



WISCONSIN LEGISLATURE

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Column: Modernizing Dealership Law is Good for Consumers, Environment and Economy

By Dale Kooyenga and Adam Neylon

Last month, the world watched as space travel entered a new era. Traveling into space in rockets they financed themselves, billionaires Jeff Bezos and Richard Branson ushered in the era of private space travel, a huge step forward made possible by the free market.

Back on earth, most of our traveling is still done by car, but the kinds of cars we drive and how we buy them is also rapidly evolving. All-electric vehicles (EVs) are quickly becoming more practical for common use and, in turn, more popular. Manufacturers like Fisker, Rivian, Lordstown, Lucid, and Tesla are creating new markets, while familiar models will be offered in all-electric in the coming years.

How we purchase cars is also changing quickly. Online retail sales increased by an [astounding 39.1%](#) over the past year. This trend will continue. According to one study, [up to 33%](#) of new car purchases, from browsing to buying, will be conducted online in the U.S. by 2035. Today, more than [70% of consumers](#) want to conduct at least some part of the car buying process online.

Will Wisconsin be left in the dust? If we don't modernize our car buying laws, we might.

Wisconsin is one of approximately 16 states with a law prohibiting car buyers from purchasing a car directly from the manufacturer, including online. Instead, consumers must go through a third-party dealership. Originally meant to protect dealerships in the mid-twentieth century, this law has rapidly become obsolete.

As Wisconsin consumers move into the future, this law limits consumer options and keeps our automobile market stuck in the days of wood-paneled station wagons and T-tops.

That's why we recently introduced a proposal in the Legislature ([Senate Bill 462](#) and [Assembly Bill 439](#)) that would allow consumers to purchase electric vehicles directly from the manufacturer without the requirement that they go through a traditional dealership.

Under this bipartisan bill, any manufacturer that produces an all-electric-powered vehicle could sell those vehicles directly to the consumer, both online and at manufacturer-owned dealerships. While traditional vehicles would still be subject to the traditional rules, this bill moves car buying one step into the future.

This bill is also about jobs. The Foxconn campus in Mount Pleasant has been eyed for several years as the possible site of a major EV manufacturing operation. But because EV companies sell directly to consumers, current Wisconsin law doesn't even allow them to sell their cars here.

Would you locate your manufacturing facility in a state where you cannot sell your product?

Current Wisconsin law is "the one sticking point" for EV maker Fisker, which is looking for a site to build a manufacturing operation. "If they change those (rules) I think they will be in the lead, but right now they're not," Henrik Fisker, the company's CEO and co-founder, told [Forbes](#).

Legislation like this modernizes those rules and assures we are in the running to attract family supporting jobs of the future.

Traditional dealerships will always thrive because many people prefer the traditional car buying experience. We appreciate that our local dealerships are community businesses that employ friendly people whose expertise can be invaluable. However, we also understand that some people have different preferences.

Fortunately, dealerships can live side-by-side with direct sales. According to data from the National Automobile Dealer Association (NADA), dealership job growth between 2012 and 2019 was above the national average in states that allow direct sales, showing that dealerships are not harmed. That's because, in a free market society, the economic pie isn't a fixed amount to be divided up and fought over. Instead, new wealth is created through innovation.

In 1969, Neil Armstrong ushered in a new era by walking on the Moon, a feat he described as, "one small step for man, one giant leap for mankind." Our bill may seem like a small step for the free market, but if it helps bring car manufacturing back to the Badger State, it could be a giant leap for Wisconsin's economy as well.

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