

Tesla suing over Utah sales, says new bill has unfair limits

February 22 2016, by Lindsay Whitehurst

Tesla Motors said Monday that a new proposal to let the company sell its electric cars at a sleek Salt Lake City showroom puts unfair limits on their business and they're taking the fight to court.

The bill would let people come to the \$3 million showroom and buy cars, but it would force Tesla to ship each order to Utah rather than keeping an in-state [car](#) inventory, said Jim Chen, the company's vice president for regulatory affairs.

The company will instead focus on a lawsuit it filed before the Utah Supreme Court after the state refused to give it a license.

"If Utah is really about free markets, if it's really about innovation, if it's really about new business models that provide the consumers with choice, why would you restrict that?" Chen said.

Gov. Gary Herbert wants Tesla to be able to sell in Utah, even mentioning the company in his State of the State speech, and he's hoping lawmakers can work something out before the session ends, spokesman Jon Cox said.

The bill comes after established Utah car dealers pushed back against letting Tesla sell directly to customers.

Tesla built a showroom in Salt Lake City last year, but two weeks before its opening date in March, the Utah attorney general's office ruled that it

couldn't sell cars because state law blocks carmakers from owning dealerships.

Now, people can look at cars and get repairs there, but no one can buy, test-drive or discuss a car price.

Lawmakers took up the issue last year, but the proposed fix died after running into opposition from established car dealers and manufacturers. Dealers worried that other carmakers could bypass them and start selling directly to consumers too, and said Tesla should follow the same rules as others in the car industry.

But Tesla says that it can't sell its cars through traditional third-party dealerships because they have to convince customers its electric car is better than a typical [internal combustion engine](#), a pitch that would be a conflict for a dealer that also relies heavily on regular car sales.

The new bill from West Jordan Republican Rep. Kim Coleman would create a special dealership license to allow companies like Tesla to sell directly to customers online.

People could come to the showroom and check out the cars, then order them directly from a nearby computer.

Coleman could not be reached for comment Monday.

Tesla has faced similar roadblocks to selling its cars in several states with dealership laws like Utah's. In some of those states, legislators have been looking at ways to tweak laws and let the company operate.

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