

ALASKA STATE LEGISLATURE

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North to the Future

Senator Cathy Giessel
Senate District N

Sentate Bill 56 **Version A**

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, and updates required by manufacturers. For simplification of this sectional, the word “dealer” is used instead of “dealer or distributor,” the phrase that appears in the bill.
- Sec. 45.45.772** Requires a dealer to provide any manufacturer’s warranty in effect at the time of sale to the purchaser. Outlines the obligations of each party when a contractor provides warranty service on behalf of the manufacturer.
- Sec. 45.45.773** Requires a dealer to explain the warranty coverage, including disclaimers, and limitations; prohibits a dealer from making a representation about a warranty that is not made in the warranty; and requires the dealer to provide manuals to the purchaser.
- Sec. 45.45.774** Requires the dealer 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 labor or parts that are needed to perform the work in accordance with generally accepted standards.
- 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** Establishes the minimum compensation for work performed by a dealer on behalf of a manufacturer. Specifies the minimum rate and time for labor costs. Also requires the manufacturer to pay for transportation and lodging costs if the dealer has to send an employee to the field to perform the work.
- Sec. 45.45.778** Requires a manufacturer to reimburse a dealer for parts used at the manufacturer’s full suggested retail price.

- Sec. 45.45.779** If a part needed that is not in the dealer’s inventory, requires the manufacturer to pay the cost to send the item, as soon as possible, to the purchaser’s choice of either the dealer that sold the product or the dealer closest to the purchaser.
- Sec. 45.45.780** Requires the manufacturer to pay or disapprove a claim within 30 days or it is considered approved and accrues a penalty of 1.5% per month.
- Sec. 45.45.781** Requires a manufacturer’s claim disapproval to be in writing and issued within 30 days of receipt of the claim.

“Lemon Law” Provisions:

- Sec. 45.45.782** Requires the manufacturer or dealer to repair a product defect that is covered under warranty when reported by the purchaser.
- Sec. 45.45.783** If a product cannot be repaired after a “reasonable number” of attempts during the term of the warranty or one year after purchase, whichever comes first, requires the manufacturer to 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. The purchaser can choose whether to get a new product or refund. Outlines how to calculate the “reasonable amount” for a refund.
- Sec. 45.45.784** Establishes a process for the purchaser to make a claim under 45.45.783. 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. Outlines what must be in that written claim. Allows the manufacturer to make a final attempt to fix the item within 30 days.
- Sec. 45.45.785** States that the manufacturer does not have to replace/refund if the claimed product defect is either not a defect or resulted from alteration, abuse or neglect by a person who is not an authorized dealer.
- Sec. 45.45.786** Creates a rebuttable presumption that if the product has been in the shop for repairs three separate times or for 30 days during the warranty period or first year of ownership, whichever is shorter, a “reasonable number of attempts” to fix the product has been made.

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 “covered products” – a term used in this bill.
- Section 3:** Adds definitions to AS 45.45.790 for terms used in this legislation.
- Section 4:** Adds violations to the provisions in Section. 1 to the list of unfair methods of competition and unfair or deceptive acts or practices found in AS 45.50.471
- Section 4:** Applicability – specifies that this bill applies to agreements entered into on and after the effective date of this act.