



Rhode Island Automobile Dealers Association

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March 25, 2025

Rep. Joseph J. Solomon, Jr.
Chair, House Committee on Corporations

RE: House Bill No. 5588 – AN ACT RELATING TO MOTOR AND OTHER VEHICLES –
REGULATION OF BUSINESS PRACTICES AMONG MOTOR VEHICLES MANUFACTURES,
DISTRIBUTORS, AND DEALERS

Dear Chair Solomon,

I am here to testify today on behalf of the Rhode Island Automobile Dealers Association (RIADA) and to express our strong support for H-5588, which would update Rhode Island's motor vehicle law as it relates to automobile manufacturers and franchise automobile dealers.

Rhode Island's new car and truck dealers support more than 3,200 direct jobs, another 2,600 indirect and induced jobs, and we help generate more than \$250M in annual sales tax for Rhode Island. The legislation before you will help ensure that our members can continue to invest in the communities where they do business, provide good jobs for the men and women they employ, and still compete on a level playing field with both traditional and new auto manufacturers.

Our dealers play a critical role in the selling and care of new vehicles produced by both domestic and foreign manufacturers. They work with their manufacturers to ensure there is a diverse and accessible inventory available for their buyers; they provide competitive pricing to consumers as they compete with other dealerships and brands in the region; they provide customers with key knowledge and know-how about the vehicles they sell; they provide locally needed service centers to maintain and repair their customers' vehicles on a regular basis; and they handle recall and warranty work for their manufacturer, helping to ensure the public's safety.

Furthermore, our members invest in their properties, marketing, staff, and infrastructure to help drive economic growth. And Rhode Island dealers are licensed by the Division of Motor Vehicles' State Licensing Board, which ensures local dealers are following proper state motor vehicle regulations and it provides another avenue to safeguard consumers if concerns are raised by a local buyer.

“SERVING RHODE ISLAND'S NEW CAR AND TRUCK DEALERS”

The current franchise dealer model that exists in Rhode Island works well because it provides a local, personal, and physically accountable customer service experience that consumers deserve. In addition to the jobs they support and investments in their communities, local dealerships also increase competition, leading to better pricing and better service for all consumers.

Rhode Island's existing statute, which has been in place for decades, promotes this model by prohibiting a manufacturer from competing with its franchised dealers by owning their own dealership. Unfortunately, as the auto industry continues to evolve there have been some efforts to try and bypass this state-licensed franchise dealer model from new market entrants. These new entrants want to avoid making investments in local jobs, our communities, and have the same oversight that our local dealers must commit to every day. Sadly, some of these new entrants are also supported by traditional manufacturers that already have franchised dealers in the state.

H-5588 will ensure that any manufacturer looking to sell their vehicles in Rhode Island, will also be ready to invest in our communities and our people as other manufacturers have done through the existing franchise dealer model. Building upon language adopted in other states, the adjustments extend most provisions of the existing law to a manufacturer's "distributor or factory branch;" define what may be considered a "common entity" of a manufacturer; specifies what constitutes "selling" motor vehicles in the state; and updates the "Application of the Chapter."

These modifications will ensure that Rhode Islanders continue to have access to the local dealerships that give back to their communities, support thousands of jobs, and provide the needed locally driven service and sales consumers deserve. Importantly, this legislation will also protect an existing model that benefits consumers, encourages competition, and drives local economic development.

We thank you for your time and encourage members of the committee to approve this important legislation.

Sincerely,

A handwritten signature in black ink that reads "Ted Kresse". The signature is written in a cursive, flowing style.

Ted Kresse
Executive Vice President
Rhode Island Automobile Dealers Association

CC: Members of the House Committee on Corporations