

WRITTEN TESTIMONY IN OPPOSITION TO HB 1666

Relating to Motor Vehicle Pricing

Chair, Vice Chair, and Members of the Committee:

My name is **Jerry Romano**, and I am the Owner and Dealer Principal of **Jerry V's Auto Group**, a locally owned automotive dealership group serving the people of Hawaii. I respectfully submit this testimony in opposition to House Bill 1666 (HB 1666).

Jerry V's Auto Group employs local residents, supports Hawaii families, and provides reliable transportation to our communities. While we share the Legislature's goal of consumer protection, HB 1666 would create serious unintended consequences that ultimately harm consumers, employees, and small businesses in our state.

1. HB 1666 Interferes With a Competitive Marketplace

Motor vehicle pricing in Hawaii is already governed by strong state and federal consumer protection laws. HB 1666 imposes an arbitrary pricing cap that ignores real-world market conditions and limits healthy competition between dealers.

2. Dealership Operating Costs in Hawaii Are Exceptionally High

Operating a franchised dealership in Hawaii includes significant costs such as inter-island shipping, labor, insurance, facility upgrades, and compliance requirements. A flat markup cap fails to account for these realities.

3. HB 1666 Will Reduce Vehicle Availability for Hawaii Consumers

Pricing restrictions may reduce inventory, redirect vehicles to other states, and limit consumer choice—making vehicles harder to obtain in Hawaii.

4. Emergency Provisions Are Redundant and Risk Unintended Harm

Hawaii already has price-gouging laws in place. Additional restrictions may discourage dealers from bringing essential inventory into the state during emergencies.

5. HB 1666 Unfairly Targets Franchised New-Car Dealers

The bill singles out franchised dealers while excluding private sellers and used-vehicle transactions, creating an uneven regulatory burden.

Conclusion

HB 1666 is well-intentioned but misguided. It would reduce consumer choice, limit competition, and harm local businesses. For these reasons, on behalf of Jerry V's Auto Group and the communities we serve, I respectfully urge the Legislature to oppose HB 1666.

Respectfully submitted,

Jerry Romano

Owner & Dealer Principal
Jerry V's Auto Group
State of Hawaii

HB-1666

Submitted on: 2/3/2026 4:38:50 PM

Testimony for TRN on 2/5/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Aaris Berry	Kuhio Auto Group	Oppose	Written Testimony Only

Comments:

February 3, 2026

Re: STRONG OPPOSITION to House Bill 1666 — Relating to Motor Vehicles

Members of the Committee:

I submit this written testimony in strong opposition to House Bill 1666. This bill is fundamentally flawed, inequitable, and economically unsound. It unfairly targets a single, highly regulated industry for price controls that are not imposed on any other sector of the Hawai'i economy.

This measure is not well-intentioned consumer protection. It is selective regulation that imposes government-mandated price caps on automobile dealers while exempting all other industries an approach that is inconsistent, discriminatory, and dangerous as public policy.

1. Selective Price Controls Are Inherently Unfair and Set a Dangerous Precedent

HB 1666 imposes artificial pricing caps on licensed motor vehicle dealers while no comparable caps exist for any other private industry in Hawai'i, including healthcare, housing, utilities, construction, food distribution, or financial services.

If the State of Hawai'i does not cap prices in the medical industry, where costs directly affect life-saving care, then it has no principled basis to cap prices in the sale of consumer goods.

If healthcare pricing is not capped, nothing should be capped.
Selective price control is not consumer protection it is industry discrimination.

2. Auto Dealers Operate on the Thinnest Margins of Any Major Industry

Public perception often assumes automobile dealers earn excessive profits. The reality is the opposite. Franchise auto dealers operate on some of the lowest net profit margins in the economy, especially when compared to other industries operating in Hawai‘i.

Typical Net Profit Margin Comparison

Industry / Business Type	Typical Net Profit Margin
Franchise Auto Dealers (new & used vehicles)	~1–2%
Grocery Stores	~1–3%
Construction / Contractors	~5–10%
Professional Services (legal, accounting, consulting)	~10–25%
Financial Services / Asset Management	~15–30%+
Banking Institutions	~25–30%+
Healthcare Systems / Hospitals	Often double-digit margins on services

Automobile dealerships are already operating at the lowest end of the margin spectrum, yet HB 1666 singles them out for price controls while allowing significantly higher-margin industries to operate without restriction.

There is no economic or fairness justification for capping pricing in one of the *lowest-margin* industries while leaving the *highest-margin* industries untouched.

3. Constitutional Equal Protection Concerns

HB 1666 raises serious constitutional concerns.

By singling out automobile dealers for pricing restrictions while exempting all other retailers and service providers, the bill implicates equal protection principles by treating similarly situated businesses differently without a rational or consistent basis.

Motor vehicle dealers already operate under extensive state and federal regulation, mandatory disclosures, licensing requirements, and consumer-protection statutes. Imposing additional, industry-specific price controls—while leaving all other industries untouched—cannot be justified as neutral regulation.

4. One-Size-Fits-All Caps Ignore OEM Pricing Reality

HB 1666 is built on a flawed assumption that the margin between MSRP and dealer cost is consistent. It is not.

- MSRP-to-invoice margins vary widely by OEM, model, and trim.
- Some vehicles carry minimal or no margin at invoice.
- Dealer profitability often depends on OEM incentive programs, not sticker price.

Many of these incentive programs are volume-based, favoring large, high-volume dealers. Smaller, community-based dealers particularly on the neighbor islands cannot realistically achieve these thresholds regardless of efficiency or performance.

By limiting dealer pricing flexibility while ignoring OEM-controlled incentive disparities, HB 1666 places an unfair and disproportionate burden on smaller local dealerships, penalizing them for disadvantages entirely outside their control.

5. Disproportionate Harm to Neighbor-Island and Small Dealers

Neighbor-island dealers face realities this bill completely ignores:

- higher freight and shipping costs,
- longer inventory replenishment timelines,
- smaller market size and lower sales volume,
- limited access to OEM incentive thresholds, and
- higher per-unit operating costs.

Pricing flexibility is one of the few remaining tools available to small and neighbor-island dealers to remain viable. Removing that flexibility will not lower prices it will reduce inventory availability, limit consumer choice, and accelerate consolidation in favor of larger operators.

6. Emergency Pricing Restrictions Will Reduce Availability When Transportation Is Critical

The bill's emergency provisions ignore economic reality. During emergencies, dealers still face increased costs, supply disruptions, and constrained inventory.

Prohibiting pricing adjustments does not eliminate those pressures—it discourages inventory from entering the market. The predictable result is reduced vehicle availability when reliable transportation is most critical, especially on the neighbor islands.

Conclusion

HB 1666 establishes a dangerous precedent: selective government price control applied to one of the lowest-margin industries in the economy while exempting the highest-margin industries entirely.

It undermines free-market principles, disadvantages small and neighbor-island businesses, raises constitutional concerns, and ultimately harms consumers by reducing competition and choice.

If price caps are inappropriate for healthcare, banking, housing, and other high-margin industries, they are inappropriate for motor vehicle sales.

For these reasons, I strongly urge the Legislature to reject House Bill 1666 in its entirety.

Respectfully submitted,

Aaris Berry
General Manager
Kuhio Auto Group



February 5, 2026

Hawai'i State Legislature
House Committee on Transportation

Re: Testimony in **OPPOSITION** for HB1666, Relating to Motor Vehicles

Aloha Chair Kila, Vice Chair Miyake, and members of the committee,

On behalf of the Hawai'i Automobile Dealers Association (HADA), we are writing in **opposition** of HB 1666, relating to motor vehicles. This measure caps dealer markups on new vehicles at 5% above MSRP, prohibits any markup during a declared state of emergency, and bars added charges in dealer-financed sales that are not based on a buyer's credit or underwriting risk. It also requires dealers to keep markup records for at least three years.

HADA is concerned that these rigid pricing restrictions and financing limitations would interfere with lawful business practices, reduce dealers' ability to respond to supply shortages or unexpected operating costs, and ultimately limit vehicle availability for consumers—particularly in an island market that already faces higher transportation and inventory challenges. The bill's broad prohibitions and new disclosure and record-retention mandates outlined in HB 1666 would also impose significant administrative burdens on local dealerships, increasing compliance cost and putting businesses at risk.

Taken together, these impacts could place significant strain on local dealerships and affect their ability to continue serving communities across the state. Preserving a strong, competitive dealer network is essential to ensuring consumer choice, access to vehicles, and reliable service—especially in geographically isolated markets like Hawai'i.

In addition, prohibiting any markup during a state of emergency—regardless of real-world increases in logistics, staffing, or facility expenses—could discourage dealers from bringing vehicles into affected areas precisely when residents most need reliable transportation. HADA believes that existing consumer protection, emergency price controls, and unfair-practice laws already provide meaningful safeguards, and that HB 1666 risks unintended consequences without demonstrating that additional statutory caps are necessary.

For these reasons, HADA respectfully urges the committee to oppose HB 1666. Mahalo for the opportunity to testify.

The Hawai'i Automobile Dealers Association is the voice of 71 new car dealerships across the islands, accounting for over 4,000 direct jobs, \$6 billion total sales and more than \$250 million in general excise taxes paid.



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Representative Darius K. Kila, Chair
Representative Tyson K. Miyake, Vice Chair
House Committee on Transportation

Thursday, February 5, 2026; 9:30 A.M.
Conference Room 430 & Videoconference

RE: HB 1666 Relating to Motor Vehicles– IN OPPOSITION

Aloha Chair Kila, Vice Chair Miyake, and members of the committee:

Servco respectfully **opposes** HB 1666, which prohibits, for sales or offers for sale of new motor vehicles, markups in excess of five per cent of the manufacturer's suggested retail price, markups in excess of \$0 when specified in a proclamation declaring a state of emergency, and charges added to rates not based on the underwriting risk or credit characteristics of the consumer when dealers directly finance motor vehicle purchases.

Servco is concerned that these rigid pricing and financing restrictions would limit our ability to operate sustainably in an island market that already faces unique transportation, shipping, and inventory challenges. The measure would reduce flexibility to respond to supply shortages, fluctuating logistics costs, and other real-world conditions that directly affect vehicle availability for Hawai'i consumers.

The bill's broad prohibitions and new disclosure and record-retention mandates would also impose significant administrative and compliance burdens on local dealerships, diverting resources away from operations that directly benefit our customers and employees.

Prohibiting any markup during a state of emergency, regardless of increased costs associated with shipping, staffing, or facility operations, could further discourage dealers from bringing vehicles into affected areas at the very moment residents most need reliable transportation.

Servco remains committed to fair, transparent, and customer-focused business practices. However, HB 1666 risks unintended consequences that could reduce consumer choice, limit vehicle availability, and weaken the resiliency of Hawai'i's automotive market.

Thank you for the opportunity to express our concerns. We ask the Committee to hold this measure.

Peter Dames
President & CEO

TESTIMONY OPPOSING HB 1666

Relating to Motor Vehicles

Position: OPPOSE

Submitted by: Brandon Campbell, General Manager, KarMART of Maui

Aloha Chair, Vice Chair, and Members of the Committee:

I respectfully submit this testimony in strong opposition to HB 1666. While the bill is intended to protect consumers, it will instead harm Hawaii families, reduce vehicle availability, and impose unconstitutional and impractical restrictions on lawful private businesses.

1. The Bill Harms Consumers and Reduces Vehicle Availability

- 1 Arbitrary price caps discourage inventory from being shipped to Hawaii.
- 2 Limited supply leads to longer wait times and fewer choices for local families.
- 3 Rural and neighbor island consumers are impacted the most.
- 4 Dealers may be forced to reduce staffing or services, hurting warranty and safety support.

2. Constitutional Concerns

HB 1666 raises serious constitutional issues including due process and regulatory takings. Forcing private businesses to sell below market rates through mandated price controls interferes with economic liberty and property rights. Additionally, singling out automobile dealers while other industries remain unregulated raises equal protection concerns.

3. Emergency Pricing Restrictions Are Counterproductive

During emergencies, dealers experience higher costs, supply disruptions, and staffing challenges. Prohibiting markups entirely removes the flexibility needed to remain operational when communities rely most on transportation.

4. Excessive Administrative Burdens

The bill's record keeping mandates add unnecessary bureaucracy without meaningful consumer benefit. Resources should instead be directed toward customer service, safety repairs, and warranty support.

5. Better Alternatives Exist

- 1 Transparent disclosure of pricing and add-ons
- 2 Enforcement of existing consumer protection laws
- 3 Education to help buyers understand financing and vehicle pricing

Conclusion

For these reasons, I respectfully urge the Committee to defer or reject HB 1666. Healthy competition, transparency, and consumer choice — not government price controls — best serve Hawaii's families.

Mahalo for your consideration.

Respectfully submitted,

Brandon Campbell

General Manager, KarMART of Maui

Soderholm Sales and Leasing, Inc.
dba Söderholm Bus & Mobility



R, Erik Soderholm, Vice President, Soderholm Sales and Leasing, Inc., a local family licensed bus dealer, we are the only statewide licensed bus and commercial vehicle dealer in Hawaii. We sell buses and consumer mobility vehicles and adaptive vehicle equipment for disabled people. We are members of Hawaii Auto Dealers Assn but are not speaking for HADA.

We would like to note:

- HD 1666 is an existential threat to the entire motor vehicle industry in Hawaii,
- Motor vehicle dealers can not survive with only 5% margin, and pay the salaries, income taxes, property taxes, business insurance, employee health insurance and other expenses.
- Hawaii dealers often have to sell over MSRP due to extreme additional costs to operate in Hawaii compared to the mainland.
- May motor vehicles sold to consumers don't have an MSRP.
- Motor vehicle dealers are the few local businesses left in Hawaii. They are major contributors to employment. They will go out of business if this bill passes.
- This bill will create a huge need for compliance staff for the State to monitor dealers and review our finances. It's an infringement of private business financial management.
- Where does this State Socialism stop – house sale limits, restaurant meal price control, grocery store pricing etc.?
- Many motor vehicles sold in Hawaii to consumers do not have ocean freight paid/included in the manufacturer's destination charges, so the dealers have to pay this too.
- When this bill wipes out the motor vehicle industry in Hawaii the tax base will drop by millions which then can't support the government salaries.
- This bill violates both the State and U.S. constitutions, including the Equal Protective and Interstate Commerce clauses.
- Have the sponsors of this legislation ever run a business? Do they understand the expenses involved in running a business?

We urge the sponsors of this bill to pull it, and rethink?

Thank you for the opportunity to comment on HB 1666.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Erik Soderholm', followed by a long horizontal line.

R. Erik Soderholm, VP
Soderholm Sales and Leasing, Inc.

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HB-1666

Submitted on: 2/3/2026 5:44:32 PM

Testimony for TRN on 2/5/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
B.A. McClintock	Individual	Support	Written Testimony Only

Comments:

Please support this important bill. Mahalo.

HB-1666

Submitted on: 2/4/2026 2:46:39 AM

Testimony for TRN on 2/5/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Michelle R Stefanik	Individual	Support	Written Testimony Only

Comments:

I support this Bill. Please vote yes.

HB-1666

Submitted on: 2/4/2026 9:09:38 PM

Testimony for TRN on 2/5/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Jameson Huang	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB1666. There is consensus among economists that binding price ceilings cause numerous unintended effects and market distortions. For one, there would immediately be a shortage of new cars at the mandated lower price because consumers would demand more than the amount supplied. This would cause long lines at dealerships and a waste of resources spent by consumers searching for now-scarce cars. This bill would only potentially help those who are able to get in line first to obtain a new car, and those people are likely to be wealthy and well-connected to the dealership; hardly a desirable effect for lawmakers. Additionally, this would incentivize people who may not have been considering purchasing a new car to now try and purchase one because of the artificially lower price. This cannot be seen as beneficial at least from an environmental standpoint, where the production of new cars causes more pollution and ecological damage. More importantly, we would expect dealerships to shift inventory away from the islands because of the lower profit margins. This would exacerbate an already detrimental shortage, helping no one who wants a new car. And even if dealerships could survive with this bill in place, consumers would still pay in the form of hidden fees or financing schemes, helping dealerships to minimize losses.