

**THE CASE FOR REOPENING NEW CAR AND TRUCK DEALERSHIP SHOWROOMS  
FOR LIMITED, APPOINTMENT ONLY SALES ACTIVITY**

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***It is not too soon to start thinking about a phased, cautious, and carefully planned lessening of restrictions on certain retail businesses in New Jersey. The state's new car and truck dealers are ready at any time to reopen their showrooms "by appointment only" in order to give consumers the opportunity to shop safely, to offer test drives safely, to help jumpstart the economic recovery and restore tens of millions of dollars in sales tax and motor vehicle fee revenues lost to the State of New Jersey during the shutdown.***

New Jersey's neighborhood new car and truck dealerships offer the following set of detailed operating guidelines, which will allow dealership showrooms to reopen in a way that allows a gradual resumption of sales activity without posing a risk to the health and safety of consumers or dealership employees.

Under the State's current Executive Orders limiting retail business activity in the State, customers are required to shop for motor vehicles online and dealers are required to conduct all sales activity remotely or online. This accommodation has allowed dealers to assist some New Jersey consumers in need of a replacement vehicle---such as nurses and first responders with expiring vehicle leases or who own vehicles in need of uneconomical repairs---and who are not inhibited by a "contactless" vehicle sales process. However, motor vehicle sales are down 70 to 80 percent statewide. Based on these diminished sales volumes, NJ CAR estimates that the State is losing approximately \$4.5 million per day -- \$27 million per week -- in sales tax and motor vehicle fees ordinarily paid by dealerships on the sale of new and used motor vehicles.

Part of that decline in sales is attributable to the fact that many consumers in need of a vehicle simply will not purchase or lease one until they can see and touch it. Let us face it, motor vehicles are big-ticket items second only in cost to most consumer's homes. Without the ability to get out and physically "kick the tires", many consumers will opt to shoulder the cost of otherwise uneconomic repairs, or worse, drive an unsafe vehicle until they have an opportunity to shop the dealership.

"Appointment-only" sales are manageable for New Jersey's dealerships because average monthly foot traffic in the showroom is only about 230 customers. That amounts to less than 10 per day, assuming an average of twenty-five [25] sales days per month. Moreover, the typical new car dealership's showroom is unlike any other retail environment. The physical space required to display new cars and trucks is significantly greater than the space commonly used to display electronics, clothing or office supplies. As a result, the typical new car showroom in New Jersey is 7,500 square feet or more, which ensures ample space for social distancing between employees and customers.

Permitting dealers to open showrooms "by appointment only" will help increase vehicle sales and related government revenue without posing an increased threat to public health and safety to consumers or employees. Dealers will be able to ensure that all retail traffic on the

showroom floor is tightly controlled, and that all employee and customer interactions remain in strict compliance with the Governor's Executive Orders and related guidance published by the Centers for Disease Control and Prevention ("CDC") and the Occupational Safety and Health Administration ("OSHA").

It is worth noting that, if dealers are permitted to reopen showrooms by appointment, they must still comply with the exacting requirements of Executive Order 122 so long as that Order remains in effect. Indeed, since their brick-and-mortar service departments have remained open since the onset of the pandemic, dealers are already operating in accordance with Executive Order 122's requirements. Dealers can easily extend compliance with Executive Order 122 to showroom appointments. This would require:

- limit the total number of people in the showroom to 50% its maximum capacity;
- establish special showroom hours for high-risk individuals as defined by the CDC;
- impose infection control practices in the showroom, such as requiring frequent handwashing, gloves and face masks for employees and customers;
- maintain hand sanitizer dispensers and wipes for employees and customers in the showroom;
- limit access to common areas in the showroom;
- regularly and thoroughly clean the showroom, with an emphasis on high-touch areas, in accordance with federal and state guidelines;
- require all employees to stand at least six (6) feet from both coworkers and customers entering the showroom by appointment;
- stagger work start/stop times at the beginning and end of each shift and breaktime in the showroom to avoid employees entering or leaving the showroom and break areas at the same time;
- showroom employees who can remotely perform their duties, like back-office lead generators and other similar staff, will continue to work from home.
- transaction documents must continue to be electronically completed in a "contactless" manner to the extent possible;
- all required original "wet" signatures (e.g., all required signatures on documents submitted to the New Jersey Motor Vehicle Commission) must be obtained at the required 6-foot distance within the showroom;
- customers will be required to use their own pens to sign documents;
- dealers will adopt the same physical barriers, signage and lines of demarcation in their showrooms that have been implemented in their service departments pursuant to the requirements of Executive Order 122.

Moreover, to the extent dealers' brick-and-mortar service departments have continued to exchange possession of service customers' vehicles since the onset of the pandemic, they are already familiar with the CDC's recommended infection control protocol and disinfection processes as they apply to such vehicles. Those practices could easily be extended to a dealership's acceptance of trade-ins from a customer on a lease or purchase:

- limited product demonstrations during which customers are permitted to test drive vehicles alone;
- in anticipation of final delivery of a vehicle to a customer, there will be a required a waiting period to ensure potentially infectious respiratory droplets in the vehicle have settled, after which such vehicles will be cleaned with an appropriate disinfectant, taking care to focus on high-touch areas like the wheel, buttons, touch screens, door handles, grab handles, wiper and turn signal stalks and seat adjusters.
- keys will be cleaned, disinfected and placed in a plastic bag with deal documents before being provided to the customer, all the while maintaining the required social distance;
- all employees who clean vehicles that are traded in or test driven will wear personal protective equipment while doing so; and
- to the extent a customer will consent to receipt of electronic deal documents via a thumb drive or a secure electronic portal, that will be the preferred method of document transmission.

In sum, allowing showrooms to reopen by appointment only in accordance with the requirements of Executive Order 122 would benefit consumers, the State Treasury and the local economy served by New Jersey's neighborhood new car and truck dealers. It would pose no additional threat to the public health and safety of dealership employees or customers, as there really is no difference between what dealerships are permitted to do now in the service department and what we are suggesting here. We believe there is significant pent up demand on the sales side that cannot be satisfied under the current sales guidelines. To the extent consumers are ready to restart the car buying process – and we believe they are -- New Jersey's new car and truck dealers are ready to offer a safe and tightly controlled shopping experience.