

Testimony of
Jonathan Larabee of Glastonbury Connecticut
In Opposition to
HB 5310- AAC the Licensing of New and Used Car Dealers
Transportation Public Hearing
Legislative Office Building,
Hartford, Connecticut
Monday March 5, 2018

Good Afternoon, Senator Leone, Senator Boucher, Representative Guerrera, Representative Carney, and members of the Transportation Committee. My name is Jonathan Larabee of 141 High Wood Dr. South Glastonbury, Connecticut I am the Chairperson of the Connecticut Automotive Retailers Association and one the owners of Manchester Honda, in Manchester, CT and Carter Chevrolet in Vernon, CT. I am here today to speak in opposition to HB 5310- An Act Concerning the Licensing of New and Used Car Dealers.

Our dealerships employ approximately 170 employees and unlike Tesla which would lease its retail outlets we own our stores and pay local property taxes in Manchester and Vernon. My fellow dealers paid \$617,000 dollars to Manchester and \$487,000 to Vernon in property taxes. CARA auto dealerships paid nearly \$20,000,000 million in local property taxes. Dealerships were also responsible for over \$327 million dollars paid to state and federal income taxes in 2016.

The 270 new dealerships throughout Connecticut offer good, high paying jobs to over 14,000 employees. They employ mechanics, sales staff, front office staff, marketing staff, financial staff, human resource and administrative staff. Connecticut auto dealers offer competitive salaries, benefits, and job training. The direct sale model that Tesla wants you to grant them outsources many of these jobs to its corporate offices out of state. The Connecticut dealerships have a combined payroll of \$880 million.

I have been concerned about the declining car sales specifically in Connecticut since 2015. In 2016, ***new car sales contributed an impressive \$10.3 billion*** to Connecticut's economy; however this is ***\$1 billion dollars lower*** than 2015. And 2017 numbers are down even further. This is not a trend that other states are seeing; it is a micro-economic condition here in Connecticut. HB 5310 will exasperate the situation by allowing an unlevel playing field to auto manufacturers like Tesla that want set their own rules at the expense of locally owned family business like mine.

The direct sale model that Tesla wants to bring to Connecticut, would in fact outsource many jobs including the higher paying service technician, administrative and management positions that are integral to the locally owned dealerships and limit the associated tax revenue potential for towns and the state. With the Direct sell/Tesla model they would avoid the facility requirements for those types of jobs, such as office space, service bays, vehicle inventory storage and parts storage that exist within the framework of the current franchise system. So, Tesla avoids these higher costs, but they do that at a price which we all pay in lost tax revenue. My Family just invested \$6.5M in the town of Vernon building a new dealership, which employs

roughly 50 people. I have a mortgage and will pay significant taxes on this new facility. The last thing I want to see is a Tesla store across the street renting space in a strip mall, employing roughly 10 lower wage staff, with a footprint a fraction of the size of our store. How is that good for the town, state, or my family?

Along with the significant taxes we pay to the towns and municipalities, the locally owned dealers in Connecticut are extremely generous with contributions to local charitable causes. They support local businesses of all kinds. 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. In my stores alone, we contributed roughly \$20,000 to local causes last year and are involved in at least a dozen organizations in the towns we serve.

With the Tesla model outsourcing many of its jobs and lack of local investment, you put all this of this in jeopardy.

Please vote no on HB 5310- An Act Concerning the Licensing of New and Used Car Dealers. Thank you for your time and service to your constituents. Please feel free to reach out to any of your local dealers if you have questions going forward.