

Good morning,

Thank you Chairman Lemar, Chairman Cassano, Vice Chair Simms, Ranking Members Sen. Somers and Rep. Carney, and members of the Transportation Committee for the opportunity to testify here today on behalf of Tesla in support of S.B. 127, An Act Concerning the Sale of Electric Vehicles in the State. This bill will enable manufacturers of electric vehicles without franchised dealers to sell directly to customers in Connecticut.

My name is Zach Kahn and I am a Senior Policy Advisor at Tesla. We are a manufacturer of electric vehicles, solar energy products, and battery storage products, and our mission is to accelerate the world's transition to sustainable energy. Tesla chose to sell directly because it gave the company the best chance to succeed in overcoming barriers to adoption of electric vehicles. Designing and building an EV is half the battle, it is then essential to educate each customer about the economic advantages of electric vehicles, the emission reduction impact and the actual carbon intensity of electricity where they will charge, the availability of charging on their daily commute and the extent to which range anxiety is a non-issue for 99% of EV drivers. Tesla believed we were best suited to communicate these advantages to customers who were likely considering switching to an electric vehicle for the first time, and the results have born that out.

Direct sales currently account for about 80% of annual battery electric vehicle sales in the United States, and around 75% of the battery electric vehicles registered in Connecticut are EVs that were sold directly to CT residents by EV manufacturers from licensed sales locations in neighboring states. Several other EV manufacturers have come to the same conclusion that direct sales provide them with the best opportunity to succeed, and we join them today in once again supporting a change to Connecticut's outdated law requiring companies who have never sold through franchise dealers anywhere in the world to adopt this model in order to deliver vehicles within the state's borders. These companies are bringing innovative new vehicles into the market and looking to expand their footprint at a time when the state needs business investment, job growth, and emissions reductions more than ever.

As you are well-aware, the transportation sector is the largest emitter of greenhouse gases in the state, with DEEP reporting that it makes up more than 38% of emissions. Beyond the environmental and climate impacts of these emissions, more and more data about the public health concerns related to fossil fuel pollution has shown just how damaging they are to our society. According to new research published in the journal, Environmental Research, fossil fuels are alone responsible for more than 8 million premature deaths annually, which is double the previous high-end estimate of fine-particle pollution mortality. The American Lung Association also recently put out a report looking at the benefits of transitioning to EVs, which found that Connecticut would see more than \$600M in avoided health impact costs in 2050 from a transition to EVs.

Connecticut has taken numerous steps to begin to address these emissions, including creating the CHEAPR EV incentive Program, committing to putting 125,000-150,000 EVs on the road by 2025 through the ZEV MOU, and committing to having 30% of new medium and heavy duty vehicles sold in the state being zero emissions by 2030 and 100% by 2050 through the Medium and Heavy Duty MOU. Perhaps most importantly, Connecticut is one of only 3 states along with the District of Columbia to join the Transportation Climate Initiative Program. This was an extraordinary display of leadership and commitment to the goal of reducing transportation emissions. This bold policy choice further highlights how out of step the current ban on direct sales from EV manufacturers is with the state's policy goals when it comes to transportation electrification. The data is clear that making it easier to buy electric vehicles is a key driver of adoption. For instance, Florida has allowed EV manufacturers to sell directly as licensed dealers without caps or restriction, and despite having no ZEV mandate and no statewide EV incentives, EV adoption is 13% higher per capita than in Connecticut.

Despite the ban on direct sales, Tesla has invested significant resources in Connecticut. Tesla has a leasing license that allows us to lease cars to Connecticut residents from our Leasing and Service location in Milford. We have invested heavily in building out our supercharger network in the state. We currently have 23 supercharger locations with more than 200 stalls in Connecticut and are currently developing an additional 5 locations. SB 127 will unlock additional investment by Tesla in sales and service locations in Connecticut.

Connecticut has made EV adoption a priority and SB 127 supports this same goal without impacting the state's budget, other than through additional tax revenue and job creation. This bill is good for Connecticut consumers, good for the environment, and good for the local economy.

Thank you for your consideration of this important piece of legislation. Please do not hesitate to contact me, should I be able to provide any additional information.

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