

Testimony of Paul Gravel
In Opposition to
SB 3- An Act Concerning the Licensing of New and Used Car Dealers
Transportation Public Hearing
Legislative Office Building,
Hartford, Connecticut
March 2, 2016

Good Afternoon, Senator Maynard, Representative Guerrero, Senator Boucher, Representative O Dea, and members of the Transportation Committee. My name is Paul Garavel. I am the Dealer principal of Garavel Jeep Chrysler Dodge and Subaru in Norwalk. I am here today to speak in opposition to SB 3, An Act Concerning the Licensing of New and Used Car Dealers.

I am here today to discuss Tesla's inability to follow the rules of the Connecticut Franchise System.

Supporters of the premium electric vehicle auto manufacturer are asking you to change the rules and create a carve-out so Tesla may sell its cars directly to potential customers. While that may suit Tesla's business strategy, it violates Connecticut dealer franchise laws — which I and all other car dealers in the state follow — that prohibit automakers from selling vehicles directly to consumers.

Allowing any manufacturer to skirt our existing state laws would clearly create a partial, uneven playing field.

While Tesla likes to say that this law would allow them to operate in the state, they are just not factually correct.

Tesla could open a franchised dealership with an independent operator in Connecticut today, but instead they insist that the state must first provide them with unique rules and special exceptions to suit their own business interests. As a matter of fact my son Jeremy wrote to Tesla and asked Mr. Musk if he would be interested in having me as a young entrepreneur Connecticut dealer open up his first franchise. After all Mr. Musk has on several occasions indicated he would eventually turn to the franchise system at some point and has already agreed to a franchised store in the State of Virginia.

Ken Dixon, of Hearst Connecticut Media, noted that Tesla faced with similar opposition from Virginia car dealers, "abandoned its business model of direct sales and acquiesced to franchise dealership rules," This seems to indicate that "when push comes to shove, Tesla will drop its insistence for special consideration."

Connecticut auto dealer franchise laws are in place to benefit consumers and our local communities. Franchised auto dealers must compete with each other to sell the same brands in the same marketplace, which creates strong price competition that benefits Connecticut consumers.

The benefit of a nationwide network of thousands of dealerships is that customers never have to worry about driving to another state to buy, service or support their vehicles.

Tesla's insistence on special rules could result in multiple manufacturers competing with similarly capable vehicles and similar price points, yet operating under a different set of rules.

While Tesla has been good at drumming up positive media around its expensive vehicles, it is far from the only vehicle manufacturer developing new technologies.

Chevy just announced it will begin selling its all-electric vehicle, the Bolt later this year. CARA arranged to have several EV's including the Bolt EV brought up to the LOB today if you care to check it out. I hope you will go out and see this vehicle. It will get 200 miles per charge at just \$30,000. Many other manufacturers also produce an all-electric vehicle as well — there's the BMW i3, the Ford Energi Electric, Fiat 500E, Honda Fit EV, Kia Soul EV, Mercedes B-Class EV, Mitsubishi iMIEV, the Hydrogen fuel cell Toyota Mirai and VW eGolf.

The technology behind an all-electric vehicle is neither new nor exclusive to any one manufacturer, companies must be innovative to offer the best quality to their customers and to remain competitive. But innovation — by Tesla or any other manufacturer — is not an excuse for circumventing the laws that govern an industry. Just because a company invests heavily in research and development does not mean that same company should operate under a different set of rules than its competitors.

Competition is good. It should make companies stronger and it should make products better. And ultimately it's the consumer who benefits from companies competing for their business.

But that competition should take place within a fair marketplace, and a fair marketplace exists only when the same set of rules are applied to everyone.

Granting Tesla a corporate loophole would be turning our back on long-standing consumer protections and local businesses that have operated under these laws for decades.

I urge you to oppose SB 3.