



March 12, 2024

Representative Jesse Sumner
Chair, House Labor and Commerce Committee
State Capitol, Room 421
Juneau, AK 99801

Nissan North America, Inc. is writing to express our opposition to HB 233, which contains major provisions that will have detrimental effects on both consumers and new vehicle automobile manufacturers.

This bill includes an anti-consumer incentive for franchised car dealers to increase consumer retail repair rates and prices as a method to inflate compensation on warranty work for which automobile manufacturers reimburse. These rates are beyond what is reasonable or justifiable. The bill accomplishes this by allowing dealers to use "time allowance," which means the maximum number of hours of labor that may be billed for a particular job. Ensuring fair compensation for dealers is important; however, this amendment does not consider the broader implications for consumers. By setting a minimum benchmark based on retail prices, there is a risk of artificially inflating labor costs, ultimately burdening consumers with higher out of warranty service expenses and new vehicle purchases. Also, there is not a reference to private third-party time guides for warranty work that inflate the number of hours actually needed to do a repair rather than the manufacturer time guides that current law requires them to use. Thus, no framework for what constitutes an acceptable time guide is created, though it is presumed that dealers will utilize third-party time guides to satisfy this provision.

Third-party time guides are meant for independent repair shops that work on older, out of warranty vehicles without the benefit of the tools or training that a dealership technician has. If this goes into law, this will create an artificial, dramatically high amount that manufacturers must pay dealers by using compensation derived from billing inaccurate representative hours (even if work wasn't performed for the hours billed).

Our current manufacturer time guides are determined based on time studies performed at an average technicians pace, or 80% effort. When a consumer's vehicle needs to be repaired under a manufacturer's warranty, we pay the dealer for labor at the same rate at which the dealer charges retail purchasers. We then multiply that rate by its time allowance for the repair, which produces the compensation for labor on a warranty repair.

Unlike third-party time guides, manufacturer time allowances are objective and verifiable. Our time guide even includes time for retrieving the vehicle, preparing it, and diagnostics. Plus to make it even more fair – we do not use power tools in the studied repair. If a technician can complete a repair in less time than the manufacturer's time guide, dealers are still paid in full time allowance, collecting the 'extra' money from that repair. If a particular repair takes more time than the manufacturer's time guide, dealers are able to request additional payment for that additional time. We ensure that our dealers are compensated fairly and appropriately for the work they provide consumers.

We oppose HB 233 because it increases cost with no justification, as nothing in the bill would require a dealer to increase their technician pay. Put simply, these unnecessary costs lead to higher prices disproportionately benefiting dealers and ultimately burdening the consumer.

Thank you for your consideration.

Respectfully,



Tracy Woodard
Director, Government Affairs
Nissan North America, Inc.

Cc: Representative Justin Ruffridge
Representative Mike Prax
Representative Dan Saddler
Representative Stanley Wright
Representative Ashley Carrick
Representative Zack Fields
Committee Staff