Memorandum of Support

February 28, 2022

S.1763(Kaminsky)/A.4614 (Fahy)

Purpose: The bill would increase the number of certificates of registration for companies that manufacture or assemble zero emissions vehicles and have no franchised motor vehicle dealers in New York.

Statement of Support: The transportation sector is currently one of the largest sources of greenhouse gas emissions in New York, contributing almost a third of the state’s emissions. If New York State is to keep ahead of the worst effects of the climate crisis, every new car on the road will have to be all-electric in just 13 years. This goal, codified by the NYS Legislature and signed by Governor Hochul in September, 2021, is going to be difficult to achieve if New York continues to preserve roadblocks to electric vehicle (EV) adoption. Currently, NY law only allows five EV direct sales locations throughout the state, and because of concentrated demand, they are all located downstate. Upstate residents have no convenient, accessible locations to purchase EVs, yet no additional stores can be opened in the state.

EV companies utilize a direct sales and service model because the traditional franchise dealership model that relies on high-volume production and sales creates a huge barrier to new market entrants. More than half of U.S. states already allow at least one EV manufacturer to apply for and receive a dealer license. Research has shown that in states that are open to direct sales, franchised automobile sales and dealer revenue have also increased. In New York, the direct sales model has allowed Tesla, even though constrained to just five stores, to out-sell all other electric cars on the market that have hundreds of dealerships at their disposal. For example, in 2020, NY’s close to 1,000 franchised dealerships sold 1,896 EVs all together, while Tesla alone sold 9,433, more than five times that amount.

The direct sales model is often more effective than other EV incentives. In Florida, a state with very few EV incentives, EV sales are nearly double that of NY primarily because the state allows direct sales so customers can test drive vehicles before purchasing them. Direct sales also have transparent pricing and financing terms without negotiations, which remove opportunities for discrimination against minority buyers.

3 Ibid
4 Ibid
Even the most optimistic forecasts of EV adoption growth fail to reach levels that will be required to achieve New York’s greenhouse gas reduction goals. Consequently, it is necessary to take steps to increase EV adoption. Sierra Club supports the direct sales model to allow more New Yorkers access to stores where they can test drive an EV and ask questions of product specialists before purchasing. This is one important way to accelerate electric vehicle adoption and generate green jobs at the same time.

The Sierra Club Atlantic Chapter Strongly Urges Your Support of S.1763/A.4614.