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February 6, 2017

The Honorable Kevin Meyer

State Capital Room 103

Juneau, Alaska 99801

Dear Senator Meyer,

I am an automotive retailer in Juneau, Alaska. I have over 40 years' of both retail and manufacturer experience and I am writing in support of SB 47. I have been a member of the board of directors for the Alaska Auto Dealers Association since its inception and served as its President. In addition to the Alaska Auto Dealers board, I sit on the board of directors for the National Auto Dealers Association. In 1999 I was named as the first Alaskan to receive the Time Magazine Quality Dealer Award.

I along with my partners operate Mendenhall Auto Center here in Juneau. We have been in business for 29 years, are the oldest Chrysler dealer in the state, and now represent five manufacturers in our community.

Because of my tenure in our state I was involved in the original dealer bill that was created over twenty years ago. That statute has had minor modifications over the years, but has not kept current with the issues facing both dealers and consumers today.

The first comment that may come from anyone who is looking at this type of legislation is "why does the legislature need to be involved at all?" The answer is quite simple as federal anti-trust regulations prohibit new vehicle automotive retailers from organizing to negotiate with vehicle manufacturers.

New vehicle sales and service agreements provided to retailers by manufacturers are unilateral contracts (i.e.; take it or leave it). It is for this reason that dealers must look to the Legislature to provide reasonable relief for what may otherwise become unreasonable demands.

Further, the manufacturers tend to broadly interpret the agreement to favor their current desire or business model. In certain instances, programs and policies may change on a whim or simply with the change of upper or middle management.

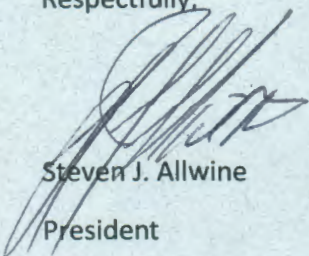
SB 47 is not unique legislation. Most, if not all the items proposed in SB 47 have been enacted in other states. Despite what may be represented by the Automotive Alliance this bill is not breaking new ground.

There are six areas SB47 serves to address:

1. 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. Updates notice requirements in cases of termination or nonrenewal of franchise agreements and sets procedures for returning inventory to the manufacturer, including vehicles, parts, and signage previously required by the manufacturer.
3. Establishes procedures determining 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. Establishes procedures governing succession planning for dealerships.
5. Provides terms appropriate for rural states rather than large urban centers governing the establishment of new and relocated dealerships.
6. Addresses the sale, transfer, or exchange of franchises.

I wish to make one other point. The Alaska Auto Dealers Association is comprised of both new and used vehicle dealers. It is often perceived that these companies are "major corporations". With one exception in our state, these businesses are still family owned and operated.

Respectfully,



Steven J. Allwine
President