



RHODE ISLAND AUTOMOBILE
— DEALERS ASSOCIATION —

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Executive Vice President

April 13, 2026

Sen. Robert Britto
Chair, Senate Commerce Committee

RE: House Bill No. S-2778 – AN ACT RELATING TO MOTOR AND OTHER VEHICLES – REGULATION OF BUSINESS PRACTICES AMONG MOTOR VEHICLES MANUFACTURES, DISTRIBUTORS, AND DEALERS

Dear Chairman Britto,

I write to you today on behalf of the Rhode Island Automobile Dealers Association (RIADA) and to express our strong support for S-2778, which would update Rhode Island's motor vehicle law as it relates to automobile manufacturers and franchise automobile dealers. This same legislation was proposed during the 2025 General Assembly session and was passed unanimously by your colleagues in the Senate prior to the session's conclusion.

Rhode Island's new car and truck dealers support more than 3,300 direct jobs, another 2,600 indirect and induced jobs, and we help generate close to \$290 million in annual sales tax for Rhode Island. The legislation before you will help ensure that our members can continue to invest in the communities where they do business, provide good jobs for the men and women they employ, and still compete on a level playing field with both traditional and new auto manufacturers.

Our dealers play a critical role in the selling and care of new vehicles produced by both domestic and foreign manufacturers. They work with their manufacturers to ensure there is a diverse and accessible inventory available for their buyers; they provide competitive pricing to consumers as they compete with other dealerships and brands in the region; they provide customers with key knowledge and know-how about the vehicles they sell; they provide locally needed service centers to maintain and repair their customers' vehicles on a regular basis; and they handle recall and warranty work for their manufacturer, helping to ensure the public's safety.

Furthermore, our members invest in their properties, marketing, staff, and infrastructure to help drive economic growth. Rhode Island dealers are licensed by the Division of Motor Vehicles' State Licensing Board, which ensures local dealers are following proper state motor vehicle regulations and it provides another avenue to safeguard consumers if concerns are raised by a local buyer.

The current franchise dealer model that exists in Rhode Island works well because it provides a local, personal, and physically accountable customer service experience that consumers deserve. In addition to the jobs they support and investments in their communities, local dealerships also increase competition, leading to better pricing and better service for all consumers.

Rhode Island's existing statute, which has been in place for decades, promotes this model by prohibiting a manufacturer from competing with its franchised dealers by owning their own dealership. Unfortunately, as the auto industry continues to evolve there have been some efforts to try and bypass this state-licensed franchise dealer model by new market entrants. These new entrants want to avoid making investments in local jobs and communities, without the same oversight that our local dealers must commit to every day. Sadly, some of these new entrants are also financially backed by traditional manufacturers that already have multiple franchised dealers in the state.

S-2778 will ensure that any manufacturer looking to sell their vehicles in Rhode Island will also be ready to invest in our communities and our people as other manufacturers have done through the existing franchise dealer model. Building upon language adopted in other states, the adjustments extend most provisions of the existing law to a manufacturer's "distributor or factory branch;" define what may be considered a "common entity" of a manufacturer; specifies what constitutes "selling" motor vehicles in the state; and updates the "Application of the Chapter."

Some opponents of the legislation have tried to argue that this legislation will limit choice when it comes to new electric vehicles available to the public. That is not the case. Rhode Islanders will still have the ability to purchase electric vehicles in the same manner that they do today, either at their local dealerships, which now offer a multitude of options, or through the internet. Our dealers are committed to helping the state achieve its climate goals by promoting and selling these vehicles to more consumers.

These modifications will simply safeguard that Rhode Islanders continue to have access to the local dealerships that give back to their communities, support thousands of jobs, and provide the needed locally driven service and sales teams that consumers deserve. Furthermore, they will ensure that new market entrants are playing by the same rules as all others local dealers, through a model that benefits consumers, encourages competition, and drives local economic development.

We thank you for your time and encourage members of the committee to approve this important legislation.

Sincerely,

A handwritten signature in black ink that reads "Ted Kresse". The signature is written in a cursive, flowing style.

Ted Kresse
Executive Vice President
Rhode Island Automobile Dealers Association

CC: Members of the Senate Commerce Committee