



P.O. Box 201305  
Anchorage, Alaska  
99520-1305

February 25, 2016

The Honorable John Coghill  
Alaska State Capitol  
Juneau, Alaska 99801-1182

RE: Senate Bill 197 Relating to Motor Vehicle Dealer Franchises

Dear Senator Coghill:

Thank you for introducing Senate Bill 197. The Alaska Auto Dealers Association strongly supports this legislation.

This bill recognizes that small Alaskan auto dealers need assistance in dealing with large national and international manufacturers, many of whom do not appreciate nor express a willingness to accommodate the many geographical and small population centers that make up the state of Alaska.

This bill brings to Alaska updates already adopted by other states.

This measure addresses what constitutes good cause for termination, discontinuation and nonrenewal of franchise agreements, by imposing good faith requirements upon the manufacturers, including reasonable performance goals and supplying inventory. It updates notice requirements in cases of termination of franchise agreements, and sets out required procedures for severing the relationship and returning inventory to the manufacturer, including the return of vehicles, parts, and signage previously required by the manufacturer. It specifies the franchisee's responsibility to mitigate any damages during the termination process. It also addresses the sale, transfer or exchange of franchises.

This bill contains provisions allowing dealers to provide warranty work for consumers over 100 miles from the dealer or in locations not accessible by road. This provides better protection for the consumer, as it will allow warranty work to be accomplished at a lower cost and with less disruption to the consumer. It also establishes a procedure for determining fair compensation to dealers for warranty work, including parts and labor, sets out rules governing manufacturer audits.

SB 197 establishes procedures governing succession planning for dealerships in Alaska. This is critically important to help our local business owners pass the business to family members

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or long-time senior management thus maintaining Alaskan ownership. In addition, it contains provisions governing the establishment of new and relocated dealerships under terms more appropriate for rural states rather than large urban centers.

We believe that SB 197 brings fairness and balance to Alaska's motor vehicle franchise law and updates that law to deal with the current status of Alaska auto dealerships.

Sincerely,

Tim Toth  
President.