Testimony of Mr. Arthur Schaller, Jr

Of Avon Connecticut

Before the Joint Standing Committee on Transportation

House Bill No. 5055 An Act Concerning Wait Times At the Department of Motor Vehicles

Monday, February 20th 2016

Good Morning Senator Maynard, Representative Guerrera, Senator Boucher, Representative O'Dea My name is Arthur Schaller, Jr . I am the president of Schaller Auto with 4 franchised dealerships located in New Britain and Berlin Connecticut. I am also a director of the Connecticut Automotive Retailers Association (CARA) which represents 270 new car dealers in this state and the 14,000 employees who work in our dealerships. I am here to testify in favor of Governor Malloy's bill 5055 An Act Decreasing Wait Times at the Department of Motor Vehicles.

CARA dealers help drive the economy of this state. Last year we sold over $10 Billion dollars' worth of new and used cars at our 350 stores and accounted for about 19% of all retail sales in this state; helping to ensure millions of dollars of sales taxes and fee income to the state government.

Auto retail relies on several factors to remain strong; credit for our customers and for business needs, a fair and reasonable regulatory climate and most important a strong and capable Department of Motor Vehicles so that dealers can sell, register and title vehicles for their customers in a fast and efficient manner.

CARA considers the DMV to be our partner in commerce, the employees of DMV work hard every day, as do our employees, to serve Connecticut's motoring public.

Governor Malloy's bill is right on the mark. You should pass it without delay. The bill will address two of the factors that I mentioned above ... it will strengthen DMV and it will ensure a fair regulatory environment.

I know that many of you heard from your constituents about the situation that developed this past summer and fall at the DMV with the implementation of the new CIVILS system. Please know that I personally heard from many of my employees and our customers about the hours spent in line at the DMV branch to transact registrations, obtain titles and resolve other issues such as insurance and tax compliance issues. All of our CARA dealers experienced firsthand the difficulties that developed for both the general public and dealership employees who needed to transact business at DMV. I also think that we need to keep in mind that it was a very difficult situation for the DMV employees as well - who at times were overwhelmed. The Governor's bill seeks to remedy many of these concerns. Your constituents will appreciate your willingness to step outside the box by passing legiations that will really make a difference going forward.

The bill does two things; it will enhance the DMV private sector partnership that already exists, and it will specifically eliminate an over burdensome regulation that forces dealers and DMV employees to become tax collectors.

Let me address the former and in the interest of time CARA will offer testimony on the latter shortly.

Section 1 will allow the DMV to work with the private sector to perform outside of the DMV branch certain functions such as license renewal, issuing Id cards, title processing and registration transactions, allowing DMV professionals at the branches to tackle other more technical, and oftentimes more complex, matters that cannot be handled on line and to more quickly serve the needs of the general public.

This is nothing new.

CARA and Connecticut auto dealers have for many years partnered with DMV to assume the costs and functions that are necessary for dealerships to legally convey a vehicle purchased at a dealership. For example, beginning in the 1990's dealers through our trade association CARA began directly registering vehicles and we now handle 40% of all Connecticut vehicle registrations at our dealerships. Auto dealers are licensed to do the state's emission testing, auto dealers perform the DMV mandated safety inspections on all used vehicles under 10 years old prior to resale, our nonprofit trade association provides mandatory DMV training to all new and existing dealership employees concerning DMV laws

applicable to a licensed dealership operation and DCP regulations. So, this bill if passed will build on this partnership and allow dealers to issue electronic titles and perform additional registration functions related to new and used car sales. Thus, relieving pressure on DMV offices and allowing them to better handle the needs of the general public, shortening lines and freeing up DMV workers for other tasks.

Consider that the backlog on titles at the DMV office is approaching 120 days. Having a clear title to a vehicle is the lifeblood of a dealer's ability to sell and finance vehicles. When a dealer takes a vehicle in trade the dealer must have a valid title in order to sell the vehicle. If it takes 120 days to get a title our inventory, all of which is financed, just sits on our lot and cannot be sold. Every day a car sits on the lot it loses value and we pay the financed costs to the bank. Generally we lose money on the sale of a car that sits for over 30-60 days because the cost to finance the car will very quickly exceed the margin on the vehicle. It is no wonder that dealers are lined up in DMV branches trying to obtain titles for their inventory. Today the technology exists to quickly, almost immediately, issue an electronic title, through private vendors. This legislature years ago passed legislation to all allow electronic titles to be issue. If this bill is passed, I believe within months of passage CARA and our dealers can have an electronic titling system up and running in this state. Consequentially, eliminating all those dealers standing in line at branches desperately seeking a paper title from the DMV and saving the agency the cost of printing and mailing hundreds of thousands of titles each year.

This is just one example in a dealership setting that will lessen lines at DMV, utilization of other nonprofit entities for licenses, ID cards and other needs of the general public will also help to reduce lines.

I urge you to pass this bill.

Thank you for attention to my testimony. I'm happy to answer any questions.