

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 197
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB197-LAW-CIV-03-04-16
Title: MOTOR VEHICLE DEALER FRANCHISES
Sponsor: COGHILL
Requester: Senate Labor & Commerce

Department: Department of Law
Appropriation: Civil Division
Allocation: Commercial and Fair Business
OMB Component Number: 2717

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2017 Request	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **No**
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial version, not applicable.

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Division: Administrative Services Division	Date: 03/04/2016 09:06 AM
Approved By: Craig W. Richards, Attorney General	Date: 03/04/16
Agency: Department of Law	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. SB 197

Analysis

SB 197 would amend AS 45.25 (Motor Vehicle Transactions) to add provisions regulating the relationship between motor vehicle manufacturers and their franchise dealers. The bill would enact certain provisions on the ability of motor vehicle manufacturers to terminate dealer franchise agreements, place the burden of proof to show good cause for terminating a franchise agreement on the manufacturer, and would set out events and circumstances which constitute good cause for terminating a franchise agreement. The bill requires certain procedural requirements to be met before termination of a franchise agreement, and it lists specific events which constitute "good cause" for termination of the franchise. The bill also requires the manufacturer to reimburse the dealer for certain costs incurred by the dealer, and to pay the dealer for various parts, equipment, facilities, and other property if the franchise is terminated.

The bill also sets out requirements for the sale or transfer of a franchise, places limits on the ability of a manufacturer to withhold consent to a transfer of a franchise, and provides a notice requirement when a manufacturer seeks to enter into a franchise with a new motor vehicle dealer within an existing dealer's market area. The bill also requires the manufacturer to provide the dealer with schedules of compensation for various service and warranty work, and it provides a court procedure which allows a dealer to bring a declaratory action in superior court to determine whether the "good cause" requirement has been met when a manufacturer seeks to terminate a franchise.

Section 16 of this bill would enact AS 45.25.300 to set out certain practices that a manufacturer may not engage in notwithstanding the terms of the franchise agreement. These practices include pricing, marketing, allocation of parts, delivery, shipping of motor vehicles, operation of service facilities, use of information, etc.

The Department of Law would not be responsible for enforcement of these provisions and expects no fiscal impact to the department should this bill become law.