

Testimony of Hayden Reynolds
In Opposition to
RB 7097- AN ACT CONCERNING THE LICENSING OF NEW AND USED CAR DEALERS
Transportation Public Hearing
Legislative Office Building,
Hartford, Connecticut
February 22, 2017

Good Afternoon Senator Leone, Senator Boucher, Representative Guerrera, Representative Carney, and members of the Transportation Committee. My name is Hayden Reynolds and I am the current owner of Reynolds' Garage and Marine in Lyme. I am here today to speak in opposition to Raised Bill 7097 An Act Concerning the Licensing of New and Used Car Dealers.

Reynolds' Garage and Marine has been in business for 158 years, making me a 6th generation owner in my family for this business. We have come a long way from originally selling hand-built horse drawn carriages to the likes of Studebaker and Peugeot. When Peugeot left the USA, we as a dealer still provided service for our customers many years after they stopped selling cars here in 1992. This consumer protection would be lost if this bill were to pass because there would be no dealer body left to service the consumer.

I have three areas of concern to this proposed bill. The first is that dealers in Connecticut are invested in creating a fair pricing system, and Tesla would like to be singled out within their own unfair playing field that they call direct sale model. Secondly, supporting local dealers means good local paying jobs stay here, not online, and not in California. I repeat - my family business has been in state for 158 years in good times and bad. And lastly, dealers advocate for the consumer against manufacturers during recalls.

Lawmakers need to consider the locally owned dealerships when considering this bill. More specifically, they need to consider the jobs we create and our involvement within our local communities. We currently employ 35 people.

The locally owned dealers in Connecticut provide cash and in-kind contributions to local charitable causes. They support local businesses such as newspapers, printers and restaurants. Plus, employees contribute countless hours of their time serving on local boards and commissions, and helping non-profit organizations, schools, fire departments and youth sports. This will be lost in a corporate store direct-sale model.

All over the state you will find dealerships with annual contributions to charities well over \$10,000, having a huge impact on these local communities and organizations. Reynolds' Garage and Marine currently supports: High Hopes Therapeutic Riding, Middlesex Hospital, Center for Hospice, Valley Shore YMCA, Lyme Land Trust, CT River Museum and the Lyme PTO to mention some of the many organizations that we support. For years CARA's foundation alone has given away over a million dollars to local causes. We continue to grow close relationships with local people and businesses. I challenge you to find a large multinational corporation with that kind of a commitment.

Local dealers and their employees support local organizations because it defines their sense of community. They live and work together within these small communities, and in doing so want to

give back. Providing an unfair advantage to Tesla will jeopardize local jobs and businesses because it will not just be Tesla that will gain the unfair advantage, it will be other multinational auto manufacturers that will qualify as well.

Dealerships throughout Connecticut offer good, high paying jobs to over 14,000 employees at our 270 new car dealerships, more than Aetna, Pfizer and ESPN combined. They employ mechanics, sales staff, front office staff, marketing staff, financial staff, community relations staff, human resource people, and administrative staff. Connecticut auto dealers offer competitive salaries, benefits, and job training. The direct sale model that Tesla would have you grant them outsources many of these jobs.

Tesla argues that when people buy a car out of state they are not paying Connecticut sales tax, but this is simply not true. Connecticut's sales and use tax is paid on vehicles when they are registered. So, Connecticut consumers will continue to pay taxes here in Connecticut. Most important though is that dealerships pay sales tax on local purchases, corporate taxes, payroll taxes and local property taxes. All this money goes to our municipal and state governments. Our profits stay here and are not sent to Palo Alto California as in Tesla's case or overseas for foreign manufacturers that would also qualify.

Finally, I want to emphasize that this is the 3rd year in a row this legislation has been before this committee. Initially in 2014 Tesla argued that it should be granted a special exemption because it was a unique technology company making Zero Emission Electric Vehicles. **NOT SO!** If that was ever true it certainly is no longer the case as nearly everyone of the 32 auto manufacturers produce one or more EV's.

Tesla also has argued that it is a startup company and thus needs protection to get itself established, well that is certainly also **NOT SO!** Tesla has been in business for 14 years and has orders for future vehicles that meet or exceed orders of better known brands such as BMW, Alfa, Mercedes, and several other well established auto manufactures that utilize the franchise system very successfully. As of December 2016, the Model S ranks as the world's all-time second best-selling plug-in after the Nissan Leaf.

Tesla is the little guy fighting the DEALERS the big Manufacturers. TESLA is not a player. **NOT SO!** Why its CEO, Elon Musk, has a seat at the Trump Administrations Economic Policy Committee table, along with some of the nation's largest corporate leaders. Tesla is hardly a Startup.

So why the need for special exclusive legislative protections for this company? There is not a good reason.

I urge you to vote against this harmful bill. There is truly no need for it, and it will only hurt consumers and communities, slow job growth in our state and unfairly disadvantage businesses.

Though our business has changed over the past six generations, one constant has been our commitment to the local region through good customer service, local jobs and supporting local charities and organizations.

Thank you for your time. I am happy to answer any questions.