

Public Hearing - February 9, 2015  
Testifier: Attorney Dan Blinn

## Members of the Transportation Committee

Please SUPPORT legislation that provides protection to Connecticut consumers for auto dealer conveyance fees:

**Proposed S.B. No. 503 AN ACT LIMITING AUTOMOBILE DEALER CONVEYANCE FEES. (Senator Looney)**

**Proposed H.B. No. 6331 AN ACT CONCERNING CERTAIN FEES IMPOSED BY AUTOMOBILE DEALERS. (Representative Lemar)**

**Proposed H.B. No. 6358 AN ACT CONCERNING A CAP ON DOCUMENTATION FEES CHARGED BY AUTOMOBILE DEALERS. (Representative Hampton)**

**The National Association of Consumer Advocates (NACA)** is a non-profit association of attorneys and consumer advocates committed to representing consumers' interests. Our members are private and public sector attorneys, legal services attorneys, law professors, and law students whose primary focus is the protection and representation of consumers. We respectfully urge you to SUPPORT this legislation that would restrict the amount that an auto dealer may charge a customer for a "dealer conveyance fee."

Restrictions are in place in about 14 other states -- including New York -- which caps the fee at \$75 according to the *Kicking Tires* Website:  
<http://blogs.cars.com/kickingtires/2014/06/everything-you-ever-wanted-to-knowabout-a-dealer-doc-fee.html>

There is currently a Connecticut statute in place -- Section 14-62 -- which requires auto dealers to disclose the fee to its customer. Although this statute defines the conveyance fee as the "fee charged by a dealer to recover reasonable costs for processing all documentation and performing services related to the closing of a sale," the Connecticut Supreme Court has interpreted the statute as not providing any substantive limitation on the amount that a dealership can charge. See Small v. Going Forward, Inc., 281 Conn. 417, 423 (2007).

In the seven years since the Small decision, conveyance fees seemed to have increased significantly for some customers. Many dealerships were charging less than \$100 prior to 2007, and few were charging more than \$200. Now, there are examples of exceedingly high dealer conveyance fees, with some dealerships charging as much as \$599 (as requested by the Committee, we can provide *in camera* copies of customer purchase orders showing fees of \$499, \$699, \$429, \$599, and \$598).

This unreasonable escalation of conveyance fees can be attributed to the competitive disadvantage experienced by dealerships charging conveyance fees. Current statutes and regulations do not require dealerships to disclose the conveyance fee when they advertise prices.

To illustrate this problem, envision two dealerships with similar used vehicles in their inventory having a NADA retail value of \$6,000. One dealership may advertise the car at \$5,999 and charge a reasonable conveyance fee that compensates it for the cost of conveying title. A second dealership may advertise the car for \$5,499 and charge a conveyance fee of \$699. A typical consumer would wrongly assume that the second dealership is offering a much better deal, even though the “cheaper” car is going to be more expensive. Some dealerships may be forced to inflate their conveyance fees so that they can remain competitive, and consumers end-up paying unreasonably higher prices.

The Legislature has previously imposed restrictions on marketplace fees that may be charged by businesses in order to protect consumers. Examples:

- ➔ Lawyer fees are restricted in personal injury cases.
- ➔ Loan interest rates are capped at 12% for certain businesses offering loans to consumers.

NACA respectfully submits that a restriction on conveyance fees would provide an appropriate protection for consumers involved in complex and expensive transactions with auto dealers.

Thank you for your support of this legislation which helps consumers.

Submitted by Attorney Robert Shea 860-989-5567  
Lobbyist for NACA