

Legislative History for Connecticut Act

SB 575	P. A. 83-198	1983
General Law	- P. 560-61	2p.
Senate	- P. 1708-1710, 1781-1782	5p.
House	- P. 3814-3826	13p.
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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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JOINT  
STANDING  
COMMITTEE  
HEARINGS

GENERAL  
LAW  
PART 2  
382-582

1983

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GENERAL LAW

March 21, 1983

MR. QUAGLEAROLLI: (continued)  
the next few months, as it turned out with the economy being what it was it wasn't feasible for us to put the new building up. And so to speak we more or less signed our own death warrant. Because we did say we would try.

But now Subaru of New England is holding us to this statement that we would put up a building. And the same applies on the other dealers.

REP. WOODCOCK: Any questions from the committee?

REP. O'NEILL: Yes I have just one. How many people do you employ sir?

MR. QUAGLEAROLLI: About 15.

REP. O'NEILL: Well then if you lose your franchise, there is only 15 unemployed people once again on our rolls in this state.

MR. QUAGLEAROLLI: If we lost our franchise we would just have to go back to our repair shop, we could get by with two people probably, maybe three people.

REP. O'NEILL: Thank you.

MR. QUAGLEAROLLI: Thank you.

REP. WOODCOCK: Thank you sir. Next speaker will be Mr. Frank Sweeter. Frank Sweeter? Next speaker will be Mr. Fred Blasius.

MR. FRED BLASIUS: My name is Fred Blasius, I'm President of the Connecticut Automobile Trades Association. Gentlemen we have about 100 dealers here and they have kind of agreed to waive their turn in speaking and hope that we -- I can summarize for them. We are interested in a number of bills. The first two are 511, which is An Act Concerning Disclosure of Automobile Allocations To Dealers. And the other is 575, An Act Concerning Automobile Distributors.

Briefly, this pertains pretty much one distributor who you have heard about prior to my getting up here. And I hope that you would favorably consider these proposed bills and perhaps we can limit them to distributors at some later time.

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GENERAL LAW

March 21, 1983

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GENERAL LAW

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MR. BLASIUS: (continued)

The next bill of concern is Committee Bill 5065, An Act Concerning Customer Deposits on sales of motor vehicles. We do not disagree with the buyers unable -- I'm looking at line 51 through 56 on the second page -- we do not disagree with the buyer -- if the buyer is unable to obtain financing after diligent effort and so forth, however, we do disagree with the right of recision after three days. You must understand we have tremendous investments in not only used cars but new cars. And those people who may use this as a lark to hold up a car for three days can be very damaging to our business.

The next Committee Bill 5373, An Act Concerning Warranties on Sales of Certain New Motor Vehicles. I won't go into a lot of detail. But certainly these warranties are available to those people who choose to purchase them. I think it is a pretty much known fact that all the motor vehicles perform satisfactory or most, or perhaps I should say 90% of new motor vehicles perform satisfactory for a significant amount of miles, I'm talking about 60, 70, 80,000 miles and to penalize everybody who buys an automobile by paying for this warranty I don't think is in the best interest of the consumer as a whole.

Again, those people who desire extended warranties, they are available for purchase.

Committee Bill 5401, An Act Concerning a Bill of Rights for Used Car Buyers. We feel very strongly -- I understand that this morning from Commissioner Heslin's office that 80% of used cars are sold privately, casual sales, or however you want to identify them. We feel very strongly that rather than dealer it should say seller. In other words if it is truly a consumer bill, well than the consumer who buys from -- buys on a casual basis, should be protected as well as a consumer who buys from an automobile dealer.

The second page of the bill we use amounts of money that we think are completely unreasonable. \$1,000 car is not likely to happen. It does forbid those people who are mechanically inclined, in other words that car that is not in the best of shape that may be a \$2,000 or \$3,000 car,

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its terms in that period, the franchise could be automatically continued without renewal and may not be canceled or terminated by either a manufacturer or an automobile distributor but for a good cause.

Mr. President, I think the bill is reasonable and if there is no objection, I move that it be placed on the Consent Calendar.

THE PRESIDENT:

Without objection, so ordered.

THE CLERK:

Cal. 282, File 399. Senate Bill No. 575.

AN ACT CONCERNING AUTOMOBILE DISTRIBUTORS. Favorable report of the Committee on General Law. The Clerk has an amendment.

THE PRESIDENT:

Senator Dorr.

SENATOR DORR: (15th)

Yes, Mr. President. I move for adoption of the Joint Committee's favorable report and passage of the bill.

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THE PRESIDENT:

The Clerk please call the amendment.

THE CLERK:

Senate Amendment Schedule A. LCO 5496.

the PRESIDENT:

Senator Skowronski, are you reporting this?

No, then Senator Dorr.

SENATOR DORR:

Mr. President, the amendment would merely indicate that this act shall take effect from its passage. I move adoption of the amendment.

THE PRESIDENT:

All those in favor of the amendment signify by saying Aye. Those oppsed Nay. The Ayes have it. THE AMENDMENT IS ADOPTED.

Senator Dorr.

SENATOR Dorr:

Yes, Mr. President. This bill would apply to automobile distributors the same requirement, obligations and restrictions in relations with franchise car dealerships as were placed on auto manufacturers by Public Act

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82-445. It would require that, if appropriate, distributors as well as manufacturers (1) specify in writing the dealers' obligations for predelivery preparation and warranty services and compensate dealers for these services according to a uniform schedule; (2) perform all warranty obligations and compensate dealers for repairs necessitated by recalls, (3) be liable for all predelivery damages to vehicles and indemnify dealers against any judgment for damages.

Further, Mr. President, this bill would protect dealers by prohibiting distributorships from terminating a franchise except for good cause and provides that the dealer be fairly and reasonably compensated if the franchise is terminated in any way.

Mr. President, this bill is reasonable and if there is no objection, I would ask that it be placed on the Consent Calendar.

THE PRESIDENT:

Hearing no objection, so ordered.

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locked. The Clerk will tally the votes.

RESULT OF THE VOTE: Total Voting is 35.  
Necessary for Passage is 18. Voting Yea is 34. Voting  
Nay is 1. THE MEASURE IS ADOPTED.

THE PRESIDENT:

Senator Schneller.

SENATOR SCHNELLER:

Mr. President, I wonder if it would be possible  
at this time to vote on all items that have been placed  
on Consent up to this point. There are a couple of  
members that have to leave and they would like the  
opportunity of voting on the matters that we have taken  
up to date.

THE PRESIDENT:

The Clerk will make the announcement for a roll  
call and then proceed with the Consent Calendar.

THE CLERK:

An immediate roll call has been called for in  
the Senate. Will all senators please take their seats.  
An immediate roll call has been called for in the Senate.  
Will all senators please be seated.

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The following items have been placed on the  
Consent Calendar:

Page 1 - Cal. 167, 177. Page 2 - Cal. 197, SB875, SB850,  
HB5229, SB1055,  
218. Page 3 - Cal. 234, 235, 237 and 241. Page 5 - SB92, SB131, SB190,  
SB991, SB512, SB575,  
Cal. 281, 282, 284. Page 6 - Cal. 288. Page 7 - SB744, SB1099, SB911,  
SB282, SB946,  
Cal. 291, 292, 294. Page 8 - Cal. 299, 301, 302. SB1021, SB742, SB931,  
HB5261, SB463, SB583,  
Page 9 - Cal. 306, 307, 308. Page 10 - Cal. 309, SB664, HB5669,  
HB5692, HB6903,  
311, 313. Page 11 - Cal. 315, 316, 317, 318, 319. HB7117, HB7084,  
HB5403, HB6611,  
Page 12 - Cal. 321, 322. Page 14 - Cal. 337, 338, 339. HB5103, HB115,  
HB5685, HB5686,  
Page 15 - Cal. 341, and Cal. 343. HB5687, HB5694,  
HB5237

THE PRESIDENT:

Are there any questions on the Consent Calendar,  
any requests to remove an item? Hearing none, the  
machine is open. Have all senators voted? The machine  
will be closed and locked.

RESULT OF THE VOTE: Total Voting is 35.  
Necessary for Passage is 18. Voting Yea is 35. Voting  
Nay is 0. THE CONSENT CALENDAR. TO DATE, HAS BEEN  
ADOPTED.

Senator Casey.

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House of Representatives

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REP. KARSKY: (4th)

In the affirmative, please.

DEPUTY SPEAKER FRANKEL:

Would the Clerk please note that Rep. Karsky of the 4th casts his vote in the affirmative.

Would the Clerk please announce the tally.

CLERK:

Senate Bill No. 991.

Total number voting 138

Necessary for passage 70

Those voting yea 138

Those voting nay 0

Those absent and not voting 13

DEPUTY SPEAKER FRANKEL:

The bill is passed.

CLERK:

Calendar No. 469, File No. 399, Senate Bill No.575, AN ACT CONCERNING AUTOMOBILE DISTRIBUTORS, as amended

by Senate Amendment Schedule "A". Favorable Report of

the Committee on General Law.

REP. SCULLY: (75th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Scully.

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REP. SCULLY: (75th)

Mr. Speaker, I move for acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate.

DEPUTY SPEAKER FRANKEL:

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

REP. SCULLY: (75th)

Yes, Mr. Speaker. Ladies and gentlemen, last year this General Assembly passed a bill which would require protection for automobiles dealers from manufacturers who wish to do away with franchises or to move franchises closer. It laid certain laws that would have to be followed through the Motor Vehicle Commissioner.

But one problem that we did not foresee at that particular time was that certain foreign manufacturers of cars are not considered, in this country, as being manufacturers but worked through distributors. So, this year, we're including distributors in this particular piece of legislation.

Mr. Speaker, at this time, I'd like to call for LCO No. 5496 and ask the Clerk to read it.

DEPUTY SPEAKER FRANKEL:

The Clerk has LCO No. 5496, previously designated

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Senate Amendment Schedule "A". Would the Clerk please call and read the amendment.

CLERK:

LCO No. 5496, previously designated Senate Amendment Schedule "A".

After line 478, insert the following:

Section 11 of this Act shall take effect from its passage.

REP. SCULLY: (75th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

The amendment is in your possession. What is your pleasure, sir?

REP. SCULLY: (75th)

Mr. Speaker, I move for passage of the amendment.

DEPUTY SPEAKER FRANKEL:

The question is on adoption of Senate "A". Will you remark, sir?

REP. SCULLY: (75th)

Mr. Speaker, I think it's self-explanatory.

DEPUTY SPEAKER FRANKEL:

Will you remark further on the adoption of Senate "A"? If not all those in favor, please signify by saying aye.

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REPRESENTATIVES:

Aye.

DEPUTY SPEAKER FRANKEL:

Those opposed, nay. The ayes have it.

Senate "A" is adopted and it is ruled technical.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this bill as amended  
by Senate "A"?

REP. SCULLY: (75th)

Yes, Mr. Speaker. As anyone can see from the OLR  
report that this is a quite lengthy bill and sets out  
many standards that both the dealers and the manufacturers  
and distributors must comply with.

I think it goes a long way, especially in these  
very hard times, to protect our auto dealerships from  
unfair trade practices and unfair requests upon dealer-  
ships to perform certain unwarranted acts. I urge passage  
of the bill.

DEPUTY SPEAKER FRANKEL:

Will you remark further on this bill as amended by  
Senate Amendment Schedule "A"?

REP. FARR: (19th)

Mr. Speaker.

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DEPUTY SPEAKER FRANKEL:

Rep. Robert Farr.

REP. FARR: (19th)

Mr. Speaker, the Clerk has an amendment. Would the Clerk please call LCO 6311, and I be allowed to summarize.

DEPUTY SPEAKER FRANKEL:

The Clerk has LCO 6311, which will be designated House Amendment Schedule "A". The Clerk please call the amendment.

CLERK:

LCO NO. 6311, designated House Amendment Schedule "A", offered by Rep. Farr of the 19th District.

DEPUTY SPEAKER FRANKEL:

The amendment is in your possession. What is your pleasure?

REP. FARR: (19th)

I move adoption, Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

The gentleman seeks leave of the Chamber to summarize this amendment in lieu of Clerk's reading. Is there objection? Hearing no objection, you may summarize the amendment, Rep. Farr.

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Under the present bill, the present law in the bill before us, the manufacturer who wants to open up a franchise within six miles of any existing dealer, would have to give notice to the dealer, if the dealer has any objection, there has to be a hearing for the Motor Vehicle Department and then Motor Vehicle has to find cause for the opening of that franchise.

I move adoption of the amendment.

DEPUTY SPEAKER FRANKEL:

The question is on adoption of House Amendment Schedule "A". Will you remark on its adoption?

REP. FARR: (19th)

Yes.

DEPUTY SPEAKER FRANKEL:

Rep. Farr.

REP. FARR: (19th)

First of all, I'd like to just comment on the bill itself. This particular bill was a bill last year that was passed, I believe on the last day of the session. It was an Unfavorable Report of the Committee, there was an extensive debate on it at the time it was passed, and I think we were pretty exhausted and I just caution the members of the Chamber to take a careful look at Section 10 of this bill. What we did is we gave an exclusive

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franchise to all of the automobile dealers out there for the area of six miles around them. Now, essentially what we are doing is the State of Connecticut is participating in the restraint of trade. If we can do this to automobile dealer franchises, why not do it for McDonalds franchises? Why not do it for any other franchise dealer in the State of Connecticut? There's no reason to give a six mile exclusive franchise to those dealers. I assume that when they enter into the franchises. if there was an exclusive contract, they were given exclusive areas.

If they don't have exclusive areas, then why should we be granting them excusive areas? The net result of this bill is that it effects the consumer. What we're saying is that we don't want competition in the automobile dealership area and I realize that the automobile dealers have been in tough shape and in fact there hasn't been new efforts to open new franchises because of the declining sales. If sales pick up, there's no reason why we as a legislative body should grant these exclusive franchises to these dealers.

I think the rest of the bill, the property grants to dealers, certain rights and protections, are fair but I think it's totally improper for us to engage in such a

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restraint of trade and I would urge passage of the amendment.

REP. SCULLY: (75th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Scully.

REP. SCULLY: (75th)

Yes, Mr. Speaker, I reviewed the particular language contained in Section 42-133dd, and there are remedies for manufacturers if they feel that they need extra franchises in a particular area. The General Law Committee, during this session, did not hear one testimony from manufacturers concerning any particular problem with this law. As far as McDonalds goes, I'd like to point out to the body here that McDonalds does have exclusivity in the state, that in order to receive a contract from them, in certain areas of the state you have to go through a major distributor. It's the only way you can get a contract in the state with McDonalds.

So, I think that this bill goes a long way to protect our dealers. Six miles is not a large radius and in our area of Waterbury, there's four dealerships in Waterbury and in Bristol and Cheshire, all within easy driving distance. I think that there are remedies to the manufacturers

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if they have a complaint. They would have come to see us during this session and they did not.

REP. FARR: (19th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Will you remark further?

REP. FARR: (19th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Farr.

REP. FARR: (19th)

Mr. Speaker, for the second time, I point out it's the responsibility of the body not to simply represent dealers and manufacturers but also to represent the electors of the State of Connecticut. What we're talking about is a bill that is anti-consumer. Anytime you grant exclusive dealerships to someone and reduce competition, you're hurting the consumer. We hear a lot of talk about pro-consumer legislation. Well I suggest to you this is anti-consumer legislation.

To suggest that, well, there are remedies. After all if you want to have competition, you can just go to the Motor Vehicle Department to have a hearing, proceed with the hearing and maybe within a years time you can get

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a competitive dealer there. That's nonsense. Why not do that to McDonalds and say if somebody wants to open a new McDonalds, McDonalds goes in before the Department of Health and asks for permission to have to show that there's a need for the consumer to have competition. I think that this part of the bill is appalling. I recognize that maybe the dealers don't object to it now because there's no big push for new dealers in the state.

But I think it sets a bad precedent, I think it's anti-consumer legislation, and ought to be rejected and I would urge passage of the amendment.

REP. ZAJAC: (83rd)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Zajac.

REP. ZAJAC: (83rd)

Yes, Mr. Speaker. I would rise to associate myself with the remarks of Rep. Scully as a member of the General Law Committee and reiterate that we have not heard any testimony, we in fact debated this issue last year at length and I don't where the comparison really comes in about McDonalds or Carvel or anything else. I would point out to this body that the commodity being sold is quite uncomparable. In the fast-food business, you sell

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a million hamburgers and you can reorder and reship, the franchise will reship the hamburger but when you, as an auto dealer, have to invest a lot more money and get shipped x amount of cars and hold them in your lot in anticipation of future sales, it's a little different story. In McDonalds you almost know after a certain established traffic pattern that you're going to sell x amount of hamburgers every week, every night, almost every month. It's almost predicated that that's going to happen.

With the cars, you have to invest the money, put the money up front, pay the manufacturer, and then hope that your retail sales will come forth. It's completely different and I really think that rather than debate it here on the floor, that if anything is to happen on this removal of the six mile franchise, it should be done at a public hearing through public debate.

REP. WOODCOCK: (14th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. Woodcock.

REP. WOODCOCK: (14th)

Mr. Speaker, very briefly, I want to associate myself with Rep. Farr's comments. Last year there was

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an Unfavorable Report from the General Law Committee. It was debated in this Chamber late on adjournment date and a lot of us had problems with the particular concept of exclusive franchises. I think that Mr. Farr is right on the money with respect to his assessment of this proposal being anti-consumer and I would urge that we adopt the amendment. Thank you.

DEPUTY SPEAKER FRANKEL:

Will you remark further on the adoption of House Amendment Schedule "A"? If not, all those in favor, please signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER FRANKEL:

Those opposed, nay.

REPRESENTATIVES:

No.

DEPUTY SPEAKER FRANKEL:

The ayes clearly have it. House "A" fails. Will you remark further on this bill as amended by Senate "A"?

Will you remark further? If not, will the staff and guests come to the well of the House. Would the members please be seated. The machine will be opened.

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The House of Representatives is now voting by roll. Would the members please return to the Chamber immediately. The House of Representatives is now voting by roll. Would the members please return to the Chamber immediately.

Have all the members voted? Have all the members voted? Have all the members voted? If so, the machine will be locked. The Clerk will take a tally.

Will the Clerk please announce the tally.

CLERK:

Senate Bill 575 as amended by Senate Amendment Schedule "A".

Total number voting	137
Necessary for passage	69
Those voting yea	126
Those voting nay	11
Those absent and not voting	14

DEPUTY SPEAKER FRANKEL:

The bill as amended is passed. At this time the Chair will entertain announcements and points of personal privilege.

REP. DYSON: (94th)

Mr. Speaker.

DEPUTY SPEAKER FRANKEL:

Rep. William Dyson.