

Testimony of Tamera Jackson on

Raised Bill 7097

AN ACT CONCERNING THE LICENSING OF NEW AND USED CAR DEALERS

Wednesday February 22, 2017

Before the Connecticut General Assembly Joint Committee on Transportation

Good Afternoon, Senator Leone, Senator Boucher, Representative Guerrera, Representative Carney, and members of the Transportation Committee. I am Tamera Jackson. I am the third generation owner of Jackson Chevrolet in Middletown. We are entering our 81<sup>st</sup> year serving our guests and our community. When a company is looking for an exemption from the law, it's critically important that we understand truly why the exemption is needed and what the unintended consequences are.

I wanted to take a moment to discuss some of the specific arguments that I've heard Tesla make.

**Tesla says the technology is different and dealers can't represent it properly – this is not so.**

You will hear from one of my technicians, Paul Koerner on the technical aspects of this false and arrogant statement. It is a fact that our model lineup is far more technically diverse and complex than that of Tesla and yet our local residents of Connecticut who we employ are able to excel at representing and repairing these diverse and complex technologies. It is also a fact that our electric vehicles are among the most advanced. The Volt marries a combustion engine with a battery based propulsion system so that anyone looking to be free from electric range anxiety has the ability to drive with confidence. This is sophisticated technology meeting the needs of consumers at its best. The all electric Chevrolet Bolt that we'll see in April enjoys 225 miles on a charge and is an affordable \$30,000 – a price point that average buyers, not just the rich, can afford.

In addition, through the CHEAPR program, CARA dealers right here in the state of Connecticut sold 2% of the total Tesla GLOBAL sales. So, franchised dealers sold enough electric vehicles just here in our small state to equal 2% of Tesla's total *international* sales. Proof point that franchise dealers can and do sell electric vehicles.

In fact, just a year ago, CARA received from the US EPA Administrator Gina McCarthy the prestigious Environmental Merit Award for outstanding efforts in preserving New England's environment. I've attached a copy of the award to this testimony.

**Tesla tells you they will add jobs but they don't tell you that they only hire ½ the people that a franchise dealer does.**

If Tesla followed the law and franchised with dealers – and there are many in this room willing to take on a Tesla franchise – these same jobs would be added. No laws need to be broken to achieve this. The additional tax revenue promised would be enjoyed here too.

A note on tax revenue. I've heard concerns from lawmakers that Connecticut is losing tax revenue because consumers are not allowed to purchase vehicles in the state. If a person goes to another state to purchase a Tesla, they must pay Connecticut state sales tax upon registering the vehicle here in the state. There is no loss of revenue.

**Tesla says their sales process is different so they can't franchise with dealers – this is not so, they choose not to.**

Before I came back to take over the family business, I worked for General Motors. I lived in numerous states and held many positions with the manufacturer. Before heading out to Detroit to work for the then President of GM North America, I was a Zone Manager for a few years. My main job was to work with our dealer partners to ensure the manufacturers vision of customer care and handling and sales volume and other performance metrics – were met. Manufacturers when they franchise with dealers set up 'Sales and Service agreements'; these franchise agreements are developed by the Manufacturer and spell out what is required of the dealer. Separate sales staff with specific skill sets would be one example of a requirement. Separate facility, stocking requirements so that consumers can see the full breadth of the product line up is another. The manufacturer can get into minute detail about what the Dealer must do to become and stay a Dealer for that manufacturer. Tesla's folks are cunning and smart. We know that surely they would be able to write a franchise agreement that supports the customer experience that the manufacturer envisions. It's frankly quite arrogant to insinuate that our people can't execute a customer experience in Tesla's vision.

**Tesla says they will inject money into the local economy – maybe so but it would be far more if they have local franchised dealers.**

If Tesla were to franchise with a dealer network, the investment in the local economy would not be the same as if tesla did it themselves – it would be MORE. Dealers live in our local communities. The jobs that would be created would be the same, the property would be held by a local owner paying taxes locally. And let's not forget community involvement. Dealers are some of the most generous people in our local communities to our local non-profits. From little league to veterans groups to local 501c3's, the money is generated locally and it is given back locally. All of us have numerous examples of this and I can't stress enough that this is just one unintended consequence of allowing companies to break the law – Globally based companies have foundations and they direct their money at a more streamlined level and NOT at the local level. I submit to you that one of the unintended consequences of carving out an exception will be that the local communities will be harmed.

I wanted to additionally make two important points that I hope you consider.

### **Dealers act as buffer to protect and advocate for consumers**

Also because of my background working for a major manufacturer I wanted to add that Dealers absolutely act as a buffer and advocate for the consumer. First of all, when a dealer makes warranty repairs, that dealer makes money. For a manufacturer, warranty repairs represent COST and EXPENSE. The Dealer working with the consumer has no reason in the world to hold back on a legitimate warranty repair. Additionally, the Dealer body acts as a sort of moral compass. When programs are launched that seem to not be in the best interest of the consumer, it is Dealer pressure that gets them changed. When the manufacturer sits down to think about cost cutting measures – AND THEY ALWAYS DO – the question of ‘What are the Dealers going to say’ is one of the first. This is a whole world of unintended consequence that we have yet to discuss and delve into but I urge you to consider that on this level of monumental consumer purchase, where the consumer is behind the wheel driving, this is an important point. I refer anyone interested in this subject to look at Bill Ford’s recent comments on autonomous vehicles and the ethical challenges they raise and the important role of dealers.

### **Tesla will have to franchise eventually**

Elon Musk at the Detroit Auto Show in January of 2014 stated that he would have to franchise eventually. Why is this? Reminding you that I worked for a manufacturer I am in a unique position to comment on this. The Automotive industry is an incredibly competitive sector – from the local dealerships all the way to the Manufacturer level. The manufacturers are held accountable by many forces not the least of which is Wall Street and their brutally sharp analysts. If Tesla were to achieve an appreciable level of volume, they would NEED to franchise so that their risk of holding inventory would be offset. As a reminder, I as the dealer at Jackson Chevrolet in Middletown OWN all the inventory on my lot. I have LOANS that represent RISK in order to purchase them – and I purchase them IMMEDIATELY when the vehicles are produced – long before I ever see them. Wall Street would never stand for a manufacturer to hold the risk of any amount of inventory on their books. Period.

So this begs the question – why not just franchise now and build a network through the existing structure since it will have to be used anyway? I am out of my 3 minutes but there are many theories on this note all of which point to Elon Musk working to manipulate current systems for his own benefit, especially in the case of a pending sale of the company.

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

Connecticut Hydrogen and Electric Automobile Purchase Rebate (CHEAPR) program. Vehicles must be highway capable and have a base MSRP under \$60,000 to be program eligible. Battery electric vehicles (BEV), fuel cell electric vehicles (FCEV), and plug-in hybrid electric vehicles (PHEV) are eligible. (Vehicle listed range from MSRP \$22,995 to \$57,500)

There are 4,345 EVs registered in Connecticut. 70% of these vehicles were sold by franchised dealers. Many are listed below.

BMW i3 (2015-2017, 60 Ah)  
BMW i3 (2017, 94 Ah)  
Chevrolet Bolt  
Chevrolet Spark EV  
FIAT 500e  
Ford Focus Electric (2015-2016)  
Ford Focus Electric (2017)  
Hyundai Ioniq Electric  
Kia Soul EV  
Mercedes Benz B250e  
Mitsubishi i-MiEV  
Nissan LEAF (2015-2016, 24 kWh)  
Nissan LEAF (2016, 30 kWh)  
smart ED  
Volkswagen e-Golf  
Honda Clarity Fuel Cell  
Hyundai Tucson Fuel Cell  
Toyota Mirai Fuel Cell  
Audi A3 eTron  
BMW i3 REx (2015-2016, 60 Ah)  
BMW i3 REx (2017, 94 Ah)  
BMW 330e iPerformance  
Chevrolet Volt (2014 - 2015)  
Chevrolet Volt (2016 - 2017)  
Chrysler Pacifica PHEV  
Ford C-MAX Energi  
Ford Fusion Energi  
Hyundai Ioniq Plug-in Hybrid  
Hyundai Sonata Plug-In Hybrid  
Kia Optima PHEV  
Mercedes Benz C350 Plug-In Hybrid  
Mitsubishi Outlander PHEV  
Toyota Prius Prime