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SENATOR KEVIN MEYER MAJORITY LEADER

TO: Representative Kurt Olson, Chair
House Labor & Commerce Committee

FROM: Senator Kevin Meyer 

DATE: March 12, 2012

RE: **SB 125 Sectional Analysis**

Following is the Sectional Analysis for SB 125, an “Act relating to certain vehicles, including trailers; and relating to motor vehicle dealer sales of used motor vehicles, motor vehicle sales contracts, motor vehicle service contracts, and motor vehicle sales financing.” This Sectional Analysis has been developed with the Department of Law.

Sectional Analysis

Section 1. Clarifies the “MSRP” shown on the federal Monroney sticker is the manufacturer’s suggested retail price, and not the dealer’s advertised price. Also clarifies what items are included by the manufacturer in arriving at MSRP as shown on the Monroney sticker, and allows dealers to advertise a savings or discount from the MSRP.

Section 2. Requires that the dealer’s advertised price must include all dealer fees and costs except fees paid to a governmental agency such as taxes and licensing fees.

Section 3. Removes disclosure requirement regarding use of MSRP in advertising, and removes subsection dealing with price advertising that is covered in Section 1 to amendment to AS 45.25.400(b).

Section 4. Requires dealers use nationally recognized valuation publications (such as Kelly Blue Book or N.A.D.A. Official Used Car Guide) as the retail value when advertising comparative pricing for used cars. Requires that this pricing information be provided to consumers upon request.

Section 5. Removes section now covered in Section 2 amendment to 45.25.440; allows dealer to make vehicle identification information available in the advertisement or at the dealership – this resolves the problem of impossible to read small print on television advertising; and renumbers sections of 45.25.460(a). (This renumbering requires the amendment in Section 8)

Section 6. Changes the word “verified” to “signed” so the information provided by an individual to a dealer need not be notarized.

Section 7. Allows a dealer to have a vehicle on the sales lot and show it to customers prior to having all required paper work, but prohibits sale of the vehicle until the dealer has all required paperwork in its possession.

Section 8. Renumbering amendment so reference in 45.25.520 is consistent with renumbering in Section 5.

Section 9. Clarifies that the sales contract will be void if the dealer or the financing institution changes terms of a separate agreement relative to financing.

Section 10. Provides for responsibility of a buyer to return a vehicle if financing is not approved and the responsibility of dealer to return a trade-in delivered to the dealer.

Section 11. Establishes responsibility of a buyer to return a vehicle if the financing is denied as a result of intentional misrepresentation in the credit application, including mileage fee if over 100 miles are put on the vehicle and responsibility for damage to the vehicle, parking tickets, towing fees, storage fees, impound fees, and other similar charges incurred by the buyer while the vehicle was in possession of buyer.

Section 12. Clarifies motor vehicle service contracts as contracts with all essential provisions for administering.

Section 13. Provides that changes affect contracts entered into on or after the effective date of the act and provides definitions for terms used in several sections.

For Section 7 - Motor vehicle is defined in 45.25.590(3) "motor vehicle," notwithstanding the definition of "motor vehicle" in AS 45.25.990, means a vehicle, including a trailer, that is required to be registered under AS 28.10, but does not include a motorcycle.

For Section 12, Service contract is defined in 45.25.990 (18) "service contract" means an optional agreement that is separate from a contract for the sale of a motor vehicle and that covers certain repair or maintenance functions beyond coverage provided by a warranty.

For Section Sections 9, 10, 11, and 12, Motor vehicle is defined in 45.25.990 (12) "motor vehicle" means a motor vehicle that is required to be registered under AS 28.10, but does not include a motor home, a recreational vehicle, or a motorcycle; in this paragraph,

(A) "all-terrain vehicle" has the meaning given in AS 45.27.390;

(B) "recreational vehicle" includes an all-terrain vehicle and a snow machine;

(C) "snow machine" has the meaning given in AS 45.27.390.