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Chairman Solomon and Members of the Committee,

My name is Cody Thacker and I serve as the Vice President of Commercial Operations at Scout Motors, an American electric vehicle startup company that this bill seeks to ban from entering the market. Along with two others, I founded Scout Motors in 2022.

In two and a half years, I've built a company of over 800 employees. This will be 1,600 by the end of the year, at which time we'll also begin hiring another 4,000 hardworking men and women to staff our 3 million square foot EV production plant.

I write today to oppose H 5588. It's bad policy, it's bad for business, and it's bad for consumers.

Most importantly, the bill seeks to cut off access to capital for people like me. America's strong environment for capital formation is what makes this country special, and H 5588 destroys that with its new and unexplainable 30% equity threshold.

The practical effect of Rhode Island dictating what capital can and cannot be used to form companies is that new businesses like mine will not be able to raise funds from our most likely investors, legacy automakers. This means that auto innovation and the EV movement in America are hamstrung, all for no clear benefit. This also hinders the state's goals to reduce greenhouse gas emissions as fewer EVs will be introduced to the Rhode Island market (which then drives up prices of the remaining EVs that are offered for sale in the state, thereby blocking more citizens from purchasing EVs).

In the past, with its investment from Daimler (Mercedes-Benz) and Toyota, this bill would have stopped Tesla. And with its investment from Ford, this bill would have stopped Rivian.

Should it be Rhode Island's policy that Tesla and Rivian should not exist or sell in the state? Should Rhode Island thwart all new auto entrants and auto innovation in America? Should Rhode Island be hostile to EV proliferation in America? Because this is precisely what H 5588 accomplishes.

Rhode Island has set massively ambitious EV goals and adopted numerous state programs to get there. To achieve its goals, newly formed companies must be allowed to bring EVs to market at competitive prices and in ways that best serve consumers.

Unfortunately, H 5588 moves in the *opposite* direction. As written, it protects entrenched interests at the expense of competition, consumer choice, and the state's goals.

Despite what you may hear from the dealer lobby, selling vehicles directly to consumers does not upend the dealer model. In all the states and countries where direct sales are permitted—which is most of them—franchised dealers continue to thrive.



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Also contrary to what the dealer lobby is likely telling you, Scout Motors is not Volkswagen by another name. Scout Motors operates as a separate and independent company that, I should say, is incredibly fortunate to have investment from Volkswagen AG to get off the ground—exactly as Rivian and Tesla had from Daimler, Toyota, and Ford.

H 5588, in trying to stop entrepreneurs like me from raising capital, is fundamentally unfair and un-American. The dealer lobby is trying to block new entrants from competing, not because of safety concerns or consumer protection issues, but because they don't want competition. The US DOJ and FTC wholeheartedly agree with my position.

As Governor Dan McKee has pointed out, "Rhode Island continues to be a leader across the nation in clean transportation." Given H 5588's significant and negative impacts—especially its direct harm to Rhode Island's clean transportation policies—I urge the Committee to vote NO on the bill or, at a minimum, hold the legislation for further study of its true impacts on Rhode Island.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Thacker".

Cody Thacker

Vice President, Commercial Operations

Scout Motors Inc.