

Legislative History for Connecticut Act

SB 1002	PA 384	1967
House 3246-3247		(2)
Senate 1407		(1)
Transportation 480-485, 486		(6)
LAW/LEGISLATIVE REFERENCE		
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Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate and House of Representatives Proceedings

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CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
1967

VOL. 12

PART 7

2719-3267

May 27, 1967

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DS

MR. ROSE (69th)

I move adoption of the amendment.

THE SPEAKER:

The question is on adoption of Senate amendment Schedule "A". All those in favor signify by saying aye. Those opposed? The amendment is adopted. The speaker will rule it is technical in nature. Will you remark further?

MR. ROSE (69th)

Mr. Speaker, speaking on the bill as amended. This bill now in addition to having the Lady Godiva amendment also prevents the riding in the single lane of two bikes side by side. This also is a very good precautionary safe-driving measure for motorcycle riding. There are some who feel that riding at night side by side is something of a safety measure to oncoming cars who can recognize that there are two bikes and that they would therefore take care. On the other hand riding side by side on motorcycles is a very dangerous practice and is inclined to encourage acrobatics of a type which is dangerous to the riders. I approve the bill as amended.

THE SPEAKER:

Will you remark further? The question is on the acceptance of the committee's favorable report and passage of the bill as amended by Senate Amendment Schedule "A" in concurrence with the Senate. All those in favor will signify by saying aye. Those opposed nay. The bill is passed.

THE CLERK:

Calendar NO. 917 Substitute for Senate Bill No. 1002. An Act concerning Licensing of Motor Vehicle Brokers. Favorable report of the Committee on Transportation. File #884.

MR. MONDANI (73rd)

Mr. Speaker, I move acceptance of the joint committee's favorable

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report and passage of the bill in concurrence with the Senate.

THE SPEAKER:

The question is on the acceptance of the committee's favorable report and passage of the bill in concurrence with the Senate. Will you remark?

MR. MONDANI (73rd)

Mr. Speaker, this bill amends Section 14-52 of the general statutes and would make it necessary for anyone engaging in the business of brokerage of motor vehicles to have either a new or used motor vehicle dealers license. It is a protective measure and the motor vehicle department has had some complaints and this would give them an element of control.

THE SPEAKER:

Will you remark further? The question is on the acceptance of the committee's favorable report and passage of the bill in concurrence with the Senate. All in favor signify by saying aye. Opposed? The bill is passed.

THE SPEAKER IN THE CHAIR

THE CLERK:

Calendar No. 918 Senate Bill No. 1350. An Act concerning Traffic Regulation in Parking Areas Adjacent to Highways. (As amended by Senate Amendment Schedule "A".) Favorable report of the Committee on Transportation.

File No. 783.

MR. O'DEA (105th)

Mr. Speaker, I move the acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate.

THE SPEAKER:

The question is on acceptance and passage in concurrence with the Senate. Will you remark?

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will restrict the operation of two or more motorcycles abreast on any single line of traffic way. This will give the operator of the motorcycle more area to maneuver in and give the other operators a better chance to overtake and pass motor driven cycles. I move passage of the bill as amended, Mr. President.

THE CHAIR:

The question is on passage of the bill as amended. Will you remark further? If not, all in favor of passage of the bill as amended will signify by saying Aye. AYE, Contrary minded?

The bill as amended is passed.

THE CLERK:

Calendar 769, file 884, substitute SB 1002, An Act concerning Licensing of Motor Vehicle Brokers. Favorable report of the Joint Committee on Transportation.

SENATOR IVES:

Mr. President, I move acceptance of the joint committee's favorable report and passage of the bill. This bill makes it necessary for anyone engaging in the business of brokerage of motor vehicles to have ~~either~~ a new car or a used car dealer's license.

THE CHAIR:

The question is on passage of this bill. Will you remark further? If not, all in favor of passage of the bill will signify by saying Aye. AYE. Contrary minded? The bill is passed.

THE CLERK:

Calendars 767, 768, 769 were single-starred.

**JOINT
STANDING
COMMITTEE
HEARINGS**

TRANSPORTATION

1967

316 - 678

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S.B. No. 1002: (Senator Verriker) AN ACT CONCERNING DEFINITIONS OF NEW AND USED AUTOMOBILES

Anyone wish to speak in favor of that bill?

Mr. O'Meara to save time we have the bill right here for you sir.

Anyone opposed to Senate Bill 1002?

Mr. O'Mara: Martin O'Meara, 60 Sunset Ridge Driver, East Hartford.

First, I'm very much amused to notice the multi-million dollar Connecticut Automotive Trades Association is going to be represented here by a man by the name of Moriarty and Fitzpatrick. They really had to go digging to get two of them. One from Manchester and one a way down in country.

Chm. O'Dea: First lets have your comments on the bills sir.

Mr. O'Meara: Well in the first place it would seem to me that all people should be tested equal, and the difference between a new car and a used car dealer shall mean automobile dealers, no matter whether they have a franchise or not. Under our present laws a dealer having a franchise can sell cars, lease cars year after year without paying any taxes.

In other words there's about 25% profit in a new car, and he can take and trade his cars in yearly and at cost and thereby pay no tax, where an unfranchised dealer has to go out and buy the cars from a franchise dealer and pay from \$125,00' to \$500.00 over the price a franchise dealer pays. We are operating at a loss and have been for several months, our only hope of staying in business is the change in the law.

We cannot compete where in a franchise dealer has all these advantages. First he has the advantage of repairing the car and making 25% profit on the parts and 50% profit on the repairs. We are not allowed to sell the parts that are defective, replace the parts that are defective by new parts as a franchise dealer is.

So you see, in other words, the little fellow has no chance. I mean this thing is so sewed up by the Connecticut Automobile Dealers Association, which is the strongest association, one of the two strongest associations operating in Connecticut, in my opinion.

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- Mr. O'Meara: It operates in this manner, it has operated for many years in this manner, they have a bill that they want passed or defeated so the people who sell the cars in various parts of the State are gathered together by the Association. They find out that John Smith is a Representative from Ansonia and he contacts the Representative or Senator from that District and says, "please be sure to vote for or against this bill, it means something to me". They put it on a personal basis.
- Chm. O'Dea: Mr. O'Meara we will have to ask you to stay with this bill.
- Mr. O'Meara: Where am I going off?
- Chm. O'Dea: Well, how are you concerned, who represents you?
- Mr. O'Meara: I represent
- Chm. O'Dea: The franchise dealers have a fine, but we are not interested in how that operates, we are interested in knowing what you think of this bill, are you for it or against it or what?
- Mr. O'Meara: I'm for it. In other words, I'm trying to explain this situation. I'm trying to make it as clear as possible. I'm not an attorney, and I don't expect to compete with one, but in my humble way
- Chm. O'Dea: We cannot take personal opinions on another agency or any thing else, we are concerned exactly with the bill.
- Mr. O'Meara: Well exactly with the bill as now operated, we cannot compete successfully. I have, the Automotive News is recognized as the, by the automobile dealers as the official, semi-official newspaper. Now they, as you all know, there was a case General Motors fought, that is the government fought, General Motors and it was taken all the way up to the Supreme Court and the Supreme Court decided nine to nothing that this system was illegal, our own State Court has viewed as illegal the only case that came before the Supreme Court of Errors, ruled that it was legal on the basis of the Motor Vehicle Department. They're operating legally, now we, as a matter of fact since this law was enacted for many many months the Commissioner of Motor Vehicles in his good judgement didn't put this into effect until the group from all

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Mr. O'Meara: over the state representing the Automotive Trades came in and put the heat on him and he gave us about three months as I recall to sell all the cars we had in stock.

See, as it is now, we cannot sell an automobile in the State of Connecticut and our customer is injured in the fact that he has to pay the full 3 1/2%, where if he buys it from a so called auto dealer, he only has to pay on the difference. Now it would seem to me either everyone should pay 3 1/2% on the total sale, as they do on a washing machine or anything else, or they should pay only on the difference. My son is here and he can, he's a much better talker than I am, I recognize my limitations, but I know what I'm operating under. We're losing a lot of money as a result of this legislation. I'm sure that this was, the Governor didn't intend to injure the small person that's doing business, and I'm sure, I've been told it was shoved in at the last minute under some other heading, so it wasn't fairly explained to him, otherwise, I am sure that he would not have signed it.

Thank you very much for your latitude and I appreciate it very much and I realize your position Gentlemen.

Chm. Burke: Thank you Mr. O'Meara.

Anyone else wish to speak in favor of Senate Bill 1002?

Any objections to Senate Bill 1002?

Mr. Meek: I'm not the millionaire Mr. O'Meara just referred to. My name is Richard Meek. I'm counsel for the Connecticut Automotive Trades Association.

If I may Senator, I would like to address my opposition to both Senate Bill 1002 and 1641, which would accomplish the same purpose. I wish to register the Connecticut Automotive Trades in opposition to both Senate Bill 1002 and Senate Bill 1641. Both measures see to eliminate the franchise system of selling cars. If the franchise dealer were eliminated where would the Used Car Dealer send the public to get factory warrantee service? Average used car dealers perform a valuable service in providing all sorts of transportation to the public, many are steady customers who rely on them to find the right used car for their purposes. Most have modest service facilities geared to a comparatively small volume sales volume, a few used car dealers want to sharp shoot the new car market so that they can cash

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Mr. Meek: in on just the hot models which are selling well each year. They do not wish to invest in factory required facilities nor do they want to merchandize slow moving models. They have no intention of servicing the cars, they tell the customer to take the car to a franchise dealer of that make, for manufacturers warantee service.

Without the franchise system the auto sales business would degenerate into a price war fare with as little follow up on customer service as possible. With the emphasis on safety these days it is certainly not in the public interest to discourage the users investing service facilities. Without them the car dealers, where would the auto factories bring their vehicles for correction of flaws discovered after manufacturers delivery. Who would the public in Connecticut turn to for service under factory warrantees? What would be the need to a customer the term "new Car" if the used car dealer bought a new car from a new car dealer, drove it as his personal car for several months with used car dealer plates on it and then sold it as a new car? This car is in fact a used car and should be sold as such. By payment of the used tax on the car the Used Car Dealer becomes an ultimate consumer and can sell the car as used.

I can assure you that many used car dealers buy new cars and use them as personal transportation for months at a time. They are normally able to sell them within the model year for about the price that they paid for them. The question you must ask yourself is, would the public really be better served if they could buy their new cars from used car dealers in gas stations and who would carry out the manufacturers warrantee?

Chm. Burke: Anyone else opposed to the bill?

Mr. Moriarty: My name is Matt Moriarty, Lincoln, Mercury, Wyllis Dealer Manchester, Connecticut.

As Committee Chairman of the CAPA, I'm very happy to see you gentlemen identified with your name plates. I wish our good friend Mike Morano had his name on there, we're proud of Mr. Morano.

Chm. Burke: We'll take that under consideration.

Rep. Morano: That's the nicest thing I've heard today.

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Mr. Moriarty: May I correct Mr. O'Meara in one thing? Automobile Dealers cannot register their car without any sales tax. We have to pay the full sales tax on the first car that we register and on the second car we have to pay tax on 1 1/2% per month for the use of the car so we don't get anything for nothing. Mike can also tell you the dealers, if they operate and make a 2% profit, can consider themselves fabulously well off. There's no 25% profit.

I don't like to oppose Martin, all of us dealers love him, and it bothers me, but as our attorney stated the new car franchise does have to be protected, the average, there is great mortality among dealers, they are forced to make large investments and service facilities, to service the cars they sell, they don't make 25% profit or 50% on their labor. 25% on their parts. All dealers, almost without exception, lose money on their service facilities, particularly on warantee of policy and the tendancy is, I'm sure Mike can tell you, when the customer buys his car from outside the State or from some Used Car Dealer he doesn't get the courtsey and service from a franchise dealer that he would if he had brought the car from a franchise dealer, it just can't be done.

We've loaned cars to people when we're servicing there's, we have no intention of paying \$6.00 or \$8.00 dollars for a car that we would loan to a customer who didn't buy one from us. We just can't do it and stay in business, we must survive, the profits are very small and we have, we just have to protect our own interests in business. A customer, I mean the public does not gain anything by buying a car except from a franchise dealer and it's absolutely necessary to protect the public by protecting the franchise dealer. I'm sure that you, Mike, can explain the problems that we as dealers have very very well and we definitely go in the, we definitely oppose bills 1641 and 1002 in the interest of the public.

Chm. Burke: Thank you sir.

Any further opposition?

Mr. Rideens: My name is Arthur Rideen and I'm President of the Paige Motor Company and Chevrolet and Cadillac Dealer from Milford, Connecticut. We're not by any means a large dealer, but we have a quarter of a million dollars invested in our facilities. I'm sure many dealers have

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Mr. Rideen: more than that. But I can see if either of these bills 1002 and 1641 were put on the books as law, I can see a quarter of a million dollars of my money going right down the drain.

Thank you.

Chm. Burke: Senator Gunther, do you wish to speak on a bill?

Sen. Gunther: Senator Burke I forgot to submit to your Committee on Senate bill 1545 and House Bill 2262 a letter from the town manager from the town of Stratford in support of these bills. Thank you.

Dear Senator Gunther:

I am writing to ask that you support Bills 2262 and 2799 both of which call for the establishment of a branch of the Motor Vehicle Department in Milford. It is my feeling that there is an adequate portion of the State's population in the region between Bridgeport and New Haven to warrant the establishment of a branch of this Department.

It is my belief that the establishment of an office in Milford would make the conduct of business between the Motor Vehicle Department, the town offices and the general public of Stratford more convenient and efficient.

Very truly yours,

Richard E. Blaker,

Town Manager

Chm. Burke: Any further opposition to

Mr. Murphy: Mr. Murphy, Ansonia, Connecticut

When you stop to figure out we licensed dealers, we have a half a million, a quarter of a million of our money invested and I don't think the average dealer has less than thirty men working for him, I know we have a half a million dollars and forty employees, and fifty-two weeks a year these men are working, and we can't take and hire them in the spring to sell automobiles and when things aren't moving to fast let them go. We'll have to fold up our tent in November and go to Florida for the winter and pick up the good business

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Mr. Murphy: in the spring as the used car operators do. We've got men working continuously around the clock. Th These cars that are bought even second hand are called second hand cars, new ones, new automobiles, we have to take them in and service them ourselves, and it's quite a problem, with what we've got invested to let somebody come along and sell a new automobile and send it back to us for servicing and take care of it after these new automobiles are sold without a dealership are really neglected, going down the road with faulty defects that have never been modified, so I think I'm against that bill.

Chm. Burke: Are you for it or are you against it?

Mr. Murphy: I don't want to see the used car dealer sell new cars.

Chm. Burke: In other words your against Senate Bills 1002 and 1641 correct?

Mr. Murphy: That's right.

Chm. Burke: Thank you.

Any further opposition on these two bills?

Mr. O'Meara, Jr. Senator Burke have you called Senate Bill 1641? It hasn't been called.

Chm. Burke: Well they're pretty similar bills, if you wish to speak on one of them

Mr. O'Meara, Jr: I'd like to speak on 1641.

Chm. Burke: OK

Mr. O'Meara, Jr: My name is Martin J. O'Meara, Jr., 60 Sunset Ridge Drive, East Hartford, Connecticut.

I'm both a new car dealer and a used car dealer so I think I can speak on both sides of the line. First of all gentlemen I think the purpose of this bill is multiple, it would correct an inequity in the present statute. At the present time there is nothing illegal about a used car dealer selling what is generally called a new car, however, the policy of the Motor Vehicle Department is that it would refuse to register this new car dealer, obtained from a used car dealer, to refuse to the owner of the car the privilege of registering this car, so it's entirely conceivable that a man could go out, purchase a brand new car from