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THE OFFICIAL DEALERSHIP OF LIFE IN ALASKA

Date: March 25, 2024

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

RE: HB 233 – Response to Auto Manufacturers' Testimony

Chairman Sumner and Committee Members,

Adam Ison, Nick Kilpatrick, Mike Lefever, Daniel Martin, Ross Brooks, Randy Meeks, Timothy Bates, Kyle Bussey, John Frizzell, Jordan Hayward, Mathew Gardner, Vern Higham, Brady Sause, Terry Kihn, and Ben Shauble. A combined total of over 104 years automotive technician experience that have left my dealership because they could not make a living performing warranty work in Alaska. Manufacturers maintain their warranty times are accurate, if that is in fact the case then why are so many technicians leaving dealerships to go to independents or leaving the field altogether? Who are we to believe, Alaskan technicians with boots on the ground doing the work day in and day out or the "factory" tech who does a repair 3 or 4 times under ideal conditions. Additionally, dealers have asked manufacturers to share their time studies so that we can learn how to meet or beat posted warranty times, to date none of these studies have been provided. Again, I ask if posted warranty times are true and accurate, why will manufacturers not provide the studies so that field technicians can become as efficient as those doing the studies?

Representatives from the Auto manufacturers have testified that most warranty work is done on new vehicles. That is not the full story, for instance the basic warranty on a 2024 Nissan Titan is 5yrs/100,000 miles, Ford powertrain warranty is 5yrs/ 60,000 miles, Hyundai 5yr/60,000-mile basic warranty, Chevrolet 5yrs/60,000 powertrain warranty, and Dodge 5yr/60,000 powertrain warranty. These represent the warranty that is standard with each vehicle purchase. In many cases the manufacturers offer additional warranty that will extend the time and mileage that a

vehicle is covered and often follows the same labor hour guide lines that the basic warranty requires.

Manufactures have implied that if this bill passes technicians will not see any increase in pay. That is patently false, the number of hours a job pays directly impacts how much a technician is paid. Under the current model if a warranty job pays 9 hours the tech is paid 9 hours at his/her hourly rate. Now imagine if that same warranty job pays 29 hours, the tech in turn gets paid 29 hours at his/her hourly rate. For example, if a tech's hourly rate is \$35 per hour times a 9-hour warranty job that =s \$315 in tech pay; conversely if the job pays 29hrs @ \$35 per hour that equals \$1015 in tech pay. That is a \$700 increase in technician pay. Do you honestly believe that the technicians that have testified before you would be advocating for this bill if it was not going to positively impact their wages?

As to the premise that this bills only purpose is to boost profits for the dealers. The opposition has thrown around the 74% profit number, yes that sound like a lot but that number is does not consider the entirety of payroll or overhead. According to statistics the average net profit margin for dealership is 1 to 2 %. Let's talk real profits, Ford Motor Company adjusted gross income for 2023 was 10.4 billion dollars, (Detroit Free Press 2/7/24), Toyota \$27.6 billion-dollar net profit for 2023 (Toyota news room 2/6/24), General Motors \$10.1 billion-dollar net profit 2023 (Detroit News 1/30/24), and Stellantis \$20 billion-dollar net profit 2023 (Detroit News 2/15/24). Will the passage affect the dealers bottom line? Of course, it will but as demonstrated by the passage of the Illinois Multiplier Act, most of the gains will be passed directly to technicians and dealership employees.

It has also been said that if this law passes dealers are going to raise prices on Alaskan consumers. The reality is that the only ones who are speaking of raising prices on Alaskan consumer are the manufactures. The GM representative testified when this legislation passes GM will be raising vehicle sales prices on Alaskan consumers anywhere from 600-1000 dollars.

As a result other states have adopted language prohibiting such practices by Manufacturers to shift their responsibilities to the local consumers.

In closing I would like to ask you help boost pay for technicians and increase retention in Alaskan dealerships. And not listen to high paid factory representatives who have no real interest in Alaksa and its workers and who's only job is to squash legislation such as this.

Thank You for consideration,



Susan Hicks
Service Director
Genes Chrysler

CC: Frank Tomaszewski, Sponsor