

Automaker Tesla is opening more showrooms on tribal lands to avoid state laws barring direct sales

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A sign bearing the Tesla company logo is displayed outside a Tesla store in Cherry Creek Mall in Denver, Feb. 9, 2019. Mohegan Sun, a casino and entertainment complex in Connecticut owned by the federally recognized Mohegan Tribe, announced on Wednesday, July 26, 2023, that Tesla will open a showroom with a sales and delivery center this fall on its sovereign property. By doing so, it circumvents laws in states that bar vehicle manufacturers from also

being retailers in favor of the dealership model. Credit: AP Photo/David Zalubowski, File

Tesla is ramping up efforts to open showrooms on tribal lands where it can sell directly to consumers, circumventing laws in states that bar vehicle manufacturers from also being retailers in favor of the dealership model.

Mohegan Sun, a casino and entertainment complex in Connecticut owned by the federally recognized Mohegan Tribe, announced this week that the California-based electric automaker will open a showroom with a sales and delivery center this fall on its sovereign property where the state's law doesn't apply.

The news comes after another new Tesla showroom was announced in June, set to open in 2025 on lands of the Oneida Indian Nation in upstate New York.

"I think it was a move that made complete sense," said Lori Brown, executive director of the Connecticut League of Conservation Voters, which has lobbied for years to change Connecticut's law.

"It is just surprising that it took this long, because Tesla had really tried, along with Lucid and Rivian," she said, referring to two other electric carmakers. "Anything that puts more electric vehicles on the road is a good thing for the public."

Brown noted that lawmakers with car dealerships that are active in their districts, no matter their [political affiliation](#), have traditionally opposed bills allowing direct-to-consumer sales.

The Connecticut Automotive Retail Association, which has opposed such bills for years, says there needs to be a balance between respecting tribal sovereignty and "maintaining a level playing field" for all car dealerships in the state.

"We respect the Mohegan Tribe's sovereignty and the unique circumstance in which they operate their businesses on Tribal land but we strongly believe that this does not change the discussion about Tesla and other EV manufacturers with direct-to-consumer sales, and we continue to oppose that model," Hayden Reynolds, the association's chairperson, said in a statement. "Connecticut's dealer franchise laws benefit consumers and provide a competitive marketplace."

Over the years in numerous states, Tesla has sought and been denied dealership licenses, pushed for law changes and challenged decisions in courts. The company scored a victory earlier this year when Delaware's Supreme Court overturned a ruling upholding a decision by state officials to prohibit Tesla from selling its cars to directly customers.

At least 16 states have effectively changed their laws to allow Tesla and other direct-to-consumer manufacturers to sell there, said Jeff Aiosa, executive director of the Connecticut dealers association. He doesn't foresee Connecticut changing its law, noting that 32 "original equipment manufacturers," a list that includes major car companies like Toyota and Ford, currently abide by it.

"It's not fair to have an unlevel playing field when all the other manufacturers abide by the state franchise laws and Tesla wants this exception to go around the law," he said. "I would suggest their pivoting to the sovereign nation is representative of them not wanting to abide by the law."

Tesla opened its first store as well as a repair shop on Native American

land in 2021 in New Mexico. The facility, built in Nambé Pueblo, north of Santa Fe, marked the first time the company partnered with a tribe to get around state laws, though the idea had been in the works for years.

Brian Dear, president of the Tesla Owners Club of New Mexico, predicted at the time that states that are home to tribal nations and also have laws banning direct car sales by manufacturers would likely follow New Mexico's lead.

"I don't believe at all that this will be the last," he said.

Tesla's facility at Mohegan Sun, dubbed the Tesla Sales & Delivery Center, will be located at a shopping and dining pavilion within the sprawling casino complex. Customers will be able to test drive models around the resort. and gamblers will be able to use their loyalty rewards toward Tesla purchases.

Tesla also plans to exhibit its solar and storage products at the location.

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