



September 24, 2020

**Testimony to the House Government Operations Committee
in opposition of House Bill 6233**

MICHauto is a statewide economic development initiative of the Detroit Regional Chamber, dedicated to promoting, retaining, and growing the automotive industry in Michigan. MICHauto embodies a public-private strategy, championing Michigan as the global epicenter of the automotive industry and providing a platform for collaboration on advocacy and talent attraction and development.

MICHauto urges your opposition to House Bill 6233 as introduced. While well intentioned, the objectives of this bill are not ready for legislative consideration, and MICHauto shares the concerns of our members and the broader business, labor, and environmental communities that a rushed effort will fail to address the intended issues while inadvertently causing harm to our ongoing efforts related to economic development, market competition, and the pursuit of a clean energy vehicle fleet.

The issue of direct sales is an important and timely discussion as Michigan seeks to preserve its longstanding dealer franchise model while adapting to the needs presented by the emergence of a consumer market for electric and autonomous vehicles. Michigan's role as a global leader in this dynamic environment necessitates a balance between protecting the consumer, safety, and enabling a progressive market that is open to new and innovative business models. While HB 6233 hopes to address this issue, codification of the *Tesla v Benson* stipulated agreement serves as insufficient and potentially harmful. As Michigan continues to pursue the world's innovators, it must maintain an open door to prospective companies, which will only be hindered by inadvertently creating a closed, unequal, and uncompetitive regulatory scheme.

Michigan's current warranty compensation rate statute is the result of years of negotiations between manufacturers, auto dealers, and other related stakeholders. Adopted only two years ago, MICHauto and our members have been pleased with the overall results and are not aware of a single complaint or concern from anyone in the automotive community. Revisiting this issue so soon without a compelling reason seems to lack merit and will only create greater confusion and uncertainty in the market. It is also worth recognizing that the proposed bill, by interjecting into pre-existing contracts and unilaterally restating their terms, sets a dangerous – and in this case, wholly unnecessary – precedent of infringing on contractual agreements between consenting private parties.

MICHauto appreciates the ongoing positive relationship shared with Rep. Sheppard as an ally and advocate of Michigan's automotive industry. We look forward to continuing this conversation on behalf of the industry and participating in a thoughtful discussion on how best to achieve all of these shared objectives. Please feel free to contact me with any questions or further discussion at 248.709.4866 or jpuscas@michauto.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Puscas", written in a cursive style.

Jason Puscas

Director, Government and Community Affairs