

## **Outgoing Chairwoman's Message**

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This past year as NJ CAR Chairwoman has been a challenge. But, as always, we remain focused on our core mission of advocacy, education and training, and member service.

Let's take a step back and look at the three big issues that really shaped the car business this year: COVID, inventory shortages, and electric vehicles. NJ CAR has been working with dealers and public policy makers to address these challenges and to keep New Jersey's auto retail business moving.

When the Governor finally allowed New Jersey dealerships to reopen for in-person sales in May 2020, the Coalition launched the NJ CAR Clean program. It was designed to keep dealership employees and customers safe and to demonstrate to public policy makers that our businesses could operate without risk to public health. No one wants to go back to a shut down, but the continuing threat of a resurgent pandemic makes that a real possibility. NJ CAR Clean is the one thing dealers can do to push back against that that possibility.

Since the start of the pandemic, New Jersey motorists have been frustrated by closures and slow turn around at the DMV. But, not NJ CAR members, who have come to rely on our own Motor Vehicle Operation for fast and courteous service. Kudos to Sue Sbarro and her entire team for continuing to offer such a high level of dedicated service to the dealers.

While inventories shrunk, cash-on-the-hood incentives for qualified electric vehicles grew in New Jersey. In July, the state launched Phase 2 of the Charge Up New Jersey EV incentive program. By mid-September, the program abruptly stopped, again, as consumers grabbed another 23 million dollars in electric vehicle incentives. The state appears ready to throw another 20 million dollars into the program and to keep some level of EV incentives flowing. Sadly, the lion's share of the money that has been spent, so far, has gone to Tesla.

The dealers in New Jersey and the automakers we represent can't be happy about this. But the car business is a marathon, not a sprint. As incentives fade and tax breaks disappear, product and distribution capacity will determine the winner, not government subsidies.

It seems we can't talk about EVs without talking about the direct factory sales model being pushed by Tesla, Rivian, Lucid and others. Franchise laws in New Jersey and many other states stand as a legal obstacle to direct factory sales. But I believe automakers will eventually come to see their franchised dealers as a strategic advantage over Tesla and the other Johnny Come Lately EV automakers. And, in time, consumers and public policy makers will come to realize that the franchise model best serves the public interest, while the factory direct model destroys competition, reduces accountability, and only serves Wall Street and Silicon Valley.

We can't stop fighting in Trenton for the franchise system. But we're never going to win this war at the State House or the Court House. We must win in the marketplace. And we will.

Those of you who are selling EVs, now, know there are some big differences in the way we interact with EV buyers. Customers who come looking for an EV -- and those who are curious -- have very different needs than your typical customer. That's why NJ CAR partnered with Plug-In America to create the PlugStar program to train and certify your people and your dealership. The goal is to make certain that customers who go looking for an EV connect with the right dealership and right salesperson to ensure they get the answers they need.

It seems silly, I suppose, but right now it feels like NJ CAR is spending 80% of its time on issues surrounding electric vehicles, which represent less than 4% of the new car market. But, with so much attention being paid to EVs by Wall Street and State Street -- not to mention Congress and the White House -- we ignore the financial and public policy ramifications of the EV market at our own peril. We can't sit by and let Wall Street disrupters and government decision-makers take control. We must get involved and stay involved to steer financial markets and public policy makers in the right direction and to ensure dealers retain their traditional role at the center of the personal mobility marketplace.

Two years ago, NJ CAR was awarded a \$900,000 state Workforce Development grant to create an auto tech apprenticeship program. We made great progress in standing up a model for recruiting and training a new generation of auto techs, but then COVID hit, and we were forced to "pause". We're working to pick up where we left off and hope the State of New Jersey will continue to fund the effort. If not, we still believe NJ CAR has a pivotal role to play in recruiting and training auto techs and the apprenticeship model we developed under the State grant program can work with or without public dollars.

On the legislative front, NJ CAR has pushed legislation to allow dealers to better serve customers, requiring the Motor Vehicle Commission to accept e-signatures on certain transaction documents and allow only licensed new car dealers more freedom to conduct remote and on-line sales. The same legislation tightens restrictions on unlicensed, fly-by-night operators selling new and used cars on-line, particularly on-line brokers. This bill is on the Governor's desk, awaiting his signature.

We organized a committee of dealers and dealer lawyers to look at potential new legislation to upgrade and clarify certain key provisions in New Jersey's franchise practices act. We expect this group to wrap up their work soon and we will be formulating a legislative proposal for consideration by the Board.

Everyone likes to take credit for the things we've accomplished. But, sometimes, it's the things that DIDN'T happen here in New Jersey that matter most. Just across the river, New York dealers are celebrating because their doc fee went to \$175. New Jersey regulates the form of disclosure of your doc fee, but not the amount. That doesn't happen by accident. Across the river, New York dealers are open Sunday. It's a misdemeanor criminal offense to open your showroom on Sunday in New Jersey. That didn't happen by accident. Aftermarket repair shops and knock-off parts manufacturers have been pushing so-called Right-to-Repair legislation in New Jersey for years. It's law in Massachusetts, but not here in New Jersey. That's because New Jersey dealers organized a strong and effective grassroots effort and convinced legislators here to reject caps on doc fees, Sunday sales or so-called Right-to-Repair laws.

Speaking of political action, I want to thank all of you who have stayed current on your CARPAC quarterly contributions and those of you who made supplemental contributions this cycle. Our ability to protect the franchise system, to fend off bad legislation and promote good bills depends on our ability to get our message across. CARPAC is a critical part of that process. We expect to raise and spend more than \$300,000 this election cycle to support our friends in the Legislature who are up for reelection this November, along with the Governor.