

**CS FOR HOUSE BILL NO. 499(JUD)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SECOND LEGISLATURE - SECOND SESSION**

**BY THE HOUSE JUDICIARY COMMITTEE**

**Offered: 4/22/02**

**Referred: Rules**

**Sponsor(s): HOUSE JUDICIARY COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1    **"An Act declaring legislative intent to reject the continuity of enterprise exception to the**  
2    **doctrine of successor liability adopted in Savage Arms, Inc. v. Western Auto Supply, 18**  
3    **P.3d 49 (Alaska 2001) as it relates to products liability; providing that a successor**  
4    **corporation or other business entity that acquires assets of a predecessor corporation or**  
5    **other business entity is subject to liability for harm to persons or property caused by a**  
6    **defective product sold or otherwise distributed commercially by the predecessor only if**  
7    **the acquisition is accompanied by an agreement for the successor to assume the liability,**  
8    **results from a fraudulent conveyance to escape liability for the debts or liabilities of the**  
9    **predecessor, constitutes a consolidation or merger with the predecessor, or results in the**  
10   **successor's becoming a continuation of the predecessor; defining 'business entity' that**  
11   **acquires assets to include a sole proprietorship; and applying this Act to the sale, lease,**  
12   **exchange, or other disposition of assets by a corporation, a limited liability company, a**

1 **partnership, a limited liability partnership, a limited partnership, a sole proprietorship,**  
 2 **or other business entity that occurs before, on, or after the effective date of this Act."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** The uncoded law of the State of Alaska is amended by adding a new section  
 5 to read:

6 **LEGISLATIVE INTENT.** The legislature declares that it is the intent of this bill to  
 7 reject the continuity of enterprise exception to the doctrine of successor liability adopted in  
 8 *Savage Arms, Inc. v. Western Auto Supply*, 18 P.3d 49 (Alaska 2001) as it relates to products  
 9 liability.

10 \* **Sec. 2.** AS 09.68 is amended by adding a new section to read:

11 **Sec. 09.68.070. Liability of successor for harm caused by defective**  
 12 **products.** (a) Notwithstanding any other provision of law to the contrary, a successor  
 13 corporation or other business entity that acquires assets of a predecessor corporation or  
 14 other business entity is subject to liability for harm to persons or property caused by a  
 15 defective product sold or otherwise distributed commercially by the predecessor only  
 16 if the acquisition

17 (1) is accompanied by an agreement for the successor to assume the  
 18 liability;

19 (2) results from a fraudulent conveyance to escape liability for the  
 20 debts or liabilities of the predecessor;

21 (3) constitutes a consolidation or merger with the predecessor; or

22 (4) results in the successor's becoming a continuation of the  
 23 predecessor.

24 (b) In (a) of this section, "business entity" includes a sole proprietorship.

25 \* **Sec. 3.** The uncoded law of the State of Alaska is amended by adding a new section to  
 26 read:

27 **APPLICABILITY.** This Act applies to the sale, lease, exchange, or other disposition  
 28 of assets by a corporation, a limited liability company, a partnership, a limited liability  
 29 partnership, a limited partnership, a sole proprietorship, or other business entity that occurs  
 30 before, on, or after the effective date of this Act.