

Testimony of Jeff Aiosa of Stonington, Connecticut
Joint Standing Committee on Transportation Public Hearing
State Legislative Office Building,
Hartford, Connecticut

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Good afternoon, Senator Leone, Representative Guerrero, Senator Boucher, Representative O'Dea, members of the Transportation Committee, my name is Jeff Aiosa of Stonington, Connecticut. I am a member of the board of the Connecticut Automotive Retailers Association (CARA). CARA has 270 new car dealer members employing more than 13,000 persons who work in our dealerships. I'm president of Carriage House Mercedes Benz of New London. 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 am here to testify in opposition to SB 198 An Act Concerning The Purchase of Electric Vehicles and House Bill 6682 An Act Concerning The Licensing of New and Used Car Dealers.

Both of these bills will have a negative impact on Connecticut Consumers, Connecticut jobs and Connecticut small business owners.

Both of these bills ask that the legislature provide a corporate loop hole in Connecticut DMV statutes and state franchise laws in favor of large out of state, multinational corporations at the expense of locally owned new car dealers and our 13,000 employees. SB 198 is narrower in application and appears geared specifically towards

TESLA Motors of Palo Alto, California, while HB6682 is broader in scope and would provide the same loophole to potentially every multinational auto manufacturer in the US and around the world, based in such place as Detroit, Tokyo, Seoul and Stuttgart as well as some that are just forming in such faraway places as Guangdong China and Mumbai India.

These bills would not only exempt Tesla and other manufacturers from our DMV licensing laws but would severely damage state franchise laws that have been in place for nearly 40 years providing protection to Connecticut consumers and small locally owned businesses that rely on these laws to level the playing field between these large companies and small businesses such as mine.

The corporate car store model is getting a lot of attention of late mainly because of a company called Tesla. Tesla makes a luxury electric car that has excited many car enthusiasts. The price tag is high and only a handful of people in Connecticut own one. It's a great product!

Tesla says they can't sell their cars here. That is NOT true.....Tesla can sell its cars here under existing law... but its owner Elon Musk refuses and instead asks you to void laws that all other retailers and manufacturers follow. Elon Musk is asking Connecticut's lawmakers to pass a loophole that would allow direct sales by the manufacturer. This might be a good deal for Elon Musk but it's not a good deal for consumers as they will lose many protections under the franchise system.

Connecticut's car dealers have a solution: let us sell them for Tesla, we are very good at selling cars - CARA dealerships have been selling CARs for over 100 years and will do a better job and not sacrifice nearly 40 years of consumer protections built into the Connecticut Franchise Act and DMV licensing laws. We will not ask

you to jeopardize the 13,000 good paying jobs we provide right now to your constituents who work at our stores.

If you pass this loop hole the first loss to consumer's protections will be that in the event Tesla goes belly up... the owners of vehicles purchased from a corporately owned outlet will be left without a safety net: no one to repair the cars, get parts and honor warranties.

When it comes to recalls, warranty work and securing the lemon law, dealers have been advocates for consumers whenever problems arise or car companies fail. The GM ignition switch recall and the collapse of SAAB are two recent examples in which dealers advocated for consumers. Recalls, warranty work and lemon law obligations cost manufactures money. Dealers on the other hand have an incentive...they get paid to do the work, they get paid to order and install recall parts and under lemon law they bear no cost as the manufacturers by law must replace the "lemon" dealer role is to keep the customer happy and coming back to his store.

We find it curious that Tesla's CEO, Elon Musk, wants to circumvent the auto laws and rules that we all follow. This is particularly surprising given that Mr. Musk said Tesla's no-dealer strategy is temporal that he is open to working with franchise dealers eventually. Since Mr. Musk has stated that Tesla will eventually appoint dealers why ask our busy legislators to grant blanket exemptions to our time tested auto retail laws?

Connecticut dealers hope that Tesla will reconsider this legislation if he is truly serious in working with us. CARA dealers have been in the business of selling cars since 1911. We sell all types of electric cars and even maintain charging stations open to the public free of charge; we can do that for Tesla too. Members of CARA are happy to meet Mr. Musk any time here in Hartford or at his office in Palo Alto to help him sell his cars in our state.

I'm Happy to take any questions.

