



Alaska State Legislature

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House Bill 36 Sponsor Statement – Version B

“An Act relating to an application for a license to operate as a dealer in motor vehicles; and requiring a dealer in motor vehicles to maintain liability and property insurance.”

House Bill 36 strengthens Alaska’s motor vehicle dealer license requirements by modernizing the statute and incorporating reasonable standards for obtaining a motor vehicle dealer’s license without creating barriers to entry into the field or restricting competition.

Alaska’s current requirements for obtaining a motor vehicle dealer’s license are some of the least stringent in the nation. Under current law, a motor vehicle dealer in Alaska must register biennially by filling out an application, pay a \$50 registration fee, and maintain a surety bond of \$50,000. By way of comparison, the requirements for a motor vehicle dealer’s license in other states are more stringent:

- Oregon – Chapter 822 of Oregon State Statutes provides for civil penalties for acting as a vehicle dealer without a certificate, the processes of applying for and maintaining an automobile dealer license and related exemptions, requirements and privileges, grounds for revocation, suspension, or cancellation of the dealership certificate, and further defines illegal practices and associated penalties.
- Delaware – Title 21, Chapter 63 of the Delaware State Statutes provides for proof-of-location requirements and recordkeeping, license expiration and renewal procedures, retainment of bill of sale records for a period of at least five years, and grounds for revocation of dealer licenses.
- Texas – Title 14, Subtitle A, Chapter 2301 of the Occupations Code provides for public interest information and complaint procedures, licensing requirements, license expiration and renewal, dealer operations, grounds for license revocation as well as procedures for complaint hearings, judicial review, and penalties.

Purchasing a car may be one of the largest investments a consumer makes in their lifetime, so we need to ensure that reasonable standards for becoming a dealer are in place as well as financial protections should the sale not work out.

House Bill 36 updates the surety bond requirement – which hasn’t been changed in 20 years – to \$100,000 to stay in line with the current economics of the automobile industry. Furthermore, it requires that dealers obtain liability insurance. There is currently no requirement that dealers carry liability insurance even though Alaska requires drivers to have liability insurance for their vehicles—and dealers may allow uninsured drivers to take cars for test drives. It also limits ownership of persons who have been convicted of felonies for fraud or embezzlement within five years of the application date. Finally, it requires dealers with employees to confirm that they are aware of associated workers comp coverage requirements.