S.47, An Act Relating to Motor Vehicle Manufacturers and Motor Vehicle Warranty or Service Facilities
Testimony of Marilyn B. Miller, Executive Director,
Vermont Vehicle and Automotive Distributors Association (VADA)
House Transportation Committee
April 6, 2021

For the record, I am Marilyn Miller, Executive Director of VADA, where I've worked since 1981.

I appreciate this opportunity to talk with you all today about the Economic Impact of new car dealers in Vermont as well as the history of our efforts regarding S.47.

Vermont's new-car dealers are longstanding Vermont-based, many of them family- owned businesses that are important for Vermont's economy. Licensed and franchised motor vehicle dealers have made a tremendous investment in Vermont for decades; this includes human capital investment in employees and their families as well as physical capital investment in dealer facilities that are located in every corner of Vermont.

Dealers are major employers in every area of the state. According to the National Automobile Dealers Association (NADA), the 2020 Annual Contribution of New Car Dealers shows Vermont's 77 new car dealers created a total of 9,314 jobs in the state, including 2,893 direct jobs, with average annual earnings of $59,709 and with a payroll of $172 million. Vermont new car dealers generated a total of $2.6 billion in sales and paid $154 million in state sales taxes in 2020.

As this committee knows, dealers collect and remit to DMV a significant portion of purchase and use and other taxes and fees on the state's behalf.

I am especially proud of VT's dealers for their resilience in meeting the challenges of COVID-19 this past year; sales were down somewhat, but better than anyone might have anticipated. Dealers rallied to embrace procedures that kept their employees and customers safe, their businesses going and generated taxes and fees for our state.

Much of that was made possible by the dedication of our state and federal elected leaders, legislators, and government agency staff who have and continue to work tirelessly to help us navigate through this pandemic with information, education, and financial resources. We are very appreciative of those efforts.

VADA has been working hard for nearly two years on the Direct-to- Consumer Sales (DTC) issue. We participated in the discussions last year in the Senate and were consulted and provided information for the Direct-To-Consumer (DTC) vehicle sales study that Costa Pappis presented to you last week. S.47 is not VADA's bill; and truthfully, we'd prefer the bill never came up.

VADA was opposed to amending the franchise law to allow DTC sales last year and even when the session started in January.

After a lot of discussion, VADA's board moved, somewhat reluctantly, to come to support S.47 as it passed the Senate as a compromise. There are two substantive parts to the bill – authorization for a direct-to- consumer manufacturer to sell and service vehicles in Vermont and provisions that clarify that franchised manufacturers cannot compete with their franchised dealers.

In Section 5 there is also language that sets up a process for those interested in further amendments to the franchise law to file those with DMV and DMV then present them to the committee for action in 2022. VADA urges this committee to pass both substantive parts of the bill and Sec. 5 setting up the DMV process for more franchise amendments.

We know the franchise and regulatory laws not only protect consumers; they also provide a firm foundation for fair and rational business practices for the automobile industry here. We're committed to preserving those laws and believe this compromise is the best way for us to do that.

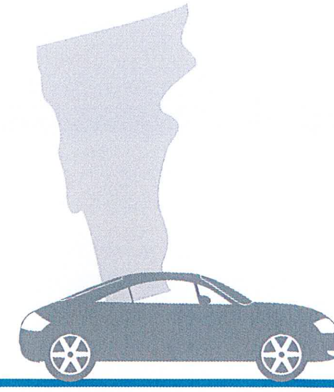
I have provided for you the 2020 Economic Impact Report I summarized earlier, as well as the most recent Auto Outlook Report (Feb) which reflects some positive news for EV sales.

I thank you for the opportunity to talk with you this afternoon.

Driving Vermont's Economy

Annual Contribution of Vermont's New-Car Dealers

Numbers reflect annual economic activity during 2020.



77

DEALERSHIPS
(new car)

9,314

TOTAL JOBS
(created by dealerships)

Includes 2,893 direct jobs and 6,421 indirect and induced jobs.

38

EMPLOYEES
(average per dealership)

$2.6B

TOTAL SALES
(all dealerships)

$172M

PAYROLL

$59,709
Average Annual Earnings

$63M
State and Federal Income Taxes Paid

Includes income taxes paid for direct, indirect and induced jobs.

0.3%

REGISTRATIONS

Vermont's Share of Total U.S. New-Vehicle Registrations

$154M

STATE SALES TAX PAID

Source: Center for Automotive Research, IHS Markit, NADA, Taxfoundation.org, U.S. Bureau of Labor Statistics, U.S. Census Bureau

NADA

NATIONAL AUTOMOBILE DEALERS ASSOCIATION

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Released: March 2021 **Covering data thru February 2021**

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Vermont Auto Outlook ™

Comprehensive information on the Vermont new vehicle market

YTD thru February % Change In New Retail Market vs. Year Earlier

Light trucks

-7.2%

Cars

-32.0%

Vermont New Retail Light Vehicle Registrations

	Light Trucks	Cars	TOTAL
YTD '20 thru Feb.	5,347	1,013	6,360
YTD '21 thru Feb.	4,960	689	5,649
% change	**-7.2%**	**-32.0%**	**-11.2%**
Dec. '19 thru Feb. '20	7,621	1,455	9,076
Dec. '20 thru Feb. '21	7,952	1,108	9,060
% change	**4.3%**	**-23.8%**	**-0.2%**

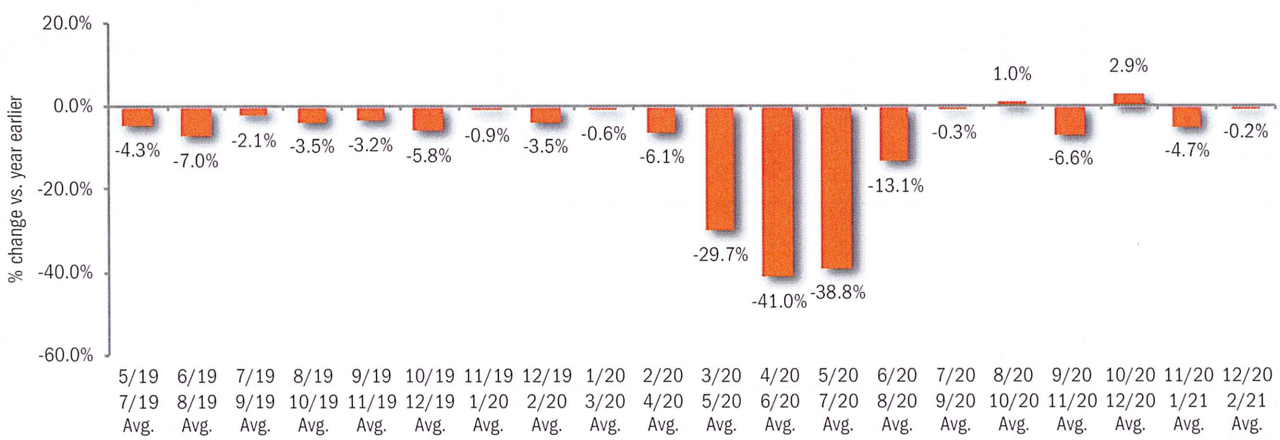
Data Source: AutoCount data from Experian.

QUICK FACTS

New vehicle registrations in Vermont declined 11.2% in the first two months of this year versus a year earlier. Passenger car registrations tumbled 32%.

Toyota, Ford, Subaru, Chevrolet, and Honda were market share leaders in the state new vehicle market.

Percent Change in Three Month Moving Average of New Retail Registrations versus Same Period Year Earlier



The graph above provides a clear picture of the trending direction of the state market. It shows the year-over-year percent change in the three month moving average of new retail light vehicle registrations. The three month moving average is less erratic than monthly registrations, which can fluctuate due to such factors as the timing of manufacturer incentive programs, weather and title processing delays by governmental agencies. Data Source: AutoCount data from Experian.

Data Information

Data presented in Auto Outlook measures new retail vehicle registrations in Vermont. Monthly recording of registrations occurs when vehicle title information is processed, which may differ from date of sale. Title recording can occasionally be subject to processing delays by governmental agencies. For this reason, the year-to-date figures will typically be more reflective of market results Data Source: AutoCount data from Experian.

Change in New Retail Light Vehicle Registrations YTD 2021 thru Feb. vs. YTD 20209

DOMESTIC BRANDS	EUROPEAN BRANDS	JAPANESE BRANDS	KOREAN BRANDS
DOWN 15.0%	DOWN 0.2%	DOWN 9.8%	UP 1.2%

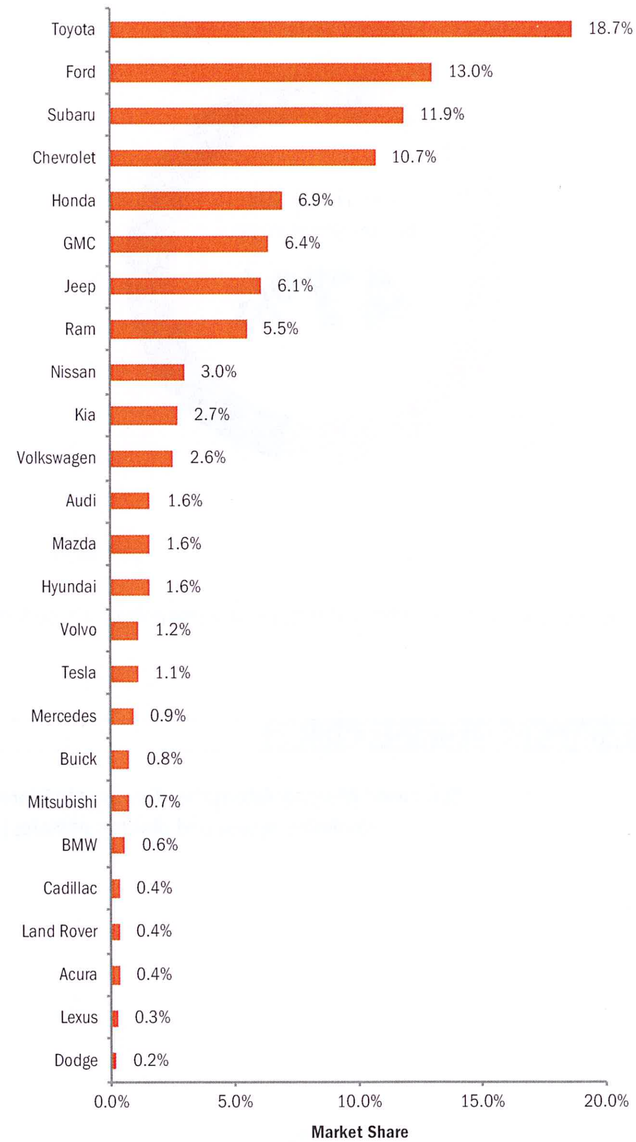
Vermont New Retail Car and Light Truck Registrations

	Number of dealers	YTD thru Feb. 2020	YTD thru Feb. 2021	YTD thru Feb. % chg.	YTD Market Share (%) 2020	YTD Market Share (%) 2021	YTD Market Share (%) Chg.
TOTAL	--	6,360	5,649	-11.2%			
Cars	--	1,013	689	-32.0%	15.9	12.2	-3.7
Trucks	--	5,347	4,960	-7.2%	84.1	87.8	3.7
Domestic Brands	--	2,961	2,516	-15.0%	46.6	44.5	-2.0
European Brands	--	429	428	-0.2%	6.7	7.6	0.8
Japanese Brands	--	2,728	2,460	-9.8%	42.9	43.5	0.7
Korean Brands	--	242	245	1.2%	3.8	4.3	0.5
Acura	1	16	20	25.0%	0.3	0.4	0.1
Alfa Romeo	1	2	1	-50.0%	0.0	0.0	0.0
Audi	2	69	93	34.8%	1.1	1.6	0.6
BMW	1	33	34	3.0%	0.5	0.6	0.1
Buick	9	88	45	-48.9%	1.4	0.8	-0.6
Cadillac	5	19	21	10.5%	0.3	0.4	0.1
Chevrolet	13	700	605	-13.6%	11.0	10.7	-0.3
Chrysler	10	11	7	-36.4%	0.2	0.1	0.0
Dodge	9	40	12	-70.0%	0.6	0.2	-0.4
FIAT	1	1	1	0.0%	0.0	0.0	0.0
Ford	16	931	735	-21.1%	14.6	13.0	-1.6
Genesis	1	1	2	100.0%	0.0	0.0	0.0
GMC	9	423	362	-14.4%	6.7	6.4	-0.2
Honda	4	442	392	-11.3%	6.9	6.9	0.0
Hyundai	3	86	88	2.3%	1.4	1.6	0.2
Infiniti	0	2	2	0.0%	0.0	0.0	0.0
Jaguar	0	2	0	-100.0%	0.0	0.0	0.0
Jeep	9	319	345	8.2%	5.0	6.1	1.1
Kia	3	155	155	0.0%	2.4	2.7	0.3
Land Rover	0	15	20	33.3%	0.2	0.4	0.1
Lexus	0	12	16	33.3%	0.2	0.3	0.1
Lincoln	4	20	8	-60.0%	0.3	0.1	-0.2
Mazda	2	69	90	30.4%	1.1	1.6	0.5
Mercedes	1	32	53	65.6%	0.5	0.9	0.4
MINI	1	3	8	166.7%	0.0	0.1	0.1
Mitsubishi	2	75	40	-46.7%	1.2	0.7	-0.5
Nissan	5	270	171	-36.7%	4.2	3.0	-1.2
Other	--	26	7	-73.1%	0.4	0.1	-0.3
Porsche	0	4	5	25.0%	0.1	0.1	0.0
Ram	6	378	312	-17.5%	5.9	5.5	-0.4
Subaru	7	812	670	-17.5%	12.8	11.9	-0.9
Tesla	0	30	64	113.3%	0.5	1.1	0.7
Toyota	7	1,020	1,054	3.3%	16.0	18.7	2.6
Volkswagen	4	191	146	-23.6%	3.0	2.6	-0.4
Volvo	2	63	65	3.2%	1.0	1.2	0.2

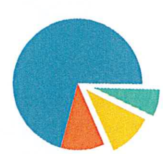
Top ten brands are shaded grey.

Percent Change in Brand Registrations YTD 2021 thru February vs. YTD 2020 (Top 25 selling brands)

Vermont Market Share YTD 2021 thru February (Top 25 selling brands in state)



Registrations increased by more than 25% for Tesla, Mercedes, Audi, Lexus, Land Rover, Mazda, and Acura.

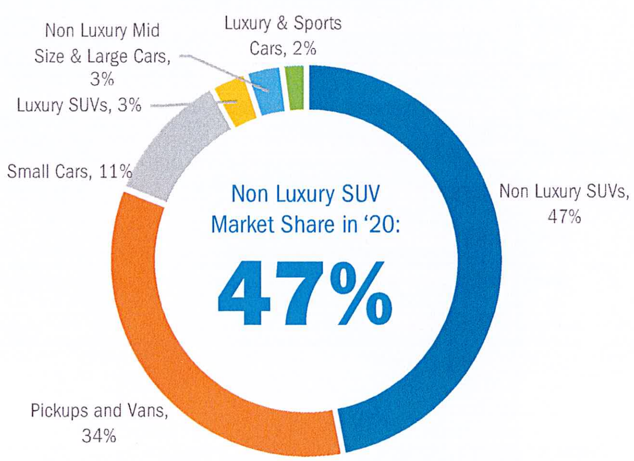


Toyota, Ford, Subaru, Chevrolet, and Honda were market share leaders in Vermont

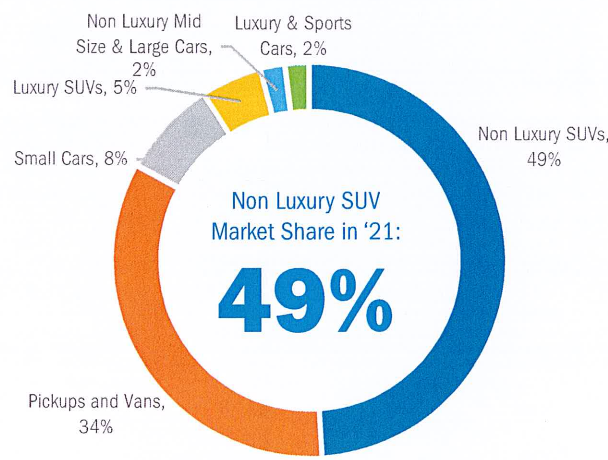
Data Source: AutoCount data from Experian.

VEHICLE SEGMENTS

Segment Market Shares YTD 2020 thru February



Segment Market Shares YTD 2021 thru February

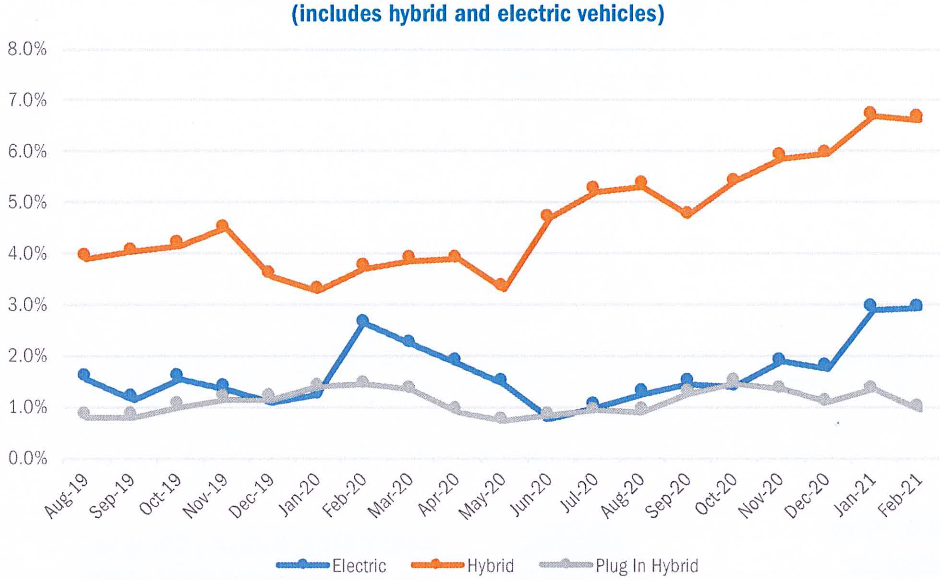


Data Source: AutoCount data from Experian.

The two graphs above show market shares for primary segments during the first two months of 2020 and 2021.

HYBRID AND ELECTRIC VEHICLES

Estimated Monthly Alternative Powertrain Market Share (includes hybrid and electric vehicles)



Year To Date Share by Engine Type (2020 and 2021, thru Feb.)

	YTD '20	YTD '21	
Hybrid	3.5%	6.7%	↑
Electric	1.9%	2.9%	↑
Plug In Hybrid	1.4%	1.2%	↓

The graph above shows estimated hybrid powertrain and electric vehicle market share in the state. Registrations by powertrain for vehicles equipped with multiple engine types were estimated by Auto Outlook. The estimates are based on model registrations compiled by Experian, and engine installation rates collected from other sources.

Vermont Auto Outlook

Published for: Vermont Vehicle and Automotive Distributors Association
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Barre, VT 05641
Phone: 802-461-2655
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Published by: Auto Outlook, Inc.
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