



June 5, 2024

New Jersey State Legislature
State Capitol
125 W State Street
Trenton, NJ 08625

RE: S3309 / A4380

Dear Members of the New Jersey State Legislature:

The American Consumer Institute (ACI) is a nonprofit 501(c)(3) education and research organization. Its mission is to identify, analyze, and protect the interests of consumers in legislative and rulemaking proceedings in a range of policy matters.

ACI opposes S3309/A4380, which contain provisions that would harm consumers in a number of ways.

The bill contains provisions which would unfairly overcharge the Original Equipment Manufacturers (OEMs), and in some cases, at a rate of 1.5 times for warranty compensation. This higher rate is not supported by any actual repair data, nor is there any empirical evidence to indicate that OEM measured times are either inaccurate or unfair.

Overcharging OEMs ultimately hurts consumers because manufacturers will pass these expenses onto them through higher automobile prices. Essentially, based on no supporting data, this provision allows a transfer of income from consumers to car dealerships.

We know this for a fact. ACI published a study that examined consequences of various state laws, such as S3309/A4380, specifically written to benefit car dealer franchises. The study found that American consumers collectively pay almost \$48 billion more per year on new automobile purchases due to such state laws already on the books. S3309/A4380 would merely transfer even more money from consumers to dealers' pockets; many of these dealers already rake in impressive profits. That study also cites a Federal Trade Commission economic study that concurred, finding these dealership protectionist bills have raised new car prices by approximately 7.8%.

The bill would also allow auto dealers to sell cars with known defects and/or recalls to customers if the information was disclosed; however, such information could be buried in a stack of papers after the completion of the sale, in a language not primarily spoken by the buyer, or some other unscrupulous manner.

4350 North Fairfax Drive, Suite 725, Arlington, VA, 22203

Such deception not only relieves dealers of the responsibility of fixing faulty vehicles, but it lets them off the hook for allowing people to drive off the lot in a ticking time bomb that could maim or kill the driver, its passengers, and/or anyone else on the road.

Thousands of unknowing motorists have been seriously injured or lost their lives from buying a used car with a recall. For example, a 35-year-old male was killed instantly by metal shrapnel that lodged into his throat when his airbags were deployed from a collision with another vehicle. He was unaware that his Honda Civic had been recalled three years prior. A 27-year-old law student died in a fiery crash caused by a faulty ignition switch. Her Saturn also had a recall.

Backed by auto dealers to avoid any legal liability, these provisions are similar to other measures attempted in other states; most have been defeated. This is because lawmakers are seeing this for what it is: creating a loophole for dealers to sell hazardous used vehicles to unsuspecting consumers.

ACI urges the New Jersey legislature to oppose S3309/A4380 because it harms consumers in multiple ways, particularly when it comes to their safety and wallets.

Thank you for your consideration.

Respectfully submitted,

Steve Pociask
President and CEO
American Consumer Institute
Steve@TheAmericanConsumer.Org