



April 14, 2026

The Honorable Robert Britto
Chair, Senate Commerce Committee
Rhode Island State Senate
82 Smith Street
Providence, RI 02903

RE: SB 2778 – Relating to Motor and Other Vehicles - Opposed

Dear Chair Britto:

On behalf of the Alliance for Automotive Innovation¹ (Auto Innovators), I would like to convey our opposition to SB 2778. This bill seeks to regulate the relationship between automobile manufacturers and their independent auto dealer business partners. Auto Innovators would like to negotiate this bill with Rhode Island automobile dealers but needs to be given the time and opportunity to do so. Our goal is to reach a resolution with the dealers to address their concerns. As written, SB 2778 would cause problems for the automotive marketplace. These problems include, but are not limited to, an inability to advertise or offer lease rates, and unfairness in evaluating dealer performance.

Definition of “Sell”

SB 2778 seeks to define the boundaries of dealer activities and manufacturer activities, but it needs revisions. For example, as written, the bill would prohibit manufacturers from offering or negotiating terms for the lease of a vehicle. Manufacturers routinely advertise lease rates that are available to consumers through the manufacturer’s financial arm. The manufacturer obviously needs to be able to set those rates. SB 2778 would cause unnecessary disruption in advertising and offering of favorable lease terms to consumers.

The definition of “sell” needs to account for other unintended consequences. For example, manufacturers need to be able to replace consumer vehicles that are replaced under the Rhode Island Lemon Law. These are problems that could be worked out, but Auto Innovators has not been given the opportunity to negotiate this bill.

¹ The Alliance for Automotive Innovation is a trade association that represents manufacturers producing most vehicles sold in the U.S. as well as autonomous vehicle innovators, to equipment suppliers, battery producers, and semiconductor makers. The association is committed to a cleaner, safer, and smarter personal transportation future.

Dealer Performance Standards

SB 2778 prohibits manufacturers from ending a franchise agreement with a poorly-performing dealer unless the manufacturer takes into account the number of vehicles allocated to that dealer. The problem with that is that the dealer's allocation is determined by how quickly the dealer is selling cars. Manufacturers use a system called "turn and earn" which focuses on giving all dealers the same days supply of inventory of cars. This is the fairest way to not discriminate among dealers. It also has the benefit of serving consumers because cars will go to where consumers want them.

A dealer that is underperforming and not selling cars, will logically get fewer vehicles allocated to it because the dealer is selling slowly—its days supply of inventory would be a small number. SB 2778 would result in a system that turns a dealer's slow product turn rate into a shield instead of a criticism against it. State law already makes it very difficult for manufacturers to add another dealership in an area with an existing one. It is critical to both the manufacturer and the consumers in that area that the local dealer is a good one.

Conclusion

Auto Innovators respectfully asks the committee to hold Sb 2778. Manufacturers and dealers have not been given a chance to negotiate the bill. It should not move until there has been such an opportunity to come to a resolution on an important subject for manufacturers, dealers, and consumers.

Sincerely,



Josh Fisher
Senior Director, State Government Affairs
Alliance for Automotive Innovation