



June 24, 2024

Governor John Carney

RE: SB 278

Dear Governor John Carney:

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.

Last week, in a rare move, SB 278 passed the state House without a single hearing. ACI opposes SB 278, which favors automobile dealers at the expense of consumers and the state's carbon reduction goals. As a Delaware homeowner, I am doubly concerned.

Our [research shows](#) that U.S. consumers pay over \$48 billion more each year because of dealership protectionist laws like SB 278, leading to approximately \$3,000 more per vehicle. Such laws transfer income from manufacturers to dealers, thereby increasing the price per vehicle. Our findings corroborate previous research by the U.S. Federal Trade Commission showing that these protectionist rules have increased consumer prices.

With the likes of Warren Buffet and a few who own professional sports teams, car dealers are not struggling and destitute businesses. They collectively earn twice the profitability of carmakers. In other words, this bill represents welfare for the rich at the expense of consumers.

This legislation also gives dealer associations, such as the Delaware Automobile and Truck Dealers, automatic standing to sue in any lawsuit without having to prove damages. This grants substantial power to such organizations in bringing legal action against a host of entities simply because it doesn't agree, including those that have nothing to do with auto sales.

SB 278 could even bar automakers or certain dealers applying for business licenses in the state to keep them out of the local market, specifically those that only offer electric vehicles (EV).

Disallowing and even preventing various EV manufacturers from selling their products is counterintuitive to the state's ambitious carbon reduction goals. In 2021, your administration

adopted an aggressive Climate Action Plan that aims to “reduce greenhouse gas emissions by 50% by 2030 and to reach net zero carbon emissions by 2050.”

In 2022, your administration announced adoption of California’s stringent zero emission vehicle mandates, which will ultimately require 43 percent of new car sales be EV by 2027 and 100 percent by 2035. This legislation will frustrate Delaware’s EV goals, and certainly make it more difficult for citizens to take advantage of the Delaware Clean Vehicle Rebate Program.

Not only does SB 278 jeopardize the state’s climate policies, but it will impede consumer choice by discouraging certain cars from competing in the marketplace. And those who have already purchased an EV will be left with fewer repair options if these manufacturers are driven from the state, thereby increasing their costs.

This bill comes at a time when consumers are already struggling to make ends meet in this economy with exceptionally high inflation rates. Most goods and services have seen substantial price increases the last few years. Delaware residents have not been spared these hardships and cannot afford nor should be faced with additional costs on various commodities, especially vehicles.

SB 278 is not a pro-consumer bill and is not in the interest nor to the benefit of Delaware citizens. It threatens the integrity of Delaware’s democratic principles by granting legal powers to special interests. And it runs counter to the state’s climate plans.

ACI is requesting that you veto SB 278, potentially opening up the issue for public discussion next year.

Thank you for your consideration.

Respectfully submitted,

Steve Pociask  
President and CEO  
American Consumer Institute