

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 383(TRA)
 (H) Publish Date: 2/13/06

Revision Date/Time (Note if correction): _____ Dept. Affected: LAW
 Title "An Act limiting motor vehicle dealer charges RDU CIVIL
for fees and costs; relating to the disclosure..." Component Commercial and Fair Business
 Sponsor Representative Gara
 Requester House Transportation Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill amends AS 45.25.440 to require auto dealers to disclose all fees (other than title, registration, and licensing fees paid to the state), in the advertised or negotiated price of a motor vehicle. Currently, the law provides that only the advertised price must contain these fees. When a consumer begins to negotiate a price lower than the advertised price, the dealer can ad these fees back into the final "selling price." The target of this bill is the "document preparation fee" charged by most dealers. This fee, normally around \$199, is disguised to look like a governmental or other third party transaction fee when, in reality, it is nothing more than an item of overhead for the dealer. HB 383 will require that all document preparation fees be included in the negotiated price.

The bill also amends AS 45.25.610 by adding a requirement that auto dealers disclose, in writing,

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 Division Administrative Services Division Date/Time 2/7/06 1:29 PM
 Approved by: Kathryn Daughhete for David Márquez, Attorney General Date 2/7/2006
 Agency Department of Law

FISCAL NOTE #1

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BILL NO. CSHB 383(TRA)

ANALYSIS CONTINUATION

whether the motor vehicle dealer will receive a portion of the financing charge the buyer pays. This is aimed at transactions where the dealer is given an interest rate quote from a bank or credit union when arranging financing for a buyer, but then charges the buyer a higher rate, keeping the difference as a commission. Most consumers do not understand that the interest rate quoted by the dealer may be higher than the rate quoted by the financial institution.

Enforcement of these amendments will be absorbed within the Department's operating budget for consumer protection, and we do not anticipate a fiscal impact.