

# Fiscal Note

State of Alaska  
2017 Legislative Session

Bill Version: SB 56  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB056-LAW-CIV-03-03-17  
Title: PRODUCT WARRANTIES & REQUIRED  
UPDATES  
Sponsor: GIESSEL  
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)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>OPERATING EXPENDITURES</b>	<b>FY 2018</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

**Estimated CAPITAL (FY2018) 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If yes, by what date are the regulations to be adopted, amended or repealed?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:

Not applicable, initial version.

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Division: <u>Administrative Services Division</u>	Date: <u>03/03/2017 09:37 AM</u>
Approved By: <u>Jahna Lindemuth, Attorney General</u>	Date: <u>03/03/17</u>
Agency: <u>Department of Law</u>	

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2017 LEGISLATIVE SESSION

BILL NO. SB 56

### Analysis

SB 56 would amend AS 45.45 to add warranty provisions for tools and commercial motor vehicles designed to be used primarily for construction, road building, mining, oil and gas projects and other uses, but not including motor vehicles subject to registration in Title 28, which primarily covers vehicles driven on the roads.

The bill will require a manufacturer (through its distributor or dealer) to provide the purchaser a copy of any warranty in effect at the time of delivery of the product. If a manufacturer contracts with a third party for warranty service, the manufacturer is still responsible for warranty obligations.

If a product is defective and is covered by a warranty, the manufacturer must pay the dealer or distributor to make repairs, and must get repair parts to the dealer without charge for freight or handling. If a product cannot be repaired, the manufacturer must provide a refund (minus an amount for reasonable use) or replacement. Amounts deducted for "reasonable use" are limited to depreciation (based on a straight-line seven year schedule), neglect or abuse, and "body damage."

The bill requires three unsuccessful repair attempts before a claim for a refund or replacement can be made.

The bill includes a provision that requires a manufacturer to pay a dealer or distributor to perform required updates or repairs, and pay all costs associated with the update, including transportation and lodging for personnel required to perform the update.

Labor rates charged for warranty repairs and updates are also restricted to not more than the highest of (1) non-warranty rates, or (2) manufacturer's printed flat rates, or (3) rate established by a flat rate manual.

Warranty claims made by a dealer must be paid in 30 days unless the manufacturer issues a written notice of disapproval. The bill provides that if a manufacturer does not provide such notice or make repairs in 30 days, the failure is considered an acceptance of the claim as submitted, and the claim begins accruing interest of 1.5 percent per month.

The bill adds the new sections of Title 45 (AS 45.45.772-45.45.778) to AS 45.50.471, making a violation of any provision of the bill a violation of AS 45.50.471 (unlawful acts and practices).

The Department of Law expects no fiscal impact on the department if this bill should become law.