition to providing a loophole in our franchise laws that will hurt competition and expose consumers to unnecessary risks while strip g away consumer protections that are inherent in the existing franchise model for retail automotive sales. I will not again repeat my concerns or those of the dealers who waited so long with you to discuss this matter.

I will ask you to at least consider the following. This bill like those held for hearing on February 6th as proposed, would adversely affect the long-established automotive franchise sales and support model that has served the public well for nearly 100 years. We are all aware of the changing business landscape affecting many industries and have witnessed both good and bad changes in our economic and social structure as a result of some of these dramatic shifts.

The changes that are proposed occur as large and as rapidly as proposed by SB 198, and now HB 5956 will be so disruptive that they do not allow time for existing auto retail businesses and consumers to understand the full impacts of a changes in order to adjust . The legislature should become better educated in what is needed to make informed long-term decisions about purchase and service of automobiles which are the second largest purchase consumers make. In the case of automotive products, as with healthcare and insurance, the products are very complex and the choices are many. Therefore, the results of an uninformed and uneducated consumer dealing directly with a manufacturer without appropriate face-to-face localized advice and representation can be catastrophic. Passage of this bill with so little study is not responsible.

Most consumers can make an appropriate informed decision without a lot of additional information or assistance for such direct sale items as lap tops or cell phone. This, however, is not the situation for most consumers of automotive products. Warranties, recalls and lemon law claims which are the legal and financial obligation and responsibility of the manufacturer will be handled very differently under a direct sale situation. Consumers will no long have the safety net and advocacy of the independent third party franchised local auto retailer. It's one thing to have a dispute with a manufacturer over a 200 dollar cell phone. It's entirely different when the single stand-alone consumer is fighting a multinational corporation half way around the world over replacement of a \$120,000 dollar sports car.

Many of the auto manufactures, Tesla included, are new start-up companies with little or no track record in sales, service, recalls and warranty claims. The financial strength of these new ventures is the basis by which the consumers draw protection of their investment. Allowing these companies to direct sell without the benefit of long established locally owned and licensed retail businesses is very risky and poor public policy. Tesla is very savvy enterprise, its marketing and sleek approach to EVs and ZEVs is seductive to consumers and legislators alike. But it is not a reason to abandon good public policy that has protected consumers of automobiles for many years. I would venture to guess that if we were looking at some of the vehicles that are for sale in other overseas jurisdictions massed produced to sell to burgeoning markets the debate would be on the merits of the law not the product. Because if this bill passes vehicles made by manufacturers not yet for sale or even on the drawing boards will also qualify for a loophole exemption from the Connecticut franchise Act. Not sure how many of us would rush to take a test drive in such vehicles, certainly the discussion would be quite different and many legislators would think twice about the wisdom of such bills as SB 298 and HB 5956. I doubt very much such a proposal would pass muster.

Finally, there may be other unforeseen related consequences such as lost employment, abandoned facilities, lost tax revenues and lack of consumer protections that can adversely affect public safety, jobs, budgets, local philanthropy, quality of life, consumer rights, legal recourse, etc. Therefore, I believe this enormous "sea change" issue requires more careful study and should be provided more time for review and adjustment before going forward.

I urge rejection of this legislation and others like it that will dismantle the franchise system and undermine consumer protections long established in the state as embodied in the franchise model.

Tesla can be sold today in this state without carving a loophole in our law, I repeat the offer that CARA made at Friday's hearing that Connecticut based local businesses will gladly and professionally market and sell Teslas.