

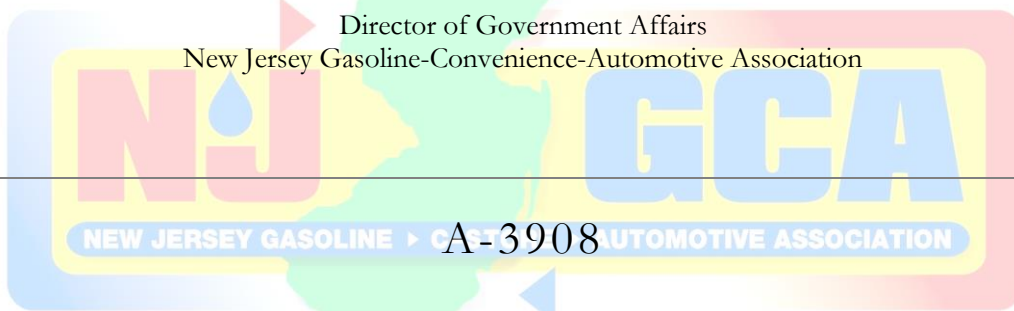
219TH NEW JERSEY LEGISLATURE
ASSEMBLY COMMERCE AND ECONOMIC
DEVELOPMENT COMMITTEE
HON. GORDON JOHNSON—CHAIR

TESTIMONY

ERIC BLOMGREN

Director of Government Affairs

New Jersey Gasoline-Convenience-Automotive Association



Oppose, Unless Amended

May 7, 2020

Testimony of Eric Blomgren

Chairman Johnson, members of the Committee, my name is Eric Blomgren, Director of Government Affairs for the New Jersey Gasoline, Convenience Store, Automotive Association (NJGCA), here representing nearly a thousand independent small businesses in this state and it is on their behalf that we oppose this bill as introduced, specifically the contents of Section 3.

Section 3 would effectively prevent, for months on end, all businesses from being able to collect payment for services rendered, or products sold. This is particularly concerning for our members who are independent auto repair shops. Their business depends on their reputation to their customers, and many will be understanding to loyal customers they have a relationship with if that customer says they are having trouble paying immediately for the full cost of repair work, particularly in light of the current crisis. But if the business owner knows they won't even be able to make a phone call asking for even a partial payment for months, then under no circumstances will they be making any repairs or releasing a newly repaired vehicle back to its owner until they have been paid in full. It is not a question of kindness, it is a question of survival for the business owner. Once the repair is made the parts have been used and the technician must be paid for his highly skilled labor, and that means the small business owner needs to be paid in order to keep the shop open.

While the title of the bill refers to consumers, we are also concerned that the definition of "affected person" used in the bill includes corporations and LLCs located in the state, and the inability to collect debts owed from other businesses would have the widest impact on our members. Both repair shops and motor fuel retailers have existing commercial accounts with a variety of other businesses to service their fleet vehicles and/or provide their fueling needs. When the bill comes due at the end of the month, those products and services have already been delivered to the client and these small businesses cannot survive without reimbursement. Profit margins for these small businesses are slim and they have already suffered a huge hit. In many cases, the "creditor" is a small business with a few employees and the "debtor" is a huge corporation with hundreds or thousands of employees.

Almost every business in the state has "suffered a financial hardship as a result of the coronavirus disease 2019 pandemic", to use the language in the bill. Even if all future transactions are shifted to cash-upfront-only situations, there will still be small businesses left with a loss that may mean they cannot survive the several months it will be before they can start asking for the money they are rightfully owed.

Auto repair shops and gas stations have rightfully been deemed essential services that must continue to operate even in the worst of situations. Despite being open throughout this shutdown, they have already seen massive drops in business. When we surveyed our members two weeks ago, 74% of both gas stations and auto repair shops had experienced a decline in sales of 65% or

more, and 40% of all auto repair shops and 32% of all gas stations had seen a drop of 80% or more. Their sales will not pick up until more of their customers are back on the road, and only 31% thought they could continue operating at their current levels for more than 4 weeks, most will need to cut operating hours in the near future. These small businesses are facing an existential crisis and the provisions of this bill will only make their situation worse.

We ask that you remove Section 3 from the bill. If it is included, we ask that you please vote No on the bill. Thank you.

