



January 21, 2024

Representative Jesse Sumner, Chair
House Labor and Commerce Committee
State Capitol, Room 421
Juneau, AK 99801

RE: HB 233 – Relating to rates and time allowances for required motor vehicle work

Dear Chair Sumner and members of the Committee:

I am writing today in support of HB 233 –relating to rates and time allowances for required motor vehicle warranty repair work. My name is Tim Toth and I am the General Manager for Kendall Toyota/Lexus and represent the Kendall Automotive Group in Alaska. We have dealerships in Kenai, Anchorage, Wasilla, and Fairbanks. Kendall employs over 500 people across the state and have sold and serviced 100,000s vehicles in Alaska. I've lived in Alaska since 1988 and have been in the Alaska car business since 1992. Our manufacturers on the other hand do not employee anyone in Alaska.

Manufacturers mandate dealers to fix their errors in the form of warranty and recall at large discounts to the Alaskan Dealers and our employees for both the time and parts required to fix the manufacturers' faulty work.

Alaskan Dealers are forced to make up those significant losses at the expense of Alaskans – consumers, employees, and employers. Our technicians who perform the warranty and recall work are paid for only the number of hours the Manufacturer determines this work *should* take.

We commonly find the job takes twice as long as the manufacturer says it will. This means the technician and dealer essentially have their hourly pay discounted because the job takes longer than what the manufacturer has decided the warranty should pay to complete the work – the work the consumer is entitled too.

The effect of the manufacturers' time discounting affects the dealer and our technicians pay check and costs have to be shifted to other non-warranty work.

Additionally, manufacturers use part number trickery to avoid paying the Dealership what non-warranty customers pay for the exact same part. The manufacturer will send a warranty or recall part that is exactly the same as the non-warranty part, but assigns a different part number or identifier at a substantially discounted price.

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Additionally, the manufacturer requires constant training for technicians authorized to perform the warranty and recall work. Those costs are born by Alaskan Dealers. As new techs enter the field and new models and technologies come out Dealer's face penalties if they don't keep up with training. The expenses of lost production time, flying to the lower 48, hotels, food, and rental cars are substantial and staggering for a shop with 20 technicians.

Technicians buy their own tools as well. It's common for techs to have \$40,000 to \$100,000 of their own tools in the dealership.

The reward to the dealership and highly trained technician? They get to do warranty and recall jobs for discounted pay – a loss.

HB 233 will keep these dollars in Alaska's economy by having the manufacturers pay the fair compensation to Alaska's dealers and technicians for fixing their mistakes. Right now, those dollars go to the manufacturer's shareholders never even entering Alaska's economy.

Thank you for taking the time to learn more about the Alaskan Auto Dealers' concerns. I've tried to keep the letter brief and look forward to working with you and the Committee to address this concern.

Thank you for your consideration of HB 233, I strongly urge your support in passing this important protection for Alaskans.

Sincerely,

Tim Toth, General Manager
Kendall Automotive Group in Alaska

cc: Representative Frank Tomaszewski, Sponsor

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