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February 20, 2017

The Honorable Senator Kevin Meyer

Alaska State Senate

State Capitol, Room 103

Juneau, Alaska 99801

RE: Senate Bill 47

Dear Senator Meyer,

I am writing to express my support and solicit your support for Senate Bill 47. This bill addresses many of the inequities in the relationship between dealers and manufacturers in the automotive industry, in Alaska. Our state is behind the majority of the country in the passing of this type of legislation. Our late arrival, as a state, to pass similar legislation should have provided ample examples of the value of this bill across the country and lend to the validity of its content and value for the people of Alaska. This bill provides protections and remedies that will allow us, as new car auto dealers, to better care for our customers in our state, provide stable footing to pass on the efforts of our work to our successors or heirs, and give us a level playing field against unfair practices.

I am a new owner of a small Nissan store in Fairbanks. I am proud to be one of only 7 remaining Alaskan owned new car dealerships. I will labor to succeed as a dealer and hope that my efforts may be passed on to my children (4<sup>th</sup> generation Alaskans) should they show the interest and aptitude to succeed me in my business. If I am successful with my store and see an opportunity to grow my company, manufacturers may obstruct my efforts to purchase additional brands. They may also obstruct my desire to pass those stores on to my heirs. I believe that it is worth noting that most manufactures own multiple brands. ( Ex. Chevy/GMC, Toyota/Lexus, Ford/Lincoln, Chrysler/Dodge.) Clearly manufactures see the benefits of owning multiple brands. This bill would give us greater protections in the event that we as dealers, follow suit.

Manufactures can require upgrades, that if not completed, decrease my ability to compete with larger more liquid stores. Currently I am being asked to paint my shop floors. This enhancement to the shop would quickly be destroyed by studded tires. The floors are to be inspected twice per year to maintain eligibility for additional funds from the manufacturer. The cost for this work exceeds the amount of money produced by my service department in a single year and will not last a year. Even if I were to repaint the floors twice per year, it is not financially viable to heat the shop to a temperature that would allow for timely curing of the application in our cold winters without shutting down our shop for an excessive period of time. All of these things put my franchise at risk.

I strive to provide world class care for our customers here in Fairbanks. Our arctic winter temperatures provide significant challenges. Our winter temperatures create large amounts of warranty work. When the cold weather strikes and my garage is full of vehicles needing warranty work. I am dictated to by the manufacturer as to what they will pay, and how much diagnostic time they will pay for, if they will pay for any diagnostic time at all. The capacity of my shop to

turn a profit is materially challenged by the decreased rate we are forced to accept. This provides a management challenge. The challenge is to remain profitable while suffering some of the highest energy costs in the country and balancing the need to properly diagnose a problem to correctly fix a customer's vehicle with the lost revenue to do so resulting from the manufactures discounted rates and policies.

I can provide examples of how each section of this bill is needed by the dealers in our state. In the interest of time I will simply state that this bill, as it is written, is in the best interest of the people of Alaska, both dealers and consumers. It is my hope and request that you and your colleagues vote to pass this bill.

My sincere thanks.

Lester Nichols

Member Manager

Fairbanks Nissan LLC