



ASSOCIATION OF
EQUIPMENT MANUFACTURERS

AGRICULTURE
CONSTRUCTION
FORESTRY
MINING
UTILITY

Senator Mia Costello
Chair, Senate Labor & Commerce Committee
State Capitol, Room 504
Juneau, AK 99802

March 3, 2017

Dear Chairwoman Costello:

I write you on behalf of the Association of Equipment Manufacturers (AEM), the North American-based international trade association representing over 950 companies in the off-highway machinery market. AEM members contribute \$18 million to the state economy in Alaska.

AEM is opposed to SB 56, which would alter treatment of heavy equipment warranties. It is an unnecessary intrusion into the business relationship between an equipment manufacturer and the retail dealer. This is bad public policy that offers no benefits to consumers in Alaska.

Almost all equipment manufacturers distribute their products through independent dealers located throughout the world. Over the decades, these manufacturers and their dealers have developed close business relationships that have stood the test of time and the marketplace. The contracts that have evolved are a function of the type of products, the nature of their markets, and their combined experience.

These mutually agreed upon contracts are balanced to share the duties and responsibilities in such a way that both parties can make their best contributions toward a long-term relationship to work out isolated disagreements and conflicts that may arise and not seek wide sweeping legislative solutions.

One of the cornerstones of equipment warranty reimbursement and administration programs is incentivizing dealers to make vital, customer-driven product support investments.

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Recently, this committee was presented a similar and controversial bill, SB 47, which seeks special protections for franchise automobile dealers in Alaska. Advancing SB 56 sets a precedent for creating special protections for all products covered by manufacturer warranties. If the legislature approves special legislation to assist car dealers or heavy equipment dealers, how can it turn away lawn mower dealers, snow blower businesses, washing machines, computers, vacuum cleaners, etc.? Each of these is sold under similar warranties under similar dealer franchise laws. It will become a substantial problem for the legislature if the committee allows this legislation to advance.

These types of bills are not about consumer protection. Quite the opposite--they are about increasing the advantage that one side of a private business has over another. In fact, if passed, this bill will likely harm the consumer in a misguided effort to enrich a few determined equipment dealers seeking special treatment under the law.

We respectfully ask you to oppose SB 56 and allow the private parties to work out their private business issues.

Respectfully submitted,

Nick Yaksich
Senior Vice President, Government and Industry Affairs

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