

Tesla and Franchise Laws

The Texas Automobile Dealers Association lobbied the Texas legislature to pass laws prohibiting manufacturers from selling cars directly to customers. I believe this protectionist legislation is a restraint of trade. It is anti-competitive in that it encumbers Tesla's sales and delivery process. The current Texas law requires Tesla to resort to extraordinary measures in the sales and delivery of vehicles, while franchise dealerships are free to accomplish these functions in a timely, contiguous fashion, giving them an unfair advantage. A customer of a dealership can take a test drive, arrange financing, sign a sales agreement, and register a new vehicle in a matter of a few hours. Tesla customers may view automobiles and arrange a test drive, but must go to a website to order a car, apply for financing, and register the car at the local tax office, a process that can extend over a period of weeks. This extended sales process consumes many Tesla personnel hours and constrains potential volume of sales. For customers, it is an unnecessary inconvenience. Also, as Tesla transitions to high-volume production, the franchise laws could seriously constrain options for efficiently delivering vehicles.

In 2015, the Tesla Model S outsold all competitors in its price category. While these competitors spent millions on advertising, Tesla simply made a superior product. Buyers are voting with their wallets, despite the unfair encumbrances in the sales and delivery process. Customers should have easier access to the automobile they prefer, and Tesla should be rewarded for developing the safest and best-performing sedan on the market by being given a level playing field, and equal access to customers.

I sincerely hope the FTC will take action to strike down these anti-competitive laws, giving Tesla a fair chance to conduct business, and providing consumers with easier access to the highest quality automobiles on the market.

William Madigan