

ALASKA STATE LEGISLATURE

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SPONSOR STATEMENT FOR SB 47

"An Act relating to motor vehicle franchises, motor vehicle transactions, motor vehicle dealers, motor vehicle manufacturers, and motor vehicle distributors."

SB 47 updates Alaska's statutes dealing with franchise agreements between Alaska's auto dealers and outside auto manufacturers. There is often a "one size fits all" approach to these franchise agreements. SB 47 would bring the auto dealer franchise agreements in line with what exists in other states by addressing six main areas.

1. Address what constitutes good cause for termination or nonrenewal of franchise agreements by adopting good faith standards for the manufacturers, including reasonable performance goals and supplying inventory.
2. Update notice requirements in cases of termination or nonrenewal of franchise agreements and set procedures for returning inventory to the manufacturer, including vehicles, parts, and signage previously required by the manufacturer.
3. Establish procedures to determine fair compensation to dealers for warranty work, governing manufacturer audits, and allowing dealers to provide warranty work for consumers over 100 miles from the dealer or not accessible by road.
4. Establish procedures governing succession planning for dealerships.
5. Provide terms appropriate for rural states rather than large urban centers governing the establishment of new and relocated dealerships.
6. Address the sale, transfer or exchange of franchises.

Should SB 47 pass, it will bring Alaskan auto dealers franchise agreements up-to-date with standards adopted by other states, add language for Alaska specific circumstances, and provide protection to Alaskan businesses and consumers.