

LATE TESTIMONY

Testimony in STRONG SUPPORT of SB2859 RELATING TO MOTOR VEHICLE INDUSTRY LICENSING ACT

Presented to the House Committee on Consumer Protection and Commerce
For the public hearing 2p.m. Wednesday, March 17, 2010
In Conference Room 325
At the Hawaii State Capitol

Dear Chair Herkes and members of the committee:

My name is Stan Masamitsu, a second generation auto dealer, and my family has been in the automobile dealership business in Hawaii for over 30 years. We currently employ over 350 people and not too long ago made a major commitment to our people and our community by investing in and building Hawaii's auto mall, Tony Group Autoplex, in Waipio in 2001.

Tony Group Autoplex initially included Tony Honda, Tony Nissan, and Tony Volkswagen. The mall was expanded from 6 to 11 acres in 2004 with the addition of Tony Hyundai and Autoplex Car Wash.

I am in STRONG SUPPORT of HB2630 - Relating to the Motor Vehicle Industry Licensing Act.

This update to H.R.S. Chapter 437 will help local family businesses like Tony Group operate on a more level playing field with our multinational manufacturer partners. By clarifying the ground rules of the auto franchisee-franchisor relationship by updating its motor vehicle licensing law, as many other states have done recently, local businesses like ours will be better able to focus on competing with others in the marketplace based on how well we operate our business and service the general public.

Although contracts between dealers and manufacturers are referred to as "Agreements," its terms are, for all practical purposes, not negotiable. Although one has the option whether or not to initially enter into a business relationship with an auto manufacturer, once the factory-required investments are made in land, building, personnel, training, special tools, other equipment, and inventory are made, dealers, with their significant initial, ongoing, and often long-term investment, essentially lose their flexibility to negotiate when the manufacturers "update" the terms of *their* Agreements.

Manufacturers, especially in light of the current economic environment, have also been attempting to unreasonably shift costs to dealers, increasing our costs, which forces us to reduce expenses (like personnel, though as a last resort) or pass the additional costs on to the consumer.

--continued next page--

LATE TESTIMONY

Stan Masamitsu testimony in support of SB2859, page 2

The current law, while offering some protection against unreasonable demands made by manufacturers to its dealers, does not do enough. This update, in 437-28(a)(21) addresses many of these issues and bring it to par with those of many other states.