

Direct Sales Bill Is Not Being Called for a Vote

Bill Stalled in the Senate

[CT News Junkie](#) is reporting that SB 214 will not be called for a vote in the Senate. This bill is also referred to by opponents, pejoratively, as the “Tesla bill,” though it would apply to any manufacturer of exclusively battery electric vehicles that does not have an existing franchise network and is not majority owned by a company that does (Ford has a minority stake in Rivian), and would allow them to open stores for the sale and delivery of their vehicles in CT.

As quoted to News Junkie, the bill’s sponsor, Senator Will Haskell of Westport, co-chair of the Transportation Committee said, “I think we have the votes in the Senate, I just think we’re out of time.” He also claims there are Republican votes in the Senate, which would be a change from last year.

The bill passed out of the Joint Transportation Committee by a vote of 22 – 12 with one absent and was not exactly along party lines. One Republican senator on the committee voted “yea.” That was John Kissel. Several Senate Democrats voted against the bill in committee: Steve Cassano, Rick Lopes and Norm Needleman. Democratic Representatives Matt Blumenthal and Christine Conley were also no votes. Republican Representatives Tom O’Dea, David Labriola, Irene Haines, and Tami Zawistowski were yes votes.

This bill is considered controversial – but only in Hartford! Consumers overwhelmingly [support it](#). Public testimony given to the committee is also overwhelmingly supportive. Outside experts on the left, right, and center of the political spectrum support direct sales. But there is an entrenched and

well-financed local special interest, the dealerships, who vigorously oppose it and marshal a number of specious arguments to do so. Here is a more [detailed explication](#) of our point of view with supporting data.

Whether the votes were there, or one vote short, as was allegedly the case last year, is immaterial. Opponents have consistently been able to run out the clock on this measure, no doubt working with some legislators behind the scenes to prevent the bill from coming to a vote. If the committee chair can't count a majority, it doesn't get brought up. That way they keep their dealers happy and don't have to directly face their constituents. Also, if a bill does not come for a vote, it does not get counted in the environmental scorecard of the League of Conservation voters, so it is also a form of green-washing. A number of club members aided us in our efforts by contacting their legislators. Many get a response along the lines of, "I am looking at it very closely," a way of saying no politely. Democratic Senator Julie Kushner held a press conference with the United Auto Workers, where part of her statement characterized Elon Musk as "already ruler of the world." Excuse us, Senator, this is not about Elon Musk. It is not even about Tesla. It is about your constituents.

This Is an Election Year

Changes are afoot. Senator Haskell is leaving the legislature. He represents what is considered a swing district that was represented by Republican Toni Boucher for 10 years before Haskell defeated her in 2018. She has announced her candidacy. Republican Senator Kevin Witkos, who was rumored to be a possible yes vote, is not standing for re-election. Representative Laura Devlin, who was a no vote in committee, is GOP gubernatorial candidate Bob Stefanowski's running mate.

Consider your vote carefully. Don't hesitate to ask candidates for a direct response on their stance on this issue. Direct

sales is the single most impactful measure that can be taken to accelerate the pace of EV adoption. The data are clear from the experience of other states.

We will come back to membership next year asking for support. Despite the discouragement of this and past years, we will need to respond in force. There are more of us every year. They can't ignore us forever.

Direct Sales Bill Passes Out of Committee

SB-214 Passes with 21 Votes

SB-214 has passed the Transportation Committee by a vote of 21-14. To see how individual members voted, check out the tally on the [committee website](#).

Legislators are offered time to comment before the vote is taken and several took the opportunity.

Representative Devin Carney (R) (Ranking Member), who is a no vote, said that there is no longer a need because dealerships are now selling EVs, a change from several years ago. He opined that Tesla is a legitimate company, but that other, newer entrants like Rivian and Lucid, with their difficulties in ramping production, are not, and thus do not deserve this "carve-out." He also objected to characterizations made of the legacy companies that they don't care about the environment, and cited some of the challenges of sourcing the materials

necessary for battery manufacturing from places like the Democratic Republic of the Congo.

Representative Jonathan Steinberg (D), a longtime supporter of direct sales, said this year's bill was an improvement over past bills. (The bill is restricted to battery electric vehicles and is no longer just a Tesla bill). Steinberg notes that the dealers say that direct sales will hurt their businesses but that the data from states where direct sales is legal just don't support that conclusion. He thinks the entire auto purchasing relational experience will change, that it's about competitiveness, and that this bill supports consumer choice. Interestingly, he said that he would support a bill that goes further than this one and do away with the franchise laws entirely.

Representative Stephen Meskers (D) said he was a yes because "at some level, the markets should decide." His main concern was about whether this would extract profits from the state and vowed to engage with Tesla and the other companies to push them to maximize their investment in CT, including vocational-technical training.

Senator Henri Martin (R), voting no, complained that he doesn't understand why this bill keeps coming back year after year. He feels that this bill does not protect consumers, questions whether there will be adequate servicing facilities, and that it comes down to having two sets of laws.

The actual committee vote was more bipartisan than the above comments might indicate. However, as best we know, last year there were no Republican votes in the Senate for this bill (since the bill didn't get called, there was no recorded vote). That is something we hope to see change.

Bills similar to SB-214 have made it out of committee in the past but haven't made it across the finish line. The Senate is the next stop for SB-214.

We think that Representative Steinberg is spot on. This industry is changing but it needs to change faster. Consumers overwhelmingly [support](#) this legislation. Now is the time to tell your legislators that you support the free-market and consumer choice, and that the current, antiquated laws are holding back EV adoption.

You can use [this page](#) to find your state senator and representative.

The Tribulations of Buying An EV From A Dealership – Lived Experience

This is an email that was sent to the EV Club on March 9, 2022 by a member, Svetlana Wasserman, from Greenwich. It is the text of a letter that she sent to her CT State Representative, reprinted in full with her permission. It speaks for itself.

EV Direct Sales

I just wanted to share with you the letter I sent to my representative, Harry Arora:

Dear Representative Arora,

I'm writing to you with regard to the direct sales of electric vehicles bill, SB214. It is my great chagrin that this bill, which is a commonsense, free market, pro-consumer bill to allow manufacturers of electric vehicles to sell their cars directly to customers, has not yet passed. I have watched year after year as the lobbyists for the traditional dealerships claim that the direct sales bill is anti-consumer.

Please allow me to share my experience of attempting to buy an

electric vehicle from a traditional dealer.

When I was shopping for an electric vehicle in 2020, like most auto-shoppers, I wanted to see it and test drive it. I called the Hyundai dealer in Stamford and asked if they had the Kona in stock. They did not. I asked them which dealership had the Kona. They said they could not tell me because each dealership is its own franchise and they did not share a database. They did tell me that if I was ready to place the order right now, they could have one delivered for me. I explained that I was not about to buy a car sight unseen.

Next I called the White Plains Hyundai. They did not have it in stock either. So I called the Fairfield Hyundai, and received the same answer. I begged to speak to a manager, and after explaining what I had been through, he offered to do some research to find which Hyundai dealer had the Kona in stock and call me back. When he called back he told me that the Hyundai in ALBANY, NY had a Kona in stock, and would I like to make an appointment to see it?

I asked this manager why it is so hard to see and test drive their electric vehicle. He told me it was because very few customers are buying it. Well, I wondered, how are customers going to be buying it when they can't even see it?

Next I tried to test drive the Kia Niro at the dealership in Stamford. This time I was lucky because they had it in stock. When I arrived for my appointment, there was a bit of confusion because no one knew where the car was. Eventually, they found it...at a parking lot in another location. Someone drove over to get it, and after 30 minutes of this kerfuffle, the car showed up. After a very brief overview...because the dealer admitted she did not know much about this car...she turned it over to us to test drive. Except there was one problem. The car was at 7% battery and was sounding all kinds of alarms about being at low battery. Unfortunately, our dealer had no idea where the charge port was, and a second commotion ensued as the staff tried to find someone who knew how to charge the car. Eventually, they found a gentleman who did, and he asked us if we would like to test drive one of their gas models while we wait for the electric Niro to charge up.

Needless to say, we did not buy the Kona or the Niro from the traditional CT dealers. We drove across the border to Mt.

Kisco, NY where we were able to test drive a Tesla and have a pleasant experience, and lunch in a NY restaurant to boot.

I don't know why the auto dealers do such a terrible job promoting electric cars. Perhaps they just don't know enough about them. Or perhaps they understand that sales of EVs harm their bottom line on the auto repair side of their business because electric vehicles require virtually no maintenance. I've driven EV's for ten years and never had to do anything more than change the tires.

So if the dealers want to come before you and tell you they oppose this bill because they don't want competition from EV manufacturers, or they don't give a hoot about lowering emissions or meeting our state's greenhouse gas targets, or they don't want to promote job creation from the opening of new EV dealerships, that's fine. Just please don't let them tell you they are doing it to protect consumers.

I hope that you will do your utmost to help pass SB214 this year.

Kindly,

Svetlana Wasserman

Greenwich

If You Want To Get a Tesla in Connecticut, Go to Hertz

Post by Barry Kresch

Photo: EV Club members with a pre-production Rivian R1T

Consumers Must Leave the State to Buy an EV Not Sold Through a

Dealership

If a consumer wants to go electric and buy or lease not only a Tesla, but also a Rivian or Lucid, to name two of a number of new EV manufacturing startups, they have to travel out of state to do so. For years, CT Tesla customers have been schlepping to Mt. Kisco, NY to pick up their vehicles. It's long past time for this to stop.

SB 214 – An Act Concerning the Sale of Electric Vehicles In The State

A bill has been raised in the Transportation Committee, SB No. 214, that will amend the law to allow EV-exclusive manufacturers without an existing dealer franchise network to open stores and sell directly to consumers, “direct sales” for short.

The EV Club of CT supports this bill as the current situation is anti-consumer, anti-free-market, holds our state back from achieving its EV adoption goals, and forces its citizens to breathe dirty air. The transportation sector is responsible for 38% of the state's greenhouse gas emissions, not to mention other pollutants such as particulate matter, making it the most polluting sector.

EV Deployment Is Far Behind Target

The state has signed a [resolution](#) committing to getting 150,000 EVs on the road by 2025 and 500,000 by 2030. We have a long way to go as we are only 14% of the way to our 2025 goal and 4% of the way to the 2030 goal. If you want to see a depressing visual, click [here](#). We need all hands on deck.

Background: The Franchise Laws

These laws are what currently prohibit Tesla and other companies from opening stores in CT. They were written long ago to protect dealerships from being bullied by their own affiliated manufacturers. These laws are not about the consumer and never were.

Protectionism

The language in these franchise laws requiring new vehicles to be sold by an independent business has been conveniently repurposed to exclude new EV manufacturers from opening stores in CT. In other words, the laws are now being used for protectionism.

The Federal Trade Commission has [written](#), “A fundamental principle of competition is that consumers – not regulation – should determine what they buy and how they buy it. Consumers may benefit from the ability to buy cars directly from manufacturers – whether they are shopping for luxury cars or economy vehicles. The same competition principles should apply in either case.”

The Union of Concerned Scientists [wrote](#), “...the dealer franchise laws represent not only a ban on Tesla, but a ban on all innovation in distribution methods.” Also, “There is no justification on any rational economic or public policy grounds for such a restraint of commerce.” They also cite studies showing that these laws restricting new distribution models serve to “raise the average vehicle cost by 8.6%.”

Dealer franchise laws have also been criticized from the right. The Koch brothers [signed onto a letter](#) opposing the Michigan version of this law. Their libertarian instincts chafe at the anti-free-market nature of these laws. And the [CATO Institute](#) has described these circumstances, “Where state

legislatures are captured by rent- \square seeking incumbent market participants...” which impose “unnecessary transactions cost.”

These are but a few examples of the many organizations that support direct sales.

There has also arguably been spillover from the dealership laws as the Hoffman Auto Group, which owns dealerships in CT, has used them as a basis to file a [lawsuit](#) to prevent Tesla from opening a planned second service center in East Hartford. It seems Hoffman’s strategy is to make the experience of owning a Tesla as difficult as buying one.

Consumers Want The Freedom To Buy An EV However They Choose

Consumers have made it clear that they should have the freedom to choose where and how to buy or lease an EV.

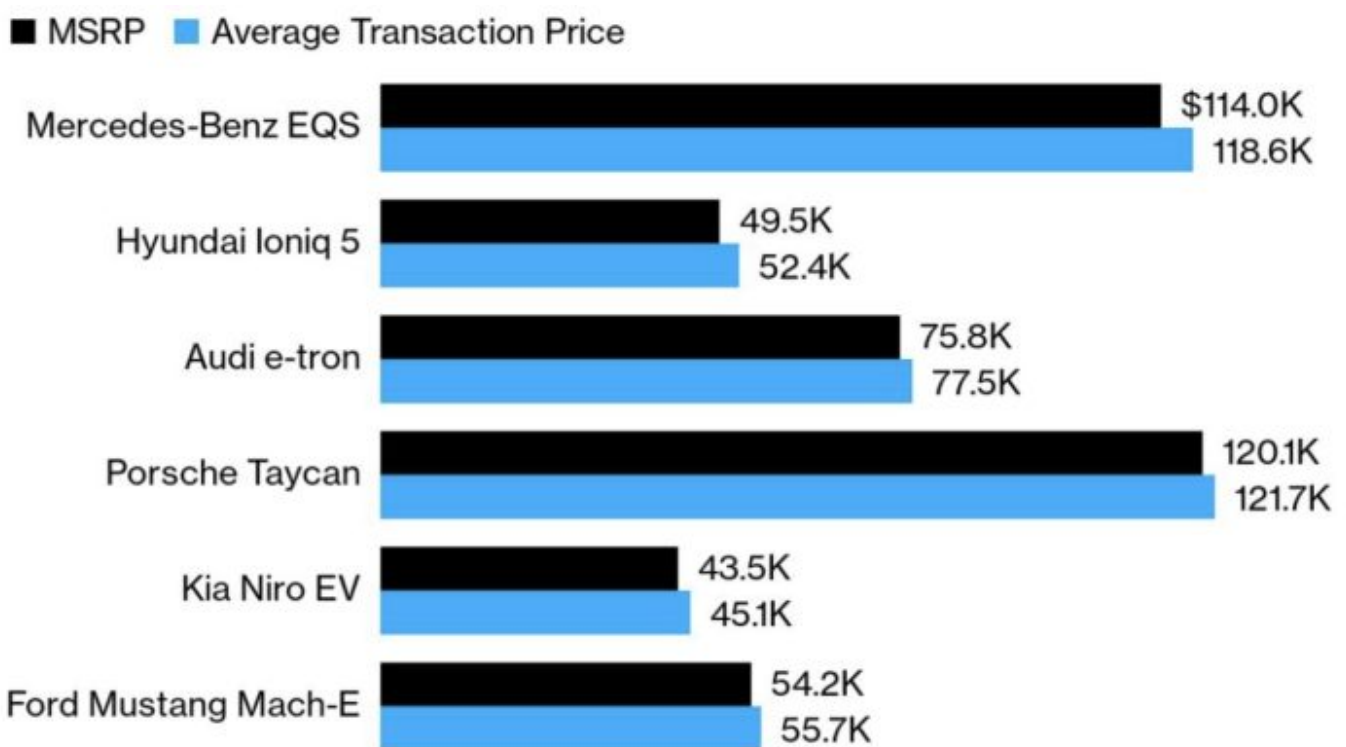
In a poll taken last year, an identical proposed law, SB 127, polled at an [83% level](#) of support among likely voters in CT. This support cut across party affiliation, age, income level, and ethnicity.

The Transportation Committee held a public hearing on last year’s direct sales bill, SB 127. There are 81 testimonies posted on its [website](#). If one excludes the 9 from individuals associated with the dealerships and the 3 from Tesla, Rivian, and Lucid, we are left with 69 from members of the public at large. All 69 of them were in favor of direct sales. Even with this overwhelming level of support, there was not a single Republican vote in the Senate and an insufficiency of Democratic votes to pass the bill.

Is The Dealership Model Better For

Consumers?

During this current period of supply chain turmoil, many dealers have been marking up the cost of EVs (and presumably other vehicles) above MSRP. In a recent [Washington Post](#) article, it read “that Ford and GM have warned dealerships to stop selling vehicles above MSRP,” and that GM characterized these markups as “unethical.” So much for the multi-year argument dealerships been making that franchisees protect consumers. Below, from Edmunds.



Source: Edmunds

One of the selling points for direct sales is that there is pricing transparency. You're not required to give your email to get an online quote, you won't be forced to visit a dealership to get a final price, you won't have anyone pestering you afterward to buy the vehicle, and you're not bombarded with after the sale upsells, or a surprise markup.

This [opinion piece](#) in the Washington Post by Ian Ayres, a law

professor at Yale, discusses how for customers using dealer financing, the dealerships often markup the interest rate without disclosing this to the consumer. These hidden fees are legal, which they shouldn't be, but their application in a discriminatory way is not. For example, [Honda](#) and [Toyota](#) have both settled lawsuits brought by the Consumer Financial Protection Bureau for more than \$20 million because minority borrowers were charged higher interest markups than equally qualified white borrowers.

Watch What They Do, Not What They Say

Are dealers selling EVs? We would like to see them be proactive in their EV sales efforts. Every year, they come before the legislature and profess to be invested in EVs. They talk a good game, but what are they actually doing?

The NY Times published an article in 2015 entitled, [“A Car Dealers Won't Sell: It's Electric.”](#) That was 7 years ago and we have to make allowances for the possibility that things can change. Have they? Judging by data from the CT DMV, not so much. There are [8944 registered Teslas](#) in CT. The number 2 make is Toyota with 3238. Of course, the Toyotas are plug-in hybrids. The make that is number two in BEVs is Chevrolet with 824. Teslas comprise 71% of all the battery electric vehicles currently registered in the state. In 2017, when I first began tracking this, that number was 61%.

This is from an article in [TechCrunch](#), published in 2017, in which the first sentence proclaims, “Mercedes-Benz is the latest automaker to embrace electrification, announcing that it will be electrifying its entire vehicle lineup by 2022,” according to Mercedes-Benz chief Dieter Zetsche. There are 21,382 EVs in CT as of January 1, 2022. 75 are Mercedes.

The headline from a Bloomberg [story](#) in January reads, “Car

Dealership Laws Aren't Fit for the Electric Age." The first sentence: "More EVs are being sold in states that allow direct sales."

And the manufacturers have their own imperatives. From Bloomberg Intelligence analyst Kevin Tynan, "If Ford could sell one million Lightnings a year, they wouldn't," he explains. "The reason why EV penetration is as low as it is in the U.S., is because that's what automakers want it to be. People think it's the consumer pulling – it's not; it's the automaker's pushing."

This really does matter when it comes to EV adoption, states with uncapped direct sales had 6.8 registered BEVs per 1000 registrations. Closed states had 1.4. CT is a closed state. How much closer to our EV deployment goals would we be and how much healthier would our air be to breathe if we were an open state?

Will Direct Sales Drive the Dealerships Out of Business?

Whenever they testify, that is pretty much what they say will happen. There was one dealer who said during testimony that if direct sales passes, he will immediately start laying off employees. AND IT WILL BE THE FAULT OF THE LEGISLATORS!

The truth is the dealers want it both ways. They say their model is better for consumers. If they really believe that, then why the need for these restrictions in the first place? Then in the next sentence, they'll say their businesses will implode.

Direct sales has been around for as long as 10 years in some states. So we have comparables! And the dealers are doing just fine in open states according to data from their own national association. A study by the [Acadia Center](#) documented this in

states near to ours.

Closing Thoughts

The question of how dealerships and the legacy automobile industry writ large will ultimately fare is up to them. If they innovate and compete, they'll be fine. A few of them have embraced EVs, but judging by the results, not nearly enough. In CT, the dealership special interests have thus far been given the message that they can sit back and not worry about it, that change can happen on their timetable.

There are many EV Club members who own or have ordered a Tesla or are reservation-holders for Rivian or Lucid. For those of us who have made the trek to Mt. Kisco to pick up a Tesla, it stares us in the face that the jobs to build, staff, and maintain the facility are in New York and the company pays property taxes to Mt. Kisco. All of these companies stand ready to invest in CT. And others, as well. CT is sending the wrong kind of signal to any company that is part of the green economy.

Allowing direct sales will help CT meet its EV adoption objectives, will create green jobs, and, most importantly, it is what is right for the citizens of CT Consumers. Tell your legislative representatives that you support SB 214.

How You Can Help

Contact your state senator and state representative. This page will enable you to find out who they are: <https://www.cga.ct.gov/asp/menu/cgafindleg.asp>

Clicking on their name will take you to their contact form. Tell them you support SB 214 because allowing direct sales allows for free-market innovation enabling consumers to buy the EV of their choice in the manner of their choosing. It

will accelerate EV adoption, create jobs, and let the companies of the new green economy know that CT is open for business.

Also, contact your mayor or first selectman and ask them to support SB 214 and contact the legislators who represent their town. Their voices carry weight with the legislature.