

April 23, 2024

The Honorable Kevin McCabe
State Capitol Room 102
Juneau AK, 99801

RE: HB 233 An Act relating to rates and time allowances for motor vehicle warranty work.
(Oppose)

Dear Chairman McCabe,

On behalf of Mazda North American Operations (MNAO) I write to you in opposition of HB 233.

HB 233 would allow franchised auto dealers to use third party time guides to inflate the reimbursement rate for warranty work, leading to higher costs for Alaskan consumers.

Mazda performs scientific studies for each repair that is performed on our vehicles. Through those studies we come up with an allotted time for each repair. When performing warranty work, dealers multiply their labor rate by the number of hours allotted for a repair to get their payment for the work. While these times are accurate, we understand there may be specific vehicles that require extra time for unique issues such as broken screws or bolts. In those cases we have a system set up to pay for the extra time needed to perform the repair. On rare occasions, dealers may find our times are not sufficient to perform a repair. That is why we have also set up a system for dealers to request that we examine a time for accuracy. If we find that time needs adjustment, we will perform that adjustment and pay dealers for all repairs previously done at the new rate. However, those situations are exceedingly rare.

HB 233 would allow dealers to use 3rd party time guides, created by companies that do not perform or study the repairs, but simply add a multiplier to our existing times. These guides are made for independent repair shops that are doing repairs on dozens of different makes of vehicles and repairs on vehicles that have seen many years of service. Dealers want to be paid at these higher rates, regardless of whether they actually work these additional hours or not. Most importantly, nothing in this bill would require the technicians doing the work to receive any more money, even if the dealership is getting more money for each repair.

HB 233 would allow dealers to overcharge for warranty work, thereby raising the price to both manufacturers and consumers. As an industry, we have made several reasonable offers to dealers including paying for each repair via actual timesheets or enshrining in law that manufacturers cannot unreasonably deny a request for more time in a repair. Both of these commonsense offers were rejected.

At Mazda we want to have great customer service and talented technicians repairing our vehicles. We have no interest in underpaying technicians or dealers for work they are contracted to perform. However, we are not interested in unfairly raising the costs to consumers for labor that is not performed. Therefore, we must respectfully oppose HB 233. Thank you for your consideration.

Sincerely,

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CC: Representative Sarah Vance, Representative Tom McKay, Representative Craig Johnson
Representative Jesse Sumner, Representative Louise Stutes, Representative Genevieve Mina,
House Transportation Committee