

Angela Stephi

From: Jeffrey Perry [REDACTED]
Sent: Friday, April 19, 2024 2:28 PM
To: Rep. Kevin McCabe; Rep. Sarah Vance; Rep. Thomas McKay; Rep. Craig Johnson; Rep. Jesse Sumner; Rep. Louise Stutes; Rep. Genevieve Mina
Subject: Alaska HB 233 - General Motors Opposition Memo
Attachments: 2024 AK H233 H Transp GM Opposition Memo.docx

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Re: Memorandum in Opposition - HB 233 (Tomaszewski) / SB 144 (Claman)

On behalf of General Motors, please reject HB 233 which represents yet another attempt by auto dealer associations to create a new profit center for dealers via the Legislature.

HB 233 would arbitrarily increase the amount of money automakers pay to dealers for warranty repairs by 50-60%, driving up manufacturer costs and translating into higher prices for Alaskan consumers.

Industry data shows the average Alaska dealer makes a gross profit of 74% on warranty labor payments.^[1] A profit margin already on par with dealer gross profits on non-warranty repair labor (73-74% average) and consistent with profitability guidance from the National Automobile Dealers Association.^[2] In fact the dealer gross profit margins are already significantly higher (+40%) than nearly every other industry, according to a 2024 study by New York University. The NYU study showed that across all industries the average gross profit margin was approximately 33%.^[3]

Worse yet, this bill does nothing to guarantee that auto technicians receive *any additional compensation*. Auto technicians are employees of the dealer and not the automaker and it is the dealer who solely determines technician compensation plans and how much revenue they share with their technicians.

This bill is part of a multistate lobbying effort by dealer associations across the country to have state legislatures choose winners and losers in private contracts and substitute arbitrary and inaccurate labor time estimates made up by for-profit aftermarket publishers in lieu of the measured times carefully studied by the vehicle manufacturer. The Center for Public Integrity has characterized similar efforts in the past as “copy and paste legislation.”^[4]

Please reject this bill which will enrich already profitable businesses at the expense of Alaskan consumers.



Jeffrey (Jeff) W Perry
Director, State and Local Public Policy
jeffrey.perry@gm.com tel: +1.248.321.2246

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