

Written Statement of Matthew Laughridge
Representing the National Automobile Dealers Association
Submitted for the Record for a Hearing Entitled
“Implications of Electric Vehicle Investments for Agriculture and Rural America”
Before the Committee on Agriculture
U.S. House of Representatives
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Mr. Chairman, Ranking Member Thompson, members of the Committee, my name is Matt Laughridge, and I am a Hyundai/Genesis dealer based in Cartersville, Georgia. I’m honored to appear before you today representing the National Automobile Dealers Association (NADA), a national trade association representing more than 16,000 franchised new car and truck dealers, most of whom are small businesses as defined by the Small Business Administration, and who collectively employ more than 1 million Americans.

Mr. Chairman, this hearing is timely, as the transition from internal combustion engines (ICE) to electric is well underway. Dealers right now are making substantial investments to sell and service the dozens of new electric vehicles (EVs) which automakers already are or will soon be manufacturing. In the aggregate, NADA estimates that dealers across America will spend between \$2 to \$3 billion on installing electric chargers, purchasing special equipment, parts and tools, and investing in training sales and service personnel. My two dealerships have already committed to spend \$160,000 in upgrades to prepare for future EV sales.

Franchised dealers are not only “all-in” on selling and servicing EVs; dealers are essential to their speedy adoption by consumers. With 283.8 million vehicles on the road today, and EVs currently only comprising 2.9% of sales, dealers will be critical to advancing the process of transitioning from ICE vehicles to EVs. As with any unfamiliar technology, consumers will need to be educated on owning and operating an EV. Customers will also need a reliable nationwide network of qualified service technicians to service their EV or perform safety recalls. Customers will also want a place where they can “kick the tires,” test drive a new EV, trade in their old vehicle, and obtain affordable financing – preferably under one roof.¹

The good news is that all this infrastructure is already in place, as franchised dealers across the country perform these necessary services for tens of millions of Americans annually. In 2021 through thousands of retail locations nationwide, franchised dealers sold a total of 14.9 million new vehicles and 15 million used vehicles, while completing 279 million service and repair orders. Clearly, consumers trust their local franchised dealers to meet their individual transportation needs, so this expansive retail network is perfectly positioned to assist customers with the transition to electric vehicles.

¹ For example, the Georgia Automobile Dealers Association has created the “Georgia in Charge” dealer network, which establishes criteria relating to the sale and service of EVs. Participating dealers must commit to the criteria.

The franchised dealer model especially benefits rural America. In some small communities, the franchised dealer is one of the largest private employers. Many franchised dealerships are family owned and operated and have served their local community for decades.

As members may be aware, states traditionally license and regulate the distribution, sale and service of vehicles within their state, including EVs. These laws are based on the states' interest to protect consumers, preserve price competition, support local jobs and provide local and state tax revenue.² These laws not only protect consumers, but also regulate the economic relationship between dealers and automakers, which helps to ensure small dealers in rural areas are treated fairly.

However, some in academia claim that EVs are significantly different from ICE vehicles. These academics believe that Congress should circumvent these long-standing state laws which provide consumer protections and regulate vehicle commerce – but only for EVs. They claim that “[d]ealerships are often found in out-of-the way locations” and EVs should be offered “in places like shopping malls and city centers.”³

This argument ignores one of the key benefits of a national franchised dealer network – that no one part of America is forsaken. As a rural dealer, I can attest that my customers find my dealerships conveniently located, and even an “out of the way location” can be a godsend for the traveler who breaks down on the road, far away from a city center or shopping mall. The jobs and local tax revenue my dealerships provide also help keep my community vibrant.

Mr. Chairman, it makes no sense to have a system where the sale of one vehicle is under one set of rules and the vehicle next to it is under no rules at all. Additionally, the assertion that EVs are significantly different from ICE vehicles, and that this justifies nullifying every state franchise law protecting local businesses and their customers is simply false. Last year, over 135,000 EVs were sold by franchised dealers, and it is likely dealers will be selling more EVs as new models are introduced. An EV is still a motor vehicle, and dealers know how to sell and service the vehicles their customers want. State vehicle franchise laws are key to ensuring price competition⁴ and market success for EVs.

We urge Congress to continue to preserve the states' traditional role to license and regulate vehicle commerce by rejecting any attempts to preempt state dealer franchise laws.

Obviously, the transition from ICE vehicles to EVs will present challenges, especially in rural America where distances can be great. In the near future, we expect that the majority of EV customers in rural areas will be commercial, centrally charged fleets owned by small businesses

² See *Franchise Law Journal*, “An American Solution: Automotive Franchise Laws Serve Local Communities and Consumers,” pgs. 665-680, (2021)

https://www.americanbar.org/content/dam/aba/publications/franchising_law_journal/spring21/franchiselaw-spring21.pdf

³ Open Letter by Academics in Favor of Direct EV Sales and Service, Apr. 14, 2021

⁴ See T. Randolph Beard, George Ford & Lawrence J. Spiwak, “Spatial competition in automobile retailing,” *Applied Economics*, (2021), <https://www.nada.org/WorkArea/DownloadAsset.aspx?id=21474865303>

which serve rural communities and agricultural operations ranging from small family owned to larger commercial farms.

Another challenge that will disproportionately impact rural America is the ease and availability of public charging. Today any gasoline-powered vehicle can be refueled at any gasoline pump, but not every EV charger is compatible with every EV. In our view, one of the biggest potential impediments to widespread EV deployment could be avoided if all publicly funded charging stations were made non-proprietary and EVs were standardized so they could be recharged at any charging station. Dealers are also committed to working with local utilities to help ensure that public charging is rolled out in an effective manner.

Additionally, rural Americans are more likely to purchase sport utility vehicles and pick-ups, both of which are underrepresented in the EV market. Last year, 77% of the fleet sold in the U.S. were light-duty trucks. In some states, the percentage of light duty trucks is notably higher. For example, 80% of vehicle sales in Maine are light duty trucks, and in Michigan, 84% of the fleet sold were light duty trucks.⁵ We expect this situation to improve for rural Americans as more electric light duty truck models are introduced in the coming years.

Mr. Chairman, the auto industry is always changing. A little over 100 years ago, dealers who sold wagons drawn by horses began the transition to selling vehicles propelled by fossil fuels. While the internal combustion engine has been a mainstay for the past century, America's franchised dealers have adapted over the years as the technology in motor vehicles has evolved dramatically, reducing environmental impact, increasing safety and enhancing the consumer experience. For example, the sophisticated driver assist functions in vehicles today are much more advanced compared to vehicles manufactured just a few years ago. Our role in explaining these enhancements to our customers keeps evolving with the technology. In some ways, I expect the transition to EVs may be less dramatic, as the manufacturers we represent send us EVs that match the functionality of the ICE vehicles on the road today. America's franchised dealers look forward to helping usher in the next chapter of America's automotive history by doing what dealers do best: selling and servicing automobiles that provide our customers with reliable and affordable private transportation.

Thank you again for the opportunity to testify and I look forward to answering any questions you may have.

⁵ Alliance for Automotive Innovation, "Economic Impacts: Every State is an Auto State"
<https://www.autosinnovate.org/resources/insights>