

HOUSE BILL NO. 13

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE ROKEBERG

Introduced: 1/21/03

Referred: Labor and Commerce, Judiciary

A BILL

FOR AN ACT ENTITLED

1 **"An Act declaring legislative intent to reject the continuity of enterprise exception to the**
2 **doctrine of successor liability adopted in Savage Arms, Inc. v. Western Auto Supply, 18**
3 **P.3d 49 (Alaska 2001), as it relates to products liability; providing that a successor**
4 **corporation or other business entity that acquires assets of a predecessor corporation or**
5 **other business entity is subject to liability for harm to persons or property caused by a**
6 **defective product sold or otherwise distributed commercially by the predecessor only if**
7 **the acquisition is accompanied by an agreement for the successor to assume the liability,**
8 **results from a fraudulent conveyance to escape liability for the debts or liabilities of the**
9 **predecessor, constitutes a consolidation or merger with the predecessor, or results in the**
10 **successor's becoming a continuation of the predecessor; defining 'business entity' that**
11 **acquires assets to include a sole proprietorship; and applying this Act to the sale, lease,**
12 **exchange, or other disposition of assets by a corporation, a limited liability company, a**

1 **partnership, a limited liability partnership, a limited partnership, a sole proprietorship,**
 2 **or other business entity that occurs on or after the effective date of this Act."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
 5 to read:

6 **LEGISLATIVE INTENT.** The legislature declares that it is the intent of this bill to
 7 reject the continuity of enterprise exception to the doctrine of successor liability adopted in
 8 *Savage Arms, Inc. v. Western Auto Supply*, 18 P.3d 49 (Alaska 2001), as it relates to products
 9 liability.

10 * **Sec. 2.** AS 09.68 is amended by adding a new section to read:

11 **Sec. 09.68.070. Liability of successor for harm caused by defective**
 12 **products.** (a) Notwithstanding any other provision of law to the contrary, a successor
 13 corporation or other business entity that acquires assets of a predecessor corporation or
 14 other business entity is subject to liability for harm to persons or property caused by a
 15 defective product sold or otherwise distributed commercially by the predecessor only
 16 if the acquisition

17 (1) is accompanied by an agreement for the successor to assume the
 18 liability;

19 (2) results from a fraudulent conveyance to escape liability for the
 20 debts or liabilities of the predecessor;

21 (3) constitutes a consolidation or merger with the predecessor; or

22 (4) results in the successor's becoming a continuation of the
 23 predecessor.

24 (b) In (a) of this section, "business entity" includes a sole proprietorship.

25 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
 26 read:

27 **APPLICABILITY.** This Act applies to the sale, lease, exchange, or other disposition
 28 of assets by a corporation, a limited liability company, a partnership, a limited liability
 29 partnership, a limited partnership, a sole proprietorship, or other business entity that occurs on
 30 or after the effective date of this Act.