



AUTO ALLIANCE
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March 5, 2018

Hon. Antonio Guerrero, House Chair
Hon. Toni Boucher, Senate Co-Chair
Hon. Carlo Leone, Senate Co-Chair
Joint Committee on the Transportation
Legislative Office Building, Room 2300
Hartford, CT 06106

RE: Oppose House Bill 5310

Dear Chairs and Members of Committee:

On behalf of the Alliance of Automobile Manufacturers (Alliance), I am writing to you today to express our strong opposition to House Bill 5310, legislation that would unfairly create two different sets of rules within state law for competitors in the same marketplace. The Alliance is a trade association representing 12 of the world's leading car and light truck manufacturers, and is comprised of BMW Group, FCA US LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of America, and Volvo Car USA. Together, Alliance members account for roughly 70% of new vehicles sold in the United States each year.

As automakers, we work closely with our franchised dealers to operate as successfully as possible within our industry's existing distribution model. Nothing in law precludes Tesla or any other company from competing in the Connecticut automobile market today under the same rules as every other auto manufacturer. 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 our relationship. Admittedly, some of these laws are onerous for manufacturers. Yet, in a marketplace where competition between brands is fierce, all participants must at least operate under the same set of rules.

House Bill 5310 would change that.

While much of the attention given to House Bill 5310 has focused on how the legislation would impact Tesla Motors, THIS BILL IS BIGGER THAN TESLA MOTORS. As drafted, the bill would seemingly only allow Tesla to sell outside the franchise system governing every other manufacturer. But what will the legislature do when the next company decides to enter the U.S. market to sell electric vehicles? There are 23 major automakers that sell outside the U.S. but not inside. A Chinese company named BYD, which sold the most electric vehicles in the entire world last year and can boast Warren Buffet as one of its biggest investors, would like to enter the U.S. market. What will the Legislature do when BYD decides in two years that it too wants to sell directly in Connecticut? How about Apple or Google, who have been investing vast sums of money into automated vehicle development? Either the Legislature will pass another exemption from the franchise laws or the state will be sued for unfair treatment under the

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Commerce Clause. By letting one company not follow existing state law, you're opening the door for every other manufacturer that follows to do the same. Passing House Bill 5310, however, would cleave the vehicle marketplace in two – new market entrants unbound by the franchise system and existing manufacturers that will still be required by state law to use the current system.

Your predecessors in the General Assembly established the rules under which our members have built their businesses, including the prohibition on manufacturers selling directly to the consumer. It would be patently unfair for the state to have a long-established set of laws governing how manufacturers must distribute their products, but now let only 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. Our 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 a select few.

Thank you for your consideration of the Alliance's 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: Joint Committee on Transportation