

February 19, 2021

## **S.B. No. 127 An Act Concerning the Sale of Electric Vehicles in the State**

Chairman Lamar, Vice Chair Cassano, Vice Chair Simms and Members of the Transportation Committee,

My name is Analiese Paik and I live in Fairfield, CT. I'm writing you as a member of the leadership team of the EV Club of CT in support of S.B No. 127 which would allow the direct sale of electric vehicles to consumers.

Our club of brand agnostic EV enthusiasts evangelizes the rapid and widespread adoption of EVs because they're fun to drive, easy and half the cost of conventional gas cars to maintain, and are revolutionizing our transformation to zero emissions mobility.

That's vitally important because the transportation sector, comprised mostly of passenger vehicles, is responsible for 38% of our state's greenhouse gas emissions. It's also partly responsible for every county in our state receiving an F in the number of high ozone days according to the American Lung Association's State of the Air Report 2020.

Two years ago I traveled with fellow Club leadership to Hartford and spent the day there to testify on behalf of a similar bill. The need to reduce greenhouse gas emissions and particulate pollution is even greater now that it was then, and the number of pure EV manufacturers selling direct to consumer is growing. Tesla, Rivian, Atlys, Canoo, and Aptera are just a few taking online reservations, pre-orders and orders.

### **American made EVs are illegal to purchase in CT**

I put in a pre-order for the Rivian R1T pickup, which is due for delivery in Jan. 2022. I have no idea how I'm going to take delivery of the pickup, how far I'll have to travel, and how inconvenient it will be. It feels unfair to be penalized for choosing to support an independent American company. It was far from convenient to have to go to Mount Kisco, New York to pick up my Tesla Model 3. Imagine how folks who live on the other side of the state feel about having to travel all the way to Mount Kisco.

Our current dealer-franchise law was designed to protect franchisees from their own manufacturers. Yet it's being misapplied to protect them from EV manufacturers, including American ones. Why would we prevent the sale of American cars with no tailpipe emissions in our state? How does that serve the public interest? How does that advance our commitment to the multistate ZEV Action Plan?

It doesn't. We are off track and will have to grow EV sales by a compound annual growth rate of 49% to meet our EV deployment goals.

How is that fair to the consumer? It isn't. It makes it hard for consumers to buy the cars they want.

How does that ensure free and fair competition? It doesn't.

And we know that competition is healthy and lifts everyone up.

### **Stifling competition is bad for productivity and economic development.**

This antiquated law acts to prevent American manufacturers from setting up showrooms and creating jobs in CT. **Back in 2014 Washington state allowed Tesla to sell direct to consumers without franchisees. Tesla had since invested \$18 million in the state and now employs 250 people there.** Tesla

has a service center in Milford where we can lease cars and get our cars serviced, but we still have to go to Mount Kisco to pick up a leased car.

## Our dealer franchise law is restrictive and anti-competitive.

CT's dealer franchise law was created to protect the profits of new car dealerships. The intention was never to prevent the entry of new players and expansion of the marketplace.

In the rapidly evolving automotive marketplace electric vehicles are:

- 1) Sold and leased directly to consumers online or through brand experience centers rather than franchise dealerships
- 2) Serviced by the brand themselves and through service partners rather than dealer-owned service centers
- 3) Made available via new consumer-first models including all-in subscriptions (lease + insurance + maintenance) and car sharing services to ensure the needs of all members of our community are met

### Section 1. Outline of the effects of competition and competition policy

When customers can choose between different providers, they benefit and so does the economy as a whole. Their ability to choose forces firms to compete with one another. Choice for customers is a good thing in itself, but competition between firms also leads to increased productivity<sup>1</sup> and economic growth.

It can be hard directly to measure the effect of – for example – competition law on economic growth. But there is solid evidence in support of each of the relationships shown below.



Most importantly, it is clear that industries where there is greater competition experience faster productivity growth. This has been confirmed in a wide variety of empirical studies, on an industry-by-industry, or even firm-by-firm, basis. Some studies seek to explain differences in productivity growth between industries using measures of the intensity of competition they face. Others look at the effects of specific pro-competitive interventions, particularly trade liberalisation or the introduction of competition into a previously regulated, monopoly sector (such as electricity).

This finding is not confined to “Western” economies, but emerges from studies of the Japanese and South Korean experiences, as well as from developing countries

The effects of stronger competition can be felt in sectors other than those in which the competition occurs. In particular, vigorous competition in upstream sectors can ‘cascade’ to improve productivity and employment in downstream sectors and so through the economy more widely.

The main reason seems to be that competition leads to an improvement in allocative efficiency by allowing more efficient firms to enter and gain market share, at the expense of less efficient firms (the so called *between-firms* effect). Regulations, or anti-competitive behaviour preventing entry and expansion, may therefore be particularly damaging for economic growth. Competition also improves the productive efficiency of firms (the so called *within-firms* effects), as firms facing competition seem to be better managed. This can even apply in sectors with important social as well as economic outcomes: for example, there is increasing evidence that competition in the provision of healthcare can improve quality outcomes.

<sup>1</sup> Unless specified the term productivity refers to total factor productivity.

**Stifling competition and restricting consumer choice negatively impacts productivity and economic growth** as shown in this 2014 OECD Factsheet on How Competition Policy Affects Macro-Economic Outcomes. Find information relating to this work on the OECD website at <http://www.oecd.org/daf/competition/evaluationofcompetitioninterventions.htm>

**Consumers want freedom of choice.**

There is too much at stake to not stop and take a good hard look at this from the perspective of the consumer and understand how confused they will be by our state's mixed messaging. We have EV goals, greenhouse gas reduction goals, want to grow green jobs, yet we shut out one of the fastest growing sectors of the new economy.

**We aren't going to meet our EV deployment and GHG emissions goals if sales are restricted to franchised dealers. We want the freedom to choose revolutionary electric vehicles made by innovative leaders.**

**Please support this bill to advance the public good and serve the needs of all constituents, not just dealerships.**

You have decisions to make now about the future of our state. Decisions that impact the health and well-being of every resident, living organism, acre of land and body of water.

**Please give us the freedom to buy the EVs we want, and in the manner we find most appealing and convenient, so we can all feel joy at treating the planet that way it needs to be right now: without dangerous tailpipe emissions.**

Please treat this bill for what it really is: climate and economic development policy.

**The catastrophic consequences and costs of an overheated planet terrify and threaten us each new day.**

We need aggressive responses and the goal must be to reduce GHG emissions from the transportation sector ASAP by as many people as possible and that means freedom to buy, lease, subscribe to or car share any EV we want.

Anything less is reckless indifference to the dire consequences and enormous costs of doing nothing.

Thank you. Analiese Paik, [Analiese.paik@gmail.com](mailto:Analiese.paik@gmail.com), 125 Sky Top Terrace, Fairfield, CT 06825