



Alaska State Legislature

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Work Draft for Committee Substitute to House Bill 136 Version R

“An Act relating to motor vehicle franchises, motor vehicle dealers, motor vehicle manufacturers, and motor vehicle distributors.”

Sponsor Statement

House Bill 136 updates Alaska statutes dealing with franchise agreements between Alaska’s auto-dealers and the automobile manufacturers and distributors. The need for a change in franchise agreements became apparent after the 2008 market crash when General Motors and Chrysler terminated roughly 2,000 dealerships. As of 2016, Alaska dealerships directly or indirectly employed 6,876 people. In the same year, car sales accounted for 14.1% of total retail sales in Alaska. House Bill 136 recognizes the contributions of auto-dealers and manufacturers to Alaska’s economy and updates Alaska statute to update protections for both.

The work draft – CS HB 136 Version R - is a product of extensive negotiations between the Alaska Automobile Dealers Association and the Alliance of Automobile Manufacturers. Both groups have worked together to find solutions that protect the consumer, protect the investments of Alaska’s auto-dealers, and maintain the brands of the manufacturers.

House Bill 136 updates statutes relating to warranty repair work, requiring a manufacture to pay for warranty work at a competitive rate that is consistent with the retail rate for non-warranty work. It also outlines the requirements for warranty repairs for consumers who are 100 miles or more away from a dealership. The bill expands upon dealership terminations. It sets out good cause for terminations and sets out the manufacturers and auto-dealers’ financial responsibilities during terminations. The bill also updates the provisions and terms for transferring or selling a dealership. Manufactures may not unreasonably prevent the transfer of a dealership to someone who meets their standards. Manufacturers may use the right of first refusal except in circumstances involving the transfer of a dealership to family members or managing employees owning more than 15% of the dealership. Lastly, the bill defines certain unfair practices.

House Bill 136 brings the auto dealer franchise agreements in-line with similar laws in other states. It is the intent that with this legislation, we may provide support for an industry that services and employs thousands of Alaskans.