



REPRESENTATIVE MIKE HAWKER

ALASKA STATE LEGISLATURE ♦ DISTRICT 28

Anchorage ♦ Glen Alps ♦ Rainbow ♦ Indian ♦ Bird ♦ Girdwood ♦ Portage

House Bill 67 Sectional Analysis Work Draft v. E

Short Title: Product Warranties & Required Updates

Section 1: Enacts 45.45.772 – 45.45.788, which outline the obligations and duties of manufacturers, contractors, dealers, and distributors when providing “required services” which include warranty work, corrective work on defective products, or updates required by the manufacturers.

Sec. 45.45.772 If a dealer or distributor sells a product that has a manufacturer’s warranty in effect at the time the product is delivered to the dealer/distributor, requires the manufacturer to provide a standard written warranty on a product to the dealer/distributor and requires the dealer/distributor to pass it on to the ultimate purchaser. Also outlines the obligations of each party when a contractor provides warranty service for a product manufacturer: requires the contractor to comply with the manufacturer’s obligations under this statute and states that the manufacturer is responsible for the contractor’s actions.

Sec. 45.45.773 Prohibits the dealer or distributor from making a representation about a warranty that is not made in the warranty; requires the dealer/distributor to deliver operation and maintenance manuals to the ultimate purchaser as well as ensure that the purchaser knows the warranty, including all disclaimers and limitations.

Sec. 45.45.774 Requires the dealer/distributor to provide warranty service and to make all claims for warranty reimbursement in the manner established by the manufacturer.

Sec. 45.45.775 Prohibits a manufacturer from restricting the “nature or extent” of products provided or labor performed by a dealer/distributor if that restriction impairs a dealer’s/distributor’s ability to perform warranty work or manufacturer required updates in accordance with generally accepted standards. Specifically prohibits these restrictions being included in distributor agreement or restrictions on reimbursements.

Sec. 45.45.776 Requires the manufacturer to follow the process outlined in this bill and standard industry claim procedures when paying a dealer for required services.

Sec. 45.45.777 Outlines the basis for reimbursement for required services performed by a dealer/distributor on behalf of a manufacturer. Specifies the minimum labor rate for a technician who meets the standards in the distributor agreement. Requires a manufacturer to include time for specific tasks needed to “provide a

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INTERIM: 716 W. 4th Avenue, Anchorage, Alaska 99501 ♦ (907) 269-0244

Rep.Mike.Hawker@akleg.gov ♦ www.housemajority.org/hawker

quality result and customer satisfaction” and at least one hour for the administration of each warranty claim. Also requires the manufacturer to pay for transportation and lodging costs if the dealer/distributor has to send an employee to the field to perform the work.

- Sec. 45.45.778** Requires a manufacturer to reimburse a dealer distributor for parts used in required services at the manufacturer’s full suggested retail price.
- Sec. 45.45.779** If a part or product needed to perform a required service is not in the dealer/distributor’s inventory, requires the manufacturer to pay the cost for transporting the item to either the dealer/distributor that sold the product or the dealer/distributor closest to the ultimate purchaser, at the purchaser’s choice and specifies that the product shall be sent as soon as possible.
- Sec. 45.45.780** Requires payment for a properly submitted claim by a dealer/distributor within 30 days of receipt, unless a manufacturer issues a written notice of disapproval within that period. If claim is not paid and a written notice of disapproval is not received, interest accrues at 1.5% per month on the claim.
- Sec. 45.45.781** Requires a manufacturer’s written claim disapproval to be issued to the dealer/distributor within 30 days of receiving the claim and to state the specific reasons for disapproval.

“Lemon Law” Provisions:

- Sec. 45.45.782** Establishes a duty for the manufacturer, dealer or distributor to make necessary repairs to “conform the product to the warranty” when an ultimate purchaser reports a defect that is covered by the warranty.
- Sec. 45.45.783** Establishes a remedy for a product that cannot be repaired to conform to warranty after a “reasonable number” of repair attempts during the term of the warranty or one year after purchase, whichever comes first. The manufacturer must either replace the product with a new comparable product or refund an amount equal to the full purchase price minus a “reasonable amount” for the period that the purchaser was able to use the product, at the purchaser’s choice. Outlines how to calculate the “reasonable amount” for refund and specifies that the refund shall be made to the lienholder of the product, if there is a lien, or the ultimate purchaser if there is no lien.
- Sec. 45.45.784** Establishes a process for the ultimate purchaser to make a claim under 45.45.783 (established by this bill). The purchaser must make a written claim by certified mail to the manufacturer within 60 days of the end of the term of the warranty or one year after the purchase date, whichever comes first and outlines what must be in that written claim. Allows the manufacturer to make a final attempt to conform the product to the warranty within 30 days.
- Sec. 45.45.785** Provides exceptions to the replacement or refund requirement in AS 45.45.783 (established by this bill) if the claimed product defect is not a defect or the defect resulted from alteration, abuse or neglect by the purchaser or another person who is not the dealer/distributor.
- Sec. 45.45.786** Establishes a rebuttable presumption for “reasonable number of attempts” to remedy a defect in order to claim a replacement or refund in AS 45.45.783

(established by this bill): three (or more) separate attempts have been made to repair the defect or the product is out of service for repair at least 30 days where the manufacturer/dealer/distributor is available to perform the repairs.

Definitions for language enacted in this bill:

Sec. 45.45.787 Defines what products are covered by this legislation.

Sec. 45.45.788 Establishes what qualifies as a “warranty service.”

Section 2: Amends the definition of “merchandise” in AS 45.45.790 to include “products.”

Section 3: Adds definitions to AS 45.45.790 for terms used in this legislation.

Section 4: Applicability – specifies that this bill applies to agreements entered into on and after the effective date of this act.