

February 18, 2021

RE: Oppose - Senate Bill 127

Dear Chairmen Lemar and Cassano, Ranking Members Carney and Somers, and Distinguished Members of the Transportation Committee:

On behalf of the Alliance for Automotive Innovation (Auto Innovators), I am writing to express our strong opposition to Senate Bill 127 An Act Concerning the Sale of Electric Vehicles in the State, legislation that would facilitate two different sets of rules within state law for competitors in the same marketplace. Formed in 2020, the Alliance for Automotive Innovation is the singular, authoritative and respected voice of the automotive industry. Focused on creating a safe and transformative path for sustainable industry growth, the Alliance for Automotive Innovation represents automakers producing nearly 99 percent of cars and light trucks sold in the U.S., original equipment suppliers, as well as technology and other automotive-related companies.

Our automaker members work closely with their franchised dealers to operate as successfully as possible within the industry's existing state-regulated distribution model. Nothing within the state's current laws precludes Tesla or Rivian or any other company from competing in the Connecticut automobile market tomorrow under the same rules as every other auto manufacturer. These automakers do not want to play by the same rules, however. They want special treatment. In Connecticut – as in every other state – automakers and dealers operate under a complex scheme of state franchise laws that regulate nearly every facet of the business relationship. Admittedly, some of these laws are onerous for manufacturers. Yet, in a marketplace where competition between brands is fierce, all participants at least engage under the same set of rules.

Senate Bill 127 would change that.

For years, the attention given to the issue of whether an automaker should be allowed to sell directly to the consumer focused on Tesla Motors. More recently, Rivian – a start-up electric truck manufacturer soon to come to market with a vehicle – has added their voice to this campaign. With Rivian's entrance into this discussion, however, existing automakers' most basic argument on this issue has been proven valid. Automakers have long held that the biggest issue with this concept is not the one or two niche manufacturers presently asking for special treatment; it is the other, established automakers that currently sell in other parts of the world, but not within the United States that pose the real problem.

As drafted, Senate Bill 127 would allow new market entrants to be unbound from the franchise system and allowed to sell directly, while existing automakers would still be required by state law to use the current system.

Your predecessors in the General Assembly established the rules under which our automaker members have built their businesses. Automakers have entered into contractual agreements with their authorized dealers based on these legal requirements. Changing state law would not do anything to impact these underlying contracts that have already been executed.

Therefore, it would be patently unfair for the state to have a long-established set of laws governing how certain manufacturers must distribute their products, but then let new manufacturers enjoy a competitive advantage by being exempted from those restrictive and complex laws.

To be clear, our members do not shrink from added competition; competition is good for the industry and consumers. Our automaker members have developed modern vehicles that are safer, cleaner, and more advanced than ever and they welcome new competitors to try and keep up. Our members simply believe that state laws that govern the sale of vehicles should provide a fair and level playing field for all, and not grant special privileges to new market entrants.

Thank you for your consideration of the Auto Innovators' position. Please do not hesitate to contact me, should I be able to provide any additional information.

Sincerely,



Wayne Weikel
Senior Director, State Affairs

cc: Members, Joint Committee on Transportation

