



SIERRA CLUB

MICHIGAN CHAPTER

Comments on House Bill 6233

September 22nd, 2020

To: Chairman Jason Sheppard and Committee Members

RE: HB 6233

On behalf of our 150,000 members and supporters in Michigan, the Sierra Club expresses our opposition to House Bill 6233.

House Bill 6233, would prevent all-electric vehicle (EV) manufacturers from promoting, selling, and servicing their products in the state by banning direct sales from the manufacturer to the customer. The bill would damage consumer choice for EVs—requiring consumers to go out of state to test drive, purchase, and service these vehicles—all significantly impacting EV sales in Michigan. This effort would stifle innovation and the growth of the electric vehicle market in Michigan in a time when a transition to a fully electric transportation system is critical to achieving emissions reduction. We need to be expanding options and making it easier for consumers, not putting up barriers.

The direct distribution model is necessary over the franchised dealership model, in part, because many traditional car dealerships have been unwilling or unable to promote electric vehicle sales with sufficient expertise or vigor. EVs are made to order, not mass produced like gas-powered vehicles. EVs are also software-driven technology, meaning they can be diagnosed and updated remotely directly from the manufacturer.

Furthermore, EVs require much less maintenance than gas-powered vehicles. Higher profit margins are generated by dealerships from service than sales, so there is an inherent disincentive for dealers to sell a vehicle that would come back in less. There are no regular service visits for engine tune-ups and oil changes, meaning there is no incentive for them to sell the EV's because of this.

To prove this, the Sierra Club launched Rev Up EVs—the first-ever multi-state investigation into the consumer EV shopping experience. Based on surveys from Sierra Club volunteers who called or visited over 909 different auto dealerships and stores across the entire country to inquire about EVs, we found that there is tremendous room for improvement among the dealerships and the automakers. Plain and simple, the dealerships are doing a terrible job at promoting and selling EVs.

What we found was that:

- 74% of auto dealerships nationwide aren't selling EVs
- Salespeople often failed to provide information on federal or state consumer incentives or were poorly informed or uninformative about EV technology.
- When volunteers asked to test drive an EV, the vehicle was insufficiently charged and unable to be driven 10% of the time.
- Of those dealerships that did sell electric vehicles, 44% had no more than two EVs available on the lot.
- Of the dealerships that sold EVs, more than 66% did not display EVs prominently, with vehicles sometimes buried far in the back.

- Non-ZEV states had much more limited EV inventory compared with ZEV states.
- The West region had more inventory, greater EV availability, and the highest EV consumer shopping satisfaction.
- Respondents reported that 25% of dealerships contacted that had at least one EV on their lots offered both new and used EVs—a sign of the growing market for used EVs.
- Among automakers, Tesla was reported as providing the best consumer shopping experience, with an average satisfaction score of 4.5 out of 5 and Chrysler was reported as providing the worst consumer shopping experience, with an average satisfaction score of 2.9 out of 5.

You can find our full report at <https://tinyurl.com/SierraClubRevUp>

Just like any new technology, the more that consumers are provided with the opportunity to test drive electric vehicles, get familiarized with how charging and range works, and learn about the consumer benefits of owning or leasing one, the more the market will grow. The growing presence of nationwide and international events like National Drive Electric Week proves this as well as the presence of more EV manufacturers and options.

The automotive industry is changing more rapidly than any other time in history, and Michigan needs to be prepared to remain competitive and the automotive leader of the world. But in order for us to lead, we need the right infrastructure and policies in place to support and incentivize electric vehicle development and sales in Michigan. EV manufacturing will propel our state economy into the future while weaning us off oil and reducing dangerous air pollution and our impact on the environment in a cost-effective manner. House Bill 6233 puts our leadership at stake by preventing EV manufacturers the ability to sell and provide options to Michigan residents.

For these reasons, we urge you to vote NO on House Bill 6233.

Sincerely,

Tim Minotas
Legislative Coordinator
Sierra Club Michigan Chapter