

# Fiscal Note

State of Alaska  
2017 Legislative Session

Bill Version: HB 136  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB136-LAW-CIV-03-10-17  
Title: MOTOR VEHICLE DEALER FRANCHISES  
Sponsor: CLAMAN  
Requester: House Transportation

Department: Department of Law  
Appropriation: Civil Division  
Allocation: Commercial and Fair Business  
OMB Component Number: 2717

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2017) cost:** 0.0 (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY2018) cost:** 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

## Why this fiscal note differs from previous version:

Not applicable, initial version.

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Agency: Department of Law

Phone: (907)465-3674  
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## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2017 LEGISLATIVE SESSION

BILL NO. HB 136

### Analysis

The bill proposes revisions to AS 45.25.110 through AS 45.25.120, motor vehicle transactions, by inserting a new section, AS 45.25.115, relating to the standard of good cause for terminating franchise agreements between automobile dealers and manufacturers and placing the burden of proof in a good cause determination on the manufacturer. The bill amends AS 45.25.120 by prohibiting a manufacturer from terminating a franchise agreement unless it proves certain factors relating to underperformance by the dealer. The manufacturer must provide notice to the dealer, provide specific performance standards or goals with a timetable for reaching the goals of not less than 180 days, and supply the dealer with an adequate supply of new motor vehicles. A new section is added for termination by a dealer (AS 45.25.135). AS 45.25.140 is repealed and reenacted to revise payment obligation on termination.

AS 45.25.150 would be repealed and reenacted to provide payments for dealership facilities upon termination. A new section, AS 45.25.155 would address application of the payment provisions changed in the previous sections. AS 45.25.160 is proposed to be repealed and reenacted to revise the terms of sale, transfer or exchange of a franchise. A new section, AS 45.25.165, would add a duty to mitigate damages for the dealer upon termination. AS 45.25.170 would be repealed and reenacted to revise rules for succession while AS 45.25.180 would be repealed and reenacted to revise the terms for creation of new dealerships or relocation of existing dealerships. The bill proposes a new sections (AS 45.25.185) providing for court action allowing a dealer to seek a declaratory judgment of whether good cause exists in superior court, a new section (AS 45.25.200) provides for payment and approval of claims submitted to a manufacturer by a dealer for repairs performed under warranty and other circumstances, a new section (AS 45.25.210) providing for rates for warranty and other work, a new section (AS 45.25.220) providing for the performance and reimbursement of certain repairs, and a new section (AS 45.25.230) providing that discontinuation or reduction of a motor vehicle line may be considered a termination of the franchise agreement by the dealer.

The bill repeals and reenacts AS 45.25.30, unfair practices by a manufacturer of a motor vehicle.

The Department of Law does not anticipate a fiscal impact to the department from this legislation.