

# NJ OKs new car dealer rule Tesla calls 'affront'

March 12 2014, by Bruce Shipkowski

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New Jersey motor vehicle officials have approved a regulation that would require all new car dealers to obtain franchise agreements to receive state licenses.

The regulation was adopted Tuesday. It effectively prohibits companies from using a direct sales model, which cuts out the middleman and takes vehicles directly to customers through smaller retail establishments.

Critics say the [regulation](#) will hamper the electric-car industry's attempts to expand in New Jersey.

Palo Alto, Calif.-based Tesla Motors is one of the electric-car firms that would be affected by the new rule. It calls the rule "an affront to the very concept of a [free market](#)."

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