

CHEVROLET
OF SOUTH ANCHORAGE
A LITHIA STORE

February 9th, 2024

Senator Jesse Bjorkman, Chair
Senate Labor and Commerce Committee
State Capitol, Room 9
Juneau, AK 99801

RE: SB 144 – Relating to rates and time allowances for required motor vehicle work

Dear Senator Bjorkman and members of the Committee:

I am writing today in support of SB 144 – relating to rates and time allowances for required motor vehicle warranty repair work.

My name is David Raff, Executive Manager of Chevrolet of South Anchorage. Our store has 68 employees that sell, service and maintain automobiles for our neighbors and fellow Alaskans. I have been with Lithia Motors for 15 years and have proudly served Alaskans at our South Anchorage location for 7 years. With over 35 years in the automobile business and thousands upon thousands of customers assisted; I am happy that Alaska has become my home and with it the ability to help further the careers of my employees as well as help people with one of the most necessary requirements of Alaskan life, transportation.

This bill is extraordinarily important for a multitude of reasons, but primarily it comes on the wings of big corporate automobile manufacturers' massive push to cut the costs of servicing customers vehicles by whittling down the allowed time paid to perform a job. This push to cut costs has many major detrimental effects-

1. Creates an environment that precipitates a "race to the bottom" for performing a job in as fast and hurried means possible to appease manufacturer repair standards. This harms the ability for a customer to get the best repair possible by emphasizing speed instead of quality. As manufacturers analyze clocked time by technicians in this environment, they continually revise these repair times down as technicians hurriedly complete their jobs, further exacerbating the issue. Customers deserve the ability to get their vehicle fixed right the first time and SB 144 helps technicians make sure the job is done right the first time and that the customer gets back on the road safely.

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2. Technicians completing the repairs pay a price too. Not only does a technician working as fast as possible increase the likelihood for error, it also increases the likelihood of workplace injury and wear/tear on a technician's body. As an example, it is common for a diesel engine repair on a GM truck to involve lifting the cab off of the frame of a vehicle to get better access to the engine compartment, yet manufacturers continually push to eliminate this practice to cut repair time and instead suggest that a technician sprawl across the top of an engine on the engine bay itself and reach down to get access for repair. These suggestions are ridiculous and in no way is something a technician could do for hours each day without having negative physical impact. SB 144 provides for fair repair times based on competitive repair evaluation times and gives technicians a much-needed breath to ensure a complete repair, but also a repair that is done in a safe manner.
3. Technician pay and dealership revenue are a more important thing to the local economy than big corporate manufacturer profits. Clearly when looking at the quarterly earnings reports of big manufacturers such as GM, they are not hurting for profit, yet a squeeze on local earnings and growth is a real thing. SB 144 helps protect our local employees and local businesses from corporate greed and the continual grind between a withering consumer and strengthening corporate power.

Alaska must continue its position of being a state that is welcome to business and the hard-working employees that want to raise their families here. The only way to do this is by passing significant legislation such as SB 144 that makes it an easier decision for a skilled technician to call Alaska home. We not only must only protect the vital resource of our born in Alaska population and do everything we can to keep them in our great state, but also entice other hard-working Americans from the lower 48 to call Alaska home to help ensure economic growth and stability.

SB 144 is essential for our automobile technicians but also to the Alaskans that require good work to keep them on the road in our demanding climate. Thank you for your consideration of SB 144, and I request your support in passing this legislation that is clearly so important for our beautiful state, our families, and our neighbors.

Regards,



David Raff

Executive Manager

Chevrolet of South Anchorage

GENE'S



DODGE

Jeep



RAM

THE OFFICIAL DEALERSHIP OF LIFE IN ALASKA

Date: January 30, 2024

Senator Jesse Bjorkman, Chair

Senate Labor and Commerce Committee

State Capital, Room 9

Juneau, AK 99801

RE: SB 144 – Relating to rates and time allowances for required motor vehicle work

Dear Chair Sumner and members of the Committee:

I am writing to you in support of SB 144- as it relates to rates and time allowances required for vehicle warranty repair work.

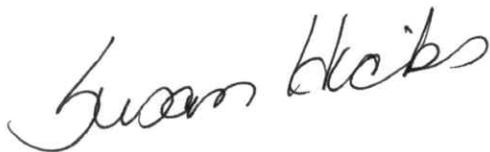
My name is Susan Hicks and I am the Service Director at Genes Chrysler in Fairbanks Alaska. I have lived in Alaska since 1998 and have been employed by Genes since 1999. Genes employs 75 full time employees.

This Bill is important for several reasons. First, it is important that Alaskan workers be compensated fairly for the work they do. Dealership technicians who perform warranty repairs are paid less than their counter parts performing the same repair for an Independent Repair facility. For instance, to replace an engine in a Ram 1500, warranty would pay the technician 9.1 hours. An Independent facility would pay a technician 29.8 hours to perform that same repair. This fact alone makes it harder for Dealerships to attract and keep qualified technicians, as they can make more money working for an Independent Facility. Second, Manufacturers require technicians to be "Factory Trained" in order for the Dealership to be reimbursed for any warranty repair. However, that training is done at the sole expense of the Dealership. Independent facilities have no such requirements. Last year, Genes Chrysler spent approximately \$52,559.18 for Factory Training. Lastly, the Manufacturer requires Dealers to

have specific tools. Those tools are simply sent to the Dealer and the Dealer is billed. Independent facilities can choose which tools they buy, and Dealer can not. If you add the expense of training and specialty tools together, Dealerships face an economic hardship that is simply not there for an Independent Facility.

In closing, requiring Manufactures to pay the same rates and time allowances as a retail customer will allow Dealers to attract and maintain skilled Alaskan Technicians.

Thank you for your consideration of SB 144, I strongly urge your support in passing this important protection for Alaskans.

A handwritten signature in cursive script, appearing to read "Susan Heits".

CC: Senator Matt Claman, Sponsor

WARRANTY REPAIR ORDER

			Work Phone	R/O Open Date	R/O Number
			Home Phone	R/O Close Date	Cross Reference #
			907-888-0122	10/31/23	Original
			Body	Mileage In	Mileage Out
Year	Make	Model	License Number	Service Advisor	
2019	RAM	1500 (5.7L)			
Vehicle Identification Number			Color	Delivery Date	In-Service Date
1C6SRFMT5KN674700			SILVER	4/30/22	9/05/19
MARC					

DESCRIPTION OF SERVICE AND PARTS	COST	AMOUNT
<p>noticeable on cold start. removed valve covers to inspect rocker arms for looseness, found exhaust rocker arm loose on cylinder 7. removed left cylinder head, found lifter plunger collapsed, causing ticking noise. no damage to rocker arms or pushrod. necessary to replace lifter packs and related gaskets.</p> <p>replaced left lifters in accordance with service procedure. changed oil and bled cooling system. test drove to verify repair. 09850107 4.2 hrs, 07FF0150 0.3 hrs, 09FF0350 0.1 hrs</p> <p>after replacing lifters, noise present masked by failed lifter. rod knock present under load and at cold idle. removed oil pan and inspected rod and main bearings. found unusual wear on rod journal and scoring on rod bearing. determined internal restriction in passages causing localized oil starvation. replace long block</p>		

#11 *MR ENG: ENGINE /ENGINE PERFORMANCE DIAG AND REPAIR

ADDED OPERATION
Cust concern after lifter replacement tech found vehicle lower end rod knock . Replace long block
Op: 09017022: 09017022

ADDED OPERATION
Tech: 231 9.10hrs @

Op: 0901016G:
ADDED OPERATION
Tech: 231 0.30hrs @

Op: 07FF0150:
ADDED OPERATION
Tech: 231 0.30hrs @

Op: 09FF0350:
ADDED OPERATION
Tech: 231 0.10hrs @

Op: 09017077: ENGINE
ADDED OPERATION
Tech: 231 2.30hrs @

Op: 21FF0555:

ACCOUNT #	LABOR
	PARTS
METHOD	SUBLET
	SHOP SUPPLIES
	SALES TAX OR TAX I.D.
RECEIPT #	DEDUCTIBLE
	TOTAL DUE

SIGNATURE **X**

2021 Dodge or Ram Truck RAM 1500 Truck 4WD V8-5.7L

Vehicle > Engine, Cooling and Exhaust > Engine

PARTS AND LABOR

Parts	OEM PART #	PRICE
Engine		

Engine	NOT SERVICED	0.00
Long Block	68409357AA	5805.00
Lower Overhaul Gasket Kit	68223390AB	265.00
Short Block	NOT LISTED	0.00

Cylinder Head & Valves		
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Valve Grind Gasket Kit	68417512AB	143.00
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Labor	SKILL	WARRANTY	STANDARD
Remove & Replace			

Engine			
Engine, R&R	B	0.0	24.8

Includes: Transfer Of All Fuel & Electrical Units. Does Not Include Transfer Of Optional Equipment.

Engine, R&R

NOTE (Optional Labor)

With Skid Plate, Add			0.2
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Long Block, R&R	B	0.0	29.8
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Includes: R&I Engine And Replacement Of All Necessary Components.

Long Block, R&R

NOTE (Optional Labor)

With Skid Plate, Add			0.2
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Short Block, R&R

See Long Block, R&R.		0.0	
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Includes: R&I Engine And Replacement Of All Necessary Components.

See Long Block, R&R.

NOTE (Optional Labor)



Senator Jesse Bjorkman, Chair
Senate Labor and Commerce Committee
State Capitol, Room 9
Juneau, AK 99801

RE: SB 144 – Relating to rates and time allowances for required motor vehicle work

Dear Chair Bjorkman and members of the Committee:

I am writing today in support of SB 144 – relating to rates and time allowances for required motor vehicle warranty repair work.

I am Aaron Seekins, Customer Relations Manager of Seekins Ford Lincoln, our family-owned dealership in Fairbanks. We currently employ around 90 employees at our location.

Seekins Ford Lincoln, was founded by my father in 1977. We have grown from around 30 employees to as many as 100 in the 44 years of operation.

Over the years we have serviced thousands of customers with a full service of automotive options. We have a sales, service, parts, body shop and Quick Lane all at our location.

Why it's important:

- This bill is a consumer protection bill for all Alaskans.
- This bill will help us retain employees and is important for Alaskans.
- This bill helps the dealerships with competitive wages for technicians therefore lessing the hardship of customers not being able to service their vehicles in a timely manner.
- This bill helps the dealerships to continue to offset the high cost of training technicians to Manufacture requirements. Many of the training certifications require the technician to travel out of state, all at the expense of the dealership.
- This bill keeps dollars in Alaska's economy instead of sending it Outside. We can continue to hire local technicians, pay them competitive wages and keep them from leaving this great state.

Thank you for your consideration of SB144, we strongly request your support in passing this important protection for Alaskans.

Aaron Seekins

Seekins Ford Lincoln, Inc.
907-459-4000

CC: Senator Matt Claman, Sponsor



CONTINENTAL

ACURA HONDA MAZDA NISSAN SUBARU VOLVO

January 9, 2024

Senator Jesse Bjorkman, Chair
Senate Labor and Commerce Committee
State Capitol, Room 9
Juneau, AK 99801

RE: SB 144 – Relating to rates and time allowances for required motor vehicle work

Dear Senator Bjorkman and members of the Committee:

My name is Marten Martensen, I am the owner of Continental Auto Group in Anchorage, AK. I was born and raised in Anchorage and have worked for Continental Auto Group for the past 24 years. I believe it's important that I give you a little background of Continental Auto Group, so you understand who we are and where we started and why we support SB144. CAG was started in 1972 as a service repair facility by two technicians Bahne Martensen and Peter Adolf. In the past 53 years CAG has grown to 5 stores and 5 franchises including Subaru, Honda, Acura, Mazda and Nissan. We have 250 employees. We have customers on every corner of Alaska, often shipping cars to Kodiak, Utqiagvik and King Salmon to name a few. We have sold well over 50,000 cars since 1972 and service over 50,000 vehicles per year.

SB144 will allow franchise car dealers to charge the manufacturers "Retail" labor time for warranty work. Currently the manufacturers decide what they deem as fair labor times for warranty work. Our technicians do not like to do warranty work because they do it at discounted labor times decided by the manufacturers. In essence they lose money doing warranty work versus ordinary "Retail" of customer pay. "Retail" labor time is determined by car dealers using guides such as "Chilton's" to determine fair labor time for repairs. On the other hand, "Warranty" labor time is forced upon us by the manufacturers and is heavily discounted.

In today's business environment car dealerships are struggling to retain and recruit technicians. The manufacturers recognize this but do very little to help. The mining and oil industries are recruiting our technicians at alarming rates, and we are in a constant battle to retain them. By allowing us to charge "Retail" time our technicians will earn more and even the playing field that is today's market.

Thank you for your consideration of SB144, we strongly request your support in passing this important protection for Alaskans.

Sincerely,

Marten Martensen

CC: Senator Matt Claman, Sponsor

February 3rd 2024

Senator Jesse Bjorkman, Chair
Senate Labor and Commerce Committee
State Capitol, Room 9
Juneau, AK 99801

RE: SB 144

Dear Senator Bjorkman and members of the Committee:

I am writing in support of SB 144. This relates to the rates and time allowances for required motor vehicle warranty repair work. The passing of this bill is not only a benefit for the numerous dealerships that operate in the great state of Alaska but also to our repair technicians and their families, with an increase in their pay this will increase the dollars they spend here in Alaska.

Manufacturers being required to pay the same labor hours as a customer pay repair increases the dealership income as well, this helps us pay for required manufacturer training, special tools and of course one of the largest benefits is the ability to retain technicians who are becoming more and more scarce it seems in today's world. SB 144 would allow us to compete with independent shops where technicians after receiving thousands of dollars' worth of training from a new car dealership are often recruited by these independent shops who are collecting a higher payment from customer pay work vs the pay that is allotted by the manufacturer thus paying the technician more money.

My name is James King, and I am the General Manager of Lithia Chrysler Jeep Dodge Ram of Wasilla. I have 28 years in the retail auto industry and personally believe the view from my dealership is the absolute best in the country, I invite you to stop by next time you are in the area and see if you disagree! My dealership employees between 40-50 Alaskans who love this state and would love to see the state encourage the manufacturers to step up and pay the fair hours and rate that any customer off the street would pay.

Thank you for your consideration of SB 144, I urge you to support the passing of this bill that supports and protects Alaskans and Alaskan businesses.

Sincerely

James King

General Manager
Lithia Chrysler Jeep Dodge Ram Wasilla
907-215-6391

jking@lithia.com





9600 Old Seward Hwy.
Anchorage, AK 99515

February 9, 2024

Senator Jesse Bjorkman, Chair
Senate Labor and Commerce Committee
State Capitol, Room 9
Juneau, AK 99801

RE: SB 144 – Relating to rates and time allowances for required motor vehicle work

Dear Senator Bjorkman and members of the Committee:

I am writing today in support of SB 144 – relating to rates and time allowances for required motor vehicle warranty repair work. My name is John Okoniewski and I am the General Manager of Lithia Chrysler Jeep Dodge Fiat of Anchorage. I have been the manager of this location for 6 years. My dealership employs 60-80 employees on average, with that number growing every year. We are a large domestic dealership in Alaska, with a thriving service department, with huge growth potential.

With the passing of this bill, we would be able to keep more money in Alaska's economy. Our technicians would be paid customer pay hours for warranty jobs, which would increase their paychecks, thus increasing their spending power in Alaska.

With manufacturers paying the same labor hours as a customer would, it increases the dealership's income as well, which helps pay for required manufacturer training, required special tools and technician retention. We are in competition with independent shops that do not have the expense of required manufacturer training, special tools or the lowered income of a manufacturer paying less labor than a customer. They are able to pay a higher flat rate wage to technicians because of this. It is not unusual to spend thousands of dollars to train a technician, only to have them leave for an independent shop that can pay a higher flat rate wage.

Thank you for your consideration of SB144, I strongly request your support in passing this important protection for Alaskans.

A handwritten signature in black ink, which appears to be "JOA", followed by the date "2/9/24". A long, thin diagonal line is drawn across the signature and date.

John Okoniewski
General Manager
Lithia Chrysler Jeep Dodge Ram Fiat of Anchorage
CC: Senator Matt Claman, Sponsor

BMW of Anchorage



January 19th 2024

Senator Jesse Bjorkman, Chair
Senate Labor and Commerce Committee
State Capitol, Room 9
Juneau, AK 99801

Dear Senator Bjorkman and members of the Committee:

I am writing today in support of SB 144 – relating to rates and time allowances for required motor vehicle warranty repair work. I am Joshua Swan Parts Department Manager of BMW of Anchorage. I have 4 employees in my department in a dealership of over 40. I've lived in Alaska for 20yrs. I've been with Lithia for 7yrs, working with our Kia location for 4 of those, and our BMW location for the most recent 3, serving thousands of Alaskans.

SB 144 will help Alaska's economy, by keeping money in our state, rather than sending outside. It helps with some of the hardships seen by the manufacturers under paying our staff, combined with the raging inflation we've seen recently. The cost of recruiting, training, and retaining technicians is at an all-time high. Finding technicians or those wanting to become technicians, who're relied on to keep families on the road, is increasingly difficult because manufacturers choose to underpay, making the prospect of the trade unappealing.

Thank you for your consideration of SB144, I strongly urge/request your support in passing this important protection for Alaskan workers, and in turn drivers.

Joshua Swan | Parts Manager | BMW // MINI of Anchorage

Company

BMW of Anchorage

Office Address

730 E. 5th Avenue
Anchorage, AK 99501

Telephone

(907) 646-7500

Facsimile

(907) 646-7510



2610 S Cushman Street
Fairbanks, AK 99701
(907) 452-1701

2 February 2024

Senator Jesse Bjorkman, Chair
Senate Labor and Commerce Committee
State Capitol, Room 9
Juneau, AK 99801

RE: SB 144 – Relating to rates and time allowances for required motor vehicle work

Dear Chair Bjorkman and members of the Committee:

I am Les Nichols, owner, and general manager of Fairbanks Nissan in Fairbanks Alaska. I am writing today in support of SB 144 – relating to rates and time allowances for required motor vehicle warranty repair work.

My dealership is one of only 5 new car dealerships in the state that continue to be locally owned. I employ 33 people in my store and of that 33, 12 of them would be protected by this bill from the unfair practice of discounting time, that manufacturers are currently allowed to impose on our businesses, service department, and employees.

This bill will also protect Alaskan consumers from service costs that are driven up by the manufacturers discounting of time.

In simple terms, the manufacturers believe that they deserve to dictate how much time they are going to pay for a technician to complete a warranty repair. According to my manufacturers time guide, they will pay for 1.5 hours of labor for a technician to complete the replacement of a strut assembly on a 2017 Maxima. AllData, an independent time guide, quotes the job at 1.7 hours. In this example the manufacture receives a discount of roughly 12%. If both the right and left front assembly need to be replaced my manufacturer will only pay for a total of 1.9 hours. Please keep in mind the left and right side take the same amount of time to complete because it is the same operation twice. This means on twice the work they help themselves to a 44% discount on the total job.

If a technician were to do the same job at an independent repair facility they would be paid for full price of the job. This creates a competitive disadvantage for new car dealers. Many technicians will not work for new car dealers because they do not want to be paid less for doing work for the manufacturers.

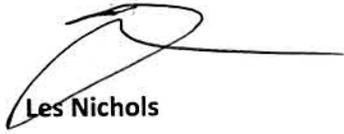
When the manufacturers publish discounted times, it means that the technician is paid fewer hours. The service manager and the service-writers pay is also reduced. Additionally, as a dealer I have to raise the prices charged on work billed directly to our local customers to offset the self-decided discounts that the manufacturer imposes on us.

The question I pose to you as a representative of the people of Alaska is, why do manufacturers deserve the right to pay our technicians, service writers, service managers for fewer hours than the industry charges? More importantly why should Alaskan consumers be left paying higher prices to subsidize these discounts?

It is my position that technicians in new car franchise stores should not be forced to accept half as much pay as a technician at an independent repair facility. It is my position that Alaskans should not have to pay for the rate increases

that are necessary to offset the cost of these discounts that are unilaterally imposed by the manufacturers. Finally, it is my position that we should not be forced to send the value of our work out of our state and our local communities to line the pockets of multinational manufacturing companies.

I again ask for your support for SB 144 to protect Alaskan businesses, workers, and consumers.

A handwritten signature in black ink, appearing to read "Les Nichols". The signature is stylized with a large, sweeping initial letter and a long horizontal line extending to the right.

CC: Senator Matt Claman, Sponsor



2610 S Cushman Street
Fairbanks, AK 99701
(907) 452-1701

Alaska Auto Dealers Association

2610 S Cushman St.

Fairbanks AK 99701

2 February 2024

Senator Jesse Bjorkman, Chair
Senate Labor and Commerce Committee
State Capitol, Room 9
Juneau, AK 99801

RE: SB 144 – Relating to rates and time allowances for required motor vehicle work

Dear Chair Bjorkman and members of the Committee:

I am Les Nichols, and I am writing to support SB 144 in my capacity as the president of the Alaska Auto Dealers Association.

The AADA is a statewide association of both new franchise and independent used car dealers. We represent auto dealers across Alaska by promoting best practices, providing communication on the state of the automotive industry in Alaska, and representing dealers' concerns to our elected officials.

We, as new car dealers, advocate for consumers in Alaska in cases of factory recalls, service bulletins, warranty repairs, lemon law buybacks and goodwill repairs.

The franchise agreements that we signed are governed by federal anti-trust laws. We are not allowed to negotiate directly with manufacturers by association without being in violation of federal law. Individually we are each too small to have any weight in any individual negotiations with our manufacturers. For that reason, we must come to you when we see a need for state franchise law revision.

This bill is important to protect Alaskan businesses, workers, and consumers from the manufacturers practice of unilaterally discounting the amount of time they will pay dealers, and technicians for a warranty repair on a vehicle they produced. This problem is systemic and drives repair prices up on Alaskan consumers.

This legislation is similar to legislation that has been passed in: Illinois, Wisconsin, and Montana.

States with similar pending legislations are Iowa, Colorado, Arkansas, Tennessee, South Carolina, Louisiana, California, and Texas.

When a consumer comes to a new car dealership for a repair, dealership employees pull an estimate of the time it will take for a technician to complete the repair. In non-warranty repairs we use an industry time guide like AllData or Chiltons. That time is multiplied by the labor rate per hour, and the total is the price of the repair.

Manufacturers publish their own time guides which indicate how much time they will pay a dealership and technician for.

For example, if a repair is estimated to take 3 hours and the shop rate is \$150 per hour the repair cost to a consumer is \$450. The practice of discounting time is when the manufacturer tells us that they will only pay us for 2 hours of that job, making their price for the job only \$300.

Technicians are paid on the book hours for the job. When the manufacturer discounts the time, they discount how much a new car technician can be paid. This practice results in many qualified and skilled Alaskan technicians refusing to work for new car dealerships as a protest to the manufacturers policy.

This bill only addresses one of the ways that manufacturers take discounts from their dealers.

Other areas that manufacturers force discounts on their dealers are:

- Discounts on labor.
- Discounts on parts.
- Discounts on the dealers' rental cars for covered repairs.
- Refusing to pay for diagnostic time.
- Refusing to pay for the time a technician's rack is unavailable while the manufacturer considers whether to authorize a repair or not.

Additionally, manufacturers require dealers to send our technicians to factory training. Dealers in our state report spending up to \$75,000 to complete factory training for each technician. We are required to pay the manufacturer for the training, the travel and room and board for our employees. We are required to purchase special tools and purchase regular image upgrades. To be compliant, we must also hire an employee whose entire purpose is to ensure that our warranty claims are submitted in exact compliance with the manufacturer's warranty guides that are hundreds of pages long. Many of these expenses are unique to new car dealerships and not required of independent facilities. Finally, after all of this compliance and expense they will periodically charge us back for valid repairs on technicalities.

The result is that auto dealers historically average 2.2% return on sales. Compare that to other industries such as:

- Insurance 10-13%
- Real Estate 12-15%
- Legal services 7-10%

Auto dealers are typically in the same category as grocery stores in terms of our return on sales.

The low returns make the automotive industry difficult in our state. In the Fairbanks area 7 franchises have failed in the last 24 years. Including Cadillac, Daewoo, Hyundai, Kia, Mazda, Mercedes and Volkswagen. Kia failed to survive twice under different owners.

The heavy-handed unilateral discounting by the manufacturers hurts Alaskan consumers. If a dealer is no longer represented in a community, it becomes the consumers responsibility to get the vehicle to a repair facility. Often that can mean sending a vehicle to Anchorage or Seattle at great expense.

To give you some scope of the problem Automotive News published an article Feb.27 2023 "Warranty Wars Billions At Stake As Dealers Go To State Capitols To Close The Pay Gap."

After Illinois instituted similar legislation manufacturers reported that 250 million in additional payments were made to dealers for warranty work. This shows that manufacturers were helping themselves to \$250 million a year in discount in that state alone. Dealers were powerless to stop this money grab until the state legislation passed.

We are asking legislators to ensure that manufacturers cannot unfairly shift the expense of their responsibilities to our local consumers by shorting dealerships and technicians for the time it takes to make a qualified repair.

Thank you for your consideration of SB144, we respectfully request your support in passing this important protection for Alaskans.

A handwritten signature in black ink, appearing to read 'Les Nichols', with a large, sweeping initial 'L'.

Les Nichols

AADA President

CC: Senator Matt Claman, Sponsor

BMW of Anchorage



January 30, 2024

Senator Jesse Bjorkman, Chair
Senate Labor and Commerce Committee
State Capitol, Room 9
Juneau, AK 99801

RE: SB 144 – Relating to rates and time allowances for required motor vehicle work

Dear Senator Bjorkman and members of the Committee:

I am writing today in support of SB 144 – relating to rates and time allowances for required motor vehicle warranty repair work. My name is David Billman and I am the General Manager of BMW of Anchorage and MINI of Anchorage. I have been the GM of this store for 11 years, but started in the auto industry in 1999 at Budget Car Sales in Downtown Anchorage. I grew up in Eagle River (Go Mustangs!) and am proud to call myself a lifelong Alaskan. My dealerships employ 45 – 50 employees on average, with that number growing every year. We are the number one highline dealership in Alaska, with a thriving service department.

With the passing of this bill, we would be able to keep more money in Alaska's economy. Our technicians would be paid customer pay hours for warranty jobs, which would increase their paychecks, thus increasing their spending power in Alaska.

With manufacturers paying the same labor hours as a customer would, it increases the dealership's income as well, which helps pay for required manufacturer training, required special tools and technician retention. We are in competition with independent shops that do not have the expense of required manufacturer training, special tools or the lowered income of a manufacturer paying less labor than a customer. They are able to pay a higher flat rate wage to technicians because of this. It is not unusual to spend thousands of dollars to train a technician, only to have them leave for an independent shop that can pay a higher flat rate wage.

Thank you for your consideration of SB144, I strongly request your support in passing this important protection for Alaskans.

Company
BMW of Anchorage

Office Address
730 E. 5th Avenue
Anchorage, AK 99501

Telephone
(907) 646-7500

Facsimile
(907) 646-7510

David Billman

General Manager

BMW of Anchorage

MINI of Anchorage

CC: Senator Matt Claman, Sponsor



KENDALL AUTO ALASKA

P.O. BOX 201649
Anchorage, AK 99520

ANCHORAGE: 800.478.8506

FAIRBANKS: 877.879.8506

WASILLA: 800.478.5656

kendallautoalaska.com

January 21, 2024

Senator Jesse Bjorkman, Chair
Senate Labor and Commerce Committee
State Capitol, Room 9
Juneau, AK 99801

RE: SB 144 – Relating to rates and time allowances for required motor vehicle work

Dear Senator Bjorkman and members of the Committee:

I am writing today in support of SB 144 – relating to rates and time allowances for required motor vehicle warranty repair work. My name is Tim Toth and I am the General Manager for Kendall Toyota/Lexus and represent the Kendall Automotive Group in Alaska. We have dealerships in Kenai, Anchorage, Wasilla, and Fairbanks. Kendall employs over 500 people across the state and have sold and serviced 100,000s vehicles in Alaska. I've lived in Alaska since 1988 and have been in the Alaska car business since 1992. Our manufacturers on the other hand do not employ anyone in Alaska.

Manufacturers mandate dealers to fix their errors in the form of warranty and recall at large discounts to the Alaskan Dealers and our employees for both the time and parts required to fix the manufacturers' faulty work.

Alaskan Dealers are forced to make up those significant losses at the expense of Alaskans – consumers, employees, and employers. Our technicians who perform the warranty and recall work are paid for only the number of hours the Manufacturer determines this work *should* take.

We commonly find the job takes twice as long as the manufacturer says it will. This means the technician and dealer essentially have their hourly pay discounted because the job takes longer than what the manufacturer has decided the warranty should pay to complete the work – the work the consumer is entitled to.

The effect of the manufacturers' time discounting affects the dealer and our technicians pay check and costs have to be shifted to other non-warranty work.

Additionally, manufacturers use part number trickery to avoid paying the Dealership what non-warranty customers pay for the exact same part. The manufacturer will send a warranty or recall part that is exactly the same as the non-warranty part, but assigns a different part number or identifier at a substantially discounted price.

KENDALL

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Additionally, the manufacturer requires constant training for technicians authorized to perform the warranty and recall work. Those costs are born by Alaskan Dealers. As new techs enter the field and new models and technologies come out Dealer's face penalties if they don't keep up with training. The expenses of lost production time, flying to the lower 48, hotels, food, and rental cars are substantial and staggering for a shop with 20 technicians.

Technicians buy their own tools as well. It's common for techs to have \$40,000 to \$100,000 of their own tools in the dealership.

The reward to the dealership and highly trained technician? They get to do warranty and recall jobs for discounted pay – a loss.

SB144 will keep these dollars in Alaska's economy by having the manufacturers pay the fair compensation to Alaska's dealers and technicians for fixing their mistakes. Right now, those dollars go to the manufacturer's shareholders never even entering Alaska's economy.

Thank you for taking the time to learn more about the Alaskan Auto Dealers' concerns. I've tried to keep the letter brief and look forward to working with you and the Committee to address this concern.

Thank you for your consideration of SB144, I strongly urge your support in passing this important protection for Alaskans.

Sincerely,

Tim Toth, General Manager
Kendall Automotive Group in Alaska

cc: Senator Matt Claman, Sponsor

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PORSCHE RAM SUBARU TOYOTA VOLKSWAGEN

Konrad Jackson

From: David Billman <DBillman@lithia.com>
Sent: Wednesday, January 31, 2024 4:11 PM
To: Sen. Jesse Bjorkman; Sen. Click Bishop; Sen. Elvi Gray-Jackson; Sen. Kelly Merrick
Cc: Sen. Matt Claman
Subject: SB 144 – Relating to rates and time allowances for required motor vehicle work

Dear Senator Bjorkman and members of the Committee:

I am writing today in support of SB 144 – relating to rates and time allowances for required motor vehicle warranty repair work. My name is David Billman and I am the General Manager of BMW of Anchorage and MINI of Anchorage. I have been the GM of this store for 11 years, but started in the auto industry in 1999 at Budget Car Sales in Downtown Anchorage. I grew up in Eagle River (Go Mustangs!) and am proud to call myself a lifelong Alaskan. My dealerships employ 45 – 50 employees on average, with that number growing every year. We are the number one highline dealership in Alaska, with a thriving service department.

With the passing of this bill, we would be able to keep more money in Alaska's economy. Our technicians would be paid customer pay hours for warranty jobs, which would increase their paychecks, thus increasing their spending power in Alaska.

With manufacturers paying the same labor hours as a customer would, it increases the dealership's income as well, which helps pay for required manufacturer training, required special tools and technician retention. We are in competition with independent shops that do not have the expense of required manufacturer training, special tools or the lowered income of a manufacturer paying less labor than a customer. They are able to pay a higher flat rate wage to technicians because of this. It is not unusual to spend thousands of dollars to train a technician, only to have them leave for an independent shop that can pay a higher flat rate wage.

Thank you for your consideration of SB144, I strongly request your support in passing this important protection for Alaskans.

Thanks and safe motoring!

David Billman | General Manager | BMW MINI of Anchorage - Lithia Motors, Inc.

730 E 5th Ave | Anchorage, Ak 99501

☎ Phone: 907-646-7595 ☎ Internal Phone: 81547595 📠 Fax: 907-646-7560

