

**HOUSE BILL NO. 303**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES NEUMAN, Harris, Thomas, Edgmon, Wilson

Introduced: 1/15/08

Referred: Labor and Commerce

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to marine products and motorized recreational products; and**  
2 **providing for an effective date."**

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

4 \* **Section 1.** AS 45.25 is amended by adding a new section to read:

5 **Sec. 45.25.920. Conflicting provisions.** If a provision of this chapter conflicts  
6 with a provision in AS 45.27, the provision in AS 45.27 governs.

7 \* **Sec. 2.** AS 45 is amended by adding a new chapter to read:

8 **Chapter 27. Marine Products and Motorized Recreational Products.**

9 **Article 1. Agreement Practices of Product Manufacturers and Distributors.**

10 **Sec. 45.27.010. Formation of agreement.** A manufacturer or distributor may  
11 not coerce or attempt to coerce an authorized dealer to enter into an agreement with  
12 the manufacturer or distributor.

13 **Sec. 45.27.020. Cancellation or nonrenewal of agreement.** (a) A  
14 manufacturer or distributor may not threaten to cancel an agreement with an

1 authorized dealer without just cause.

2 (b) A manufacturer or distributor may not, without just cause and 120 days'  
3 advance written notice, cancel or refuse to renew an agreement with an authorized  
4 dealer unless the cancellation or refusal to renew arises out of

5 (1) failure of the authorized dealer to meet the financial requirements  
6 of the agreement; or

7 (2) fraudulent activity of the authorized dealer that results in the  
8 authorized dealer's being convicted of a crime, including being convicted by a plea of  
9 guilty or no contest.

10 **Sec. 45.27.030. Consent to transfer of agreement.** (a) A manufacturer or  
11 distributor may not unreasonably withhold consent to the sale or other transfer of an  
12 agreement by an authorized dealer to a transferee if the transferee

13 (1) meets the criteria generally applied by the manufacturer or  
14 distributor when approving new authorized dealers; and

15 (2) agrees to be bound by all the terms and conditions of the standard  
16 form of the agreement.

17 (b) A manufacturer or distributor shall respond in writing to an authorized  
18 dealer's written request for consent under (a) of this section within 30 days after of  
19 receiving the authorized dealer's written request. The request must be on a form, if  
20 any, that is generally used by the manufacturer or distributor for the purpose and that  
21 contains the information required by the manufacturer or distributor.

22 (c) If a manufacturer or distributor fails to respond to an authorized dealer as  
23 required by (b) of this section, the manufacturer or distributor is considered to have  
24 consented to the request.

25 **Sec. 45.27.040. Change in existing agreement.** Except as provided by  
26 AS 45.25.110, a manufacturer or distributor may not change an agreement with an  
27 authorized dealer unless the manufacturer or distributor gives notice by mail to the  
28 authorized dealer at least 90 days before the change.

## 29 **Article 2. Area of Responsibility.**

30 **Sec. 45.27.100. Determination of area of responsibility.** (a) Unless the  
31 authorized dealer's agreement establishes a smaller area of responsibility, an

1 authorized dealer's area of responsibility may be a geographical area designated by zip  
2 code, municipality, or mileage radius in the authorized dealer's agreement with a  
3 manufacturer or distributor and may be established by the uniform procedures adopted  
4 under (c) of this section.

5 (b) If the authorized dealer and the manufacturer or distributor have not  
6 established an area of responsibility under (c) of this section, or if the area of  
7 responsibility established by the manufacturer or distributor is rejected by the  
8 authorized dealer, the area of responsibility is a

9 (1) 12-mile radius from the authorized dealer if the authorized dealer is  
10 located in a municipality containing 4,000 persons or more; or

11 (2) 30-mile radius from the authorized dealer if the authorized dealer is  
12 located in a municipality containing fewer than 4,000 persons.

13 (c) The manufacturer or distributor shall adopt uniform procedures to establish  
14 an area of responsibility. The uniform procedures must include market research  
15 information from identified credible industry sources that project sales of the brand of  
16 the products under the agreement between the authorized dealer and the manufacturer  
17 or distributor.

18 **Sec. 45.27.110. Changing area of responsibility.** Before changing an area of  
19 responsibility, the manufacturer or distributor shall give the authorized dealer at least  
20 90 days' written notice by mail before the change. This section does not apply to an  
21 authorized dealer who relocates or opens additional facilities within two miles of the  
22 authorized dealer's existing facilities unless the relocation would infringe on another  
23 authorized dealer's area of responsibility.

24 **Sec. 45.27.120. Adding authorized dealer to area of responsibility.** (a) A  
25 manufacturer or distributor may not enter into an agreement that would add an  
26 authorized dealer within the existing authorized dealer's area of responsibility without  
27 giving at least 90 days' written notice by mail to all potentially affected authorized  
28 dealers in the area of responsibility.

29 (b) The notice under (a) of this section must include

30 (1) a determination that the community or territory can support an  
31 additional authorized dealer;

1 (2) a calculation of the financial effect on the new authorized dealer  
2 and the existing authorized dealers who may be affected; and

3 (3) a determination of whether the existing authorized dealers of the  
4 same line of product makes, models, or classifications in the authorized dealer's area  
5 of responsibility are providing adequate representation, competition, and convenient  
6 consumer care for the same line of product makes, models, and classifications located  
7 in that area of responsibility.

8 (c) The potentially affected authorized dealers shall have at least 60 days to  
9 provide additional information and comments to the manufacturer or distributor before  
10 the manufacturer or distributor makes a final decision.

### 11 **Article 3. General Product Provisions.**

12 **Sec. 45.27.200. Sale or shipment before agreement.** A manufacturer or  
13 distributor may not sell or ship a product to an authorized dealer before the authorized  
14 dealer signs an agreement that complies with this chapter.

15 **Sec. 45.27.210. Involuntary order or delivery.** A manufacturer or distributor  
16 may not coerce or attempt to coerce an authorized dealer to order or accept delivery of  
17 a

18 (1) product or another item that the authorized dealer has not  
19 voluntarily ordered; or

20 (2) product with a special feature, appliance, accessory, or equipment  
21 that is not included in the manufacturer's or distributor's advertised list for the product.

22 **Sec. 45.27.220. Refusal to deliver or ship.** A manufacturer or distributor may  
23 not, without just cause, refuse to deliver or ship, within 60 days after the authorized  
24 dealer's order has been received, to an authorized dealer a product that the  
25 manufacturer or distributor has publicly advertised is available for immediate delivery.

26 **Sec. 45.27.230. Sale after termination or nonrenewal.** After an effective  
27 termination or nonrenewal of an agreement, a manufacturer or distributor shall  
28 continue, for at least 24 months, to sell the authorized dealer parts for products sold by  
29 the authorized dealer before the termination or nonrenewal.

30 **Sec. 45.27.240. Delivery of products in reasonable quantities.** A  
31 manufacturer or distributor may not delay, refuse, or fail to deliver products in

1 reasonable quantities to an authorized dealer unless the delay, refusal, or failure is  
2 caused by an act beyond the control of the manufacturer, the distributor, or a person  
3 related to the manufacturer or distributor.

4 **Sec. 45.27.250. Selection of delivery method.** Unless otherwise provided by  
5 the agreement, a manufacturer or distributor may not refuse to allow an authorized  
6 dealer to select the method and carrier for the delivery of products to the authorized  
7 dealer by the manufacturer or distributor.

8 **Sec. 45.27.260. Product damage responsibility.** (a) A manufacturer or  
9 distributor is solely responsible for damage to a product that occurs before the  
10 manufacturer or distributor delivers the product to a carrier.

11 (b) An authorized dealer is not responsible for damage to a new product that  
12 occurs while the product is in the possession of the carrier unless the authorized dealer  
13 selects the method of transportation and the carrier.

14 (c) An authorized dealer is solely responsible for damage to a new product  
15 that occurs after the authorized dealer accepts the product from the carrier and before  
16 delivery to the ultimate purchaser unless the damage results from a latent or hidden  
17 defect or is not reasonably observable at the time the authorized dealer accepts the  
18 product. An authorized dealer accepts a product when the authorized dealer signs a  
19 delivery receipt for the product.

20 (d) An authorized dealer may refuse to accept a damaged product from a  
21 manufacturer or distributor by giving written notice to the manufacturer or distributor  
22 within 10 business days after the product is delivered to the authorized dealer. If an  
23 authorized dealer refuses to accept the damaged product, the manufacturer or  
24 distributor shall, within 10 days after receiving the notice from the authorized dealer,  
25 credit the authorized dealer's account for the product cost that the manufacturer or  
26 distributor charged to the authorized dealer and any freight and interest charged to the  
27 authorized dealer for the product.

#### 28 **Article 4. Product Repurchase Requirements.**

29 **Sec. 45.27.300. Manufacturer or distributor mandatory repurchase.** (a) If  
30 an authorized dealer discontinues engaging in the business of being an authorized  
31 dealer and gives 30 days' advance written notice of the discontinuance to the

1 manufacturer or distributor by mail, the manufacturer or distributor shall, at a  
2 minimum, repurchase from the authorized dealer's inventory

3 (1) each new and unused product of the manufacturer that is

4 (A) a current model of the product; or

5 (B) a model of the product from the previous two years; and

6 (2) each product part that

7 (A) was purchased from the manufacturer or distributor;

8 (B) is listed in the manufacturers' parts price books in the past  
9 two years; and

10 (C) has not been damaged or substantially altered to the  
11 prejudice of the manufacturer or distributor while in the possession of the  
12 authorized dealer.

13 (b) If an authorized dealer discontinues selling a particular product and gives  
14 30 days' advance written notice of the discontinuance to the manufacturer or  
15 distributor by mail, the manufacturer or distributor shall, at a minimum, repurchase  
16 from the authorized dealer's inventory

17 (1) each new and unused discontinued product of the manufacturer that  
18 is

19 (A) the current model of the discontinued product; or

20 (B) a model of the discontinued product from the previous two  
21 years; and

22 (2) each discontinued product part that

23 (A) was purchased from the manufacturer or distributor;

24 (B) is listed in the manufacturers' parts price books in the past  
25 two years; and

26 (C) has not been damaged or substantially altered to the  
27 prejudice of the manufacturer or distributor while in the possession of the  
28 authorized dealer.

29 **Sec. 45.27.310. Timing of repurchase.** A manufacturer or distributor shall  
30 make the repurchase required by AS 45.27.300 within 30 days after the authorized  
31 dealer submits to the manufacturer or distributor by mail the authorized dealer's final

1 inventory of all the products and product parts identified under AS 45.27.300 that  
2 apply to the authorized dealer's discontinuance of the manufacturer's products.

3 **Sec. 45.27.320. Optional retention.** If an authorized dealer discontinues  
4 engaging in the business of being an authorized dealer or discontinues selling a  
5 particular make of product, the authorized dealer may, at the sole option of the  
6 authorized dealer, retain some of the discontinued products and product parts to allow  
7 for customer service, special orders, presold products, or another valid situation, as  
8 determined in the sole discretion of the authorized dealer.

9 **Sec. 45.27.330. Failure to repurchase.** If a manufacturer or distributor fails,  
10 without just cause, to make the repurchase required by AS 45.27.300, the  
11 manufacturer or distributor shall pay the authorized dealer interest at the rate of 1.5  
12 percent a month or fraction of a month on the inventory value of the products and  
13 product parts that the manufacturer or distributor fails to repurchase. The interest  
14 begins on the 31st day after the manufacturer or distributor receives the final inventory  
15 under AS 45.27.310 and continues until the manufacturer or distributor completes the  
16 required repurchase.

17 **Sec. 45.27.340. Landed cost.** (a) The amount of a repurchase required by  
18 AS 45.27.300 shall be based on the authorized dealer's landed cost at the authorized  
19 dealer's facility.

20 (b) An authorized dealer's landed cost shall be adjusted for any quarterly or  
21 annual purchase rebates and credits given to the authorized dealer on the products and  
22 product parts being repurchased.

23 **Sec. 45.27.350. Carrier selection and costs.** A manufacturer or distributor of  
24 a product may select the method and carrier to transport a product repurchased under  
25 AS 45.27.300 - 45.27.340, but is responsible for any transportation or storage costs for  
26 the repurchased product.

#### 27 **Article 5. Product Warranties.**

28 **Sec. 45.27.400. Warranty provided.** A manufacturer shall provide, through  
29 the authorized dealer, to the product's ultimate purchaser from an authorized dealer the  
30 manufacturer's standard written warranty, if any, that is in effect at the time of delivery  
31 of the product to the authorized dealer.

1           **Sec. 45.27.410. Defective products.** (a) A manufacturer or distributor of a  
2 defective product shall, during the original warranty period, pay, in accordance with  
3 the standard warranty service claim procedures and methods of the industry and with  
4 AS 45.27.400 - 45.27.500, an authorized dealer to complete factory-recommended  
5 warranty repairs, solutions, and procedures to cure factory warranty problems with a  
6 defective product.

7           (b) Except as provided by (c) of this section, a manufacturer or distributor  
8 shall, within 30 days after an authorized dealer's request, provide the authorized dealer  
9 with the original factory parts required to cure the defective product.

10          (c) If a manufacturer or distributor is unable to supply the authorized dealer  
11 with adequate needed warranty service parts for a defective product within the 30 days  
12 established by (b) of this section or by an agreed upon reasonable alternative time, the  
13 authorized dealer may, at the authorized dealer's option,

14           (1) return the defective product, and the manufacturer or distributor  
15 shall provide an identical product that is not defective; or

16           (2) receive full credit for the authorized dealer's landed cost of the  
17 product, if the authorized dealer is the original selling authorized dealer.

18          (d) In this section, "defective product" means a product that is defective in  
19 design, assembly, engineering, or manufacturing.

20           **Sec. 45.27.420. Authorized dealer warranty representations.** An authorized  
21 dealer may not make a representation about the warranty that is not made by the  
22 manufacturer in the written warranty. An authorized dealer shall deliver the manuals  
23 on the operation and maintenance of a product to an ultimate purchaser and make the  
24 manufacturer's warranty known to the ultimate purchaser, including all disclaimers  
25 and limitations.

26           **Sec. 45.27.430. Timely warranty service and claims.** (a) An authorized  
27 dealer shall provide timely warranty service in accordance with the manufacturer's  
28 applicable warranty on all of the manufacturer's and distributor's products sold by the  
29 authorized dealer.

30          (b) An authorized dealer shall make all claims for warranty reimbursement in  
31 the manner established by the manufacturer.

1           **Sec. 45.27.440. Basis for reimbursements.** (a) A manufacturer or distributor  
2 shall use the bases established in this section to reimburse an authorized dealer for all  
3 approved warranty service work performed by the authorized dealer.

4           (b) A manufacturer or distributor shall pay to a servicing authorized dealer  
5 warranty work labor rates that

6                   (1) are at least the same as the authorized dealer customarily charges to  
7 a customer for nonwarranty service work; and

8                   (2) include time for clean-up, preparation, diagnosis, disassembly,  
9 repair, assembly, testing, and final cleaning as needed to provide a quality result and  
10 customer satisfaction.

11           (c) In addition to the payment under (b) of this section, the manufacturer or  
12 distributor shall reimburse an authorized dealer a minimum of one hour at the  
13 authorized dealer's shop standard labor rate for the administration of each warranty  
14 claim.

15           (d) A manufacturer or distributor shall reimburse the authorized dealer for  
16 product parts at the current manufacturer's full suggested retail price and shall ship  
17 each part to the authorized dealer without cost for freight or handling. If a  
18 manufacturer's full suggested retail price does not exist, the reimbursement shall be  
19 calculated at 1.5 times the authorized dealer's landed cost.

20           **Sec. 45.27.450. Shipping costs for returned items.** (a) A manufacturer or  
21 distributor shall pay for any costs incurred by the authorized dealer, plus 25 percent of  
22 the normal authorized dealer's handling fee, for shipping a part replaced under a  
23 warranty that the authorized dealer returns for testing, analysis, or inspection at the  
24 request of the manufacturer or distributor.

25           (b) A request by the manufacturer, the distributor, or another person involved  
26 in a product's warranty service to an authorized dealer to return a product or a product  
27 part for analysis, testing, or inspection must be in writing and shall be made within 30  
28 days after the filing date of the warranty claim submitted by the authorized dealer.

29           **Sec. 45.27.460. Timely reimbursement for claims.** A manufacturer or  
30 distributor shall pay a properly submitted warranty claim within 30 days after  
31 receiving the claim from an authorized dealer. If a manufacturer or distributor fails to

1 pay a claim within 30 days after receipt, the failure is considered an acceptance of the  
 2 claim as submitted, and the manufacturer or distributor shall pay the authorized dealer  
 3 interest at the rate of 1.5 percent a month on the claim.

4 **Sec. 45.27.470. Boat package warranties and branding.** (a) A manufacturer  
 5 or distributor of a marine product may enter into a warranty service agreement with a  
 6 marine authorized dealer of a boat package without violating the area of responsibility  
 7 of another authorized dealer who has an agreement to sell the brand of marine motor  
 8 that is part of the boat package. However, the warranty service agreement may not be  
 9 construed to permit the marine authorized dealer to sell the marine motor separately  
 10 from the boat package, and the marine authorized dealer may not hold itself out to be  
 11 an authorized dealer in the full line of marine engines.

12 (b) The boat package brand shall be determined by the brand of the boat.

13 **Sec. 45.27.480. Performance of warranty service work.** An authorized  
 14 dealer shall use a factory-certified or factory-trained technician to perform warranty  
 15 service work if factory certification or training is readily available.

16 **Sec. 45.27.490. Warranty restrictions.** A manufacturer may not, by  
 17 agreement, by restrictions on reimbursement, or by another method, restrict the nature  
 18 or extent of product parts provided or labor performed by an authorized dealer if the  
 19 restriction impairs the authorized dealer's ability to satisfy a warranty created by the  
 20 manufacturer in accordance with generally accepted standards.

21 **Sec. 45.27.500. Warranty claim disapproval.** If a manufacturer or distributor  
 22 disapproves a claim, the manufacturer or distributor shall issue a written notice of  
 23 disapproval to the authorized dealer within 30 days. The notice must contain the  
 24 specific reasons for the disapproval.

#### 25 **Article 6. Miscellaneous Business Practices.**

26 **Sec. 45.27.600. Liability resulting from audit.** (a) An authorized dealer is not  
 27 liable to a manufacturer or distributor for money that an audit of the authorized  
 28 dealer's financial records determines to be owed to the manufacturer or distributor, or  
 29 to a wholesaler, distributor branch, or factory branch, if the money is a result of  
 30 transactions that occurred more than two years before the beginning of the audit,  
 31 unless the money is owed as a result of a fraudulent practice of the authorized dealer.

1 (b) An authorized dealer is not liable to a manufacture or distributor for  
2 money if an audit shows that the authorized dealer failed to retain product parts for  
3 more than three months.

4 **Sec. 45.27.610. Competition with authorized dealer.** A manufacturer or  
5 distributor may not compete with an authorized dealer who is operating under an  
6 agreement with a manufacturer or distributor in the same line, brand, model, or make  
7 of product.

8 **Sec. 45.27.620. Content of factory recall notices.** A manufacturer or  
9 distributor shall include in a written factory recall notice to ultimate purchasers and  
10 authorized dealers the date by which the manufacturer or distributor expects that  
11 necessary parts and equipment will be available to the authorized dealer for the  
12 correction of the defect that is the subject of the recall.

13 **Sec. 45.27.630. Advertising.** A manufacturer or distributor may not use false  
14 or misleading advertising in connection with an agreement with an authorized dealer  
15 or in the operation of the manufacturer's or distributor's sale of products.

16 **Sec. 45.27.640. Required posting.** An authorized dealer shall post a notice of  
17 the authorized dealer's retail labor rate in a place conspicuous to service customers. If  
18 the authorized dealer uses a factory-certified or factory-trained technician to perform  
19 warranty service work, the notice must also contain a statement that warranty service  
20 work completed by the authorized dealer is performed by a factory-certified or  
21 factory-trained technician.

#### 22 **Article 7. Miscellaneous Provisions.**

23 **Sec. 45.27.800. Unenforceable provisions.** If a provision in an agreement  
24 violates this chapter, the provision is not enforceable.

25 **Sec. 45.27.810. Manufacturer and distributor liability.** (a) A manufacturer  
26 and a distributor shall indemnify and hold harmless an authorized dealer for damages,  
27 including fines, suffered by the authorized dealer as a result of the manufacturer's or  
28 distributor's violation of this chapter.

29 (b) Notwithstanding the terms of an agreement with an authorized dealer, a  
30 manufacturer and a distributor shall indemnify and hold harmless an authorized dealer  
31 for damages arising out of complaints, claims, or lawsuits, to the extent that the

1 damages arise out of alleged acts of the manufacturer and distributor, that

2 (1) relate to the authorized dealer's sale or other handling of the  
3 manufacturer's or distributor's product;

4 (2) are beyond the control of the authorized dealer; and

5 (3) are based on strict liability, negligence, misrepresentation, express  
6 warranty, implied warranty, or rescission.

7 (c) In this section, "damages" includes court costs and reasonable attorney fees  
8 of the authorized dealer.

9 **Sec. 45.27.820. Civil penalty.** Notwithstanding AS 45.50.551, a person who  
10 violates this chapter is liable to the state for a civil fine of not more than \$5,000 for  
11 each day the violation continues.

12 **Sec. 45.27.830. Criminal penalty.** A person who violates this chapter is guilty  
13 of a class B misdemeanor.

14 **Sec. 45.27.840. Cumulative provisions.** The provisions of this chapter are in  
15 addition to any other legal or equitable remedy available under law or under an  
16 agreement between an authorized dealer and a manufacturer or distributor.

#### 17 **Article 8. General Provisions.**

18 **Sec. 45.27.900. Exemptions.** The following persons are exempt from this  
19 chapter:

20 (1) an authorized dealer located outside this state;

21 (2) a receiver, a trustee, an administrator, an executor, a guardian, and  
22 other persons appointed by or acting under a court order;

23 (3) a public officer in the course of performing the public officer's  
24 duties;

25 (4) a person who holds a security interest in a motor vehicle as part of  
26 the sale of the motor vehicle to another person;

27 (5) an insurance company;

28 (6) an auctioneer and an auction house handling an estate auction, a  
29 bankruptcy auction, a farm equipment auction, or a government auction, if the  
30 auctioneer and auction house are not engaged in the auction of used products as the  
31 principal part of their business.

1           **Sec. 45.27.990. Definitions.** In this chapter, unless the context indicates  
2 otherwise,

3           (1) "agreement" means a franchise, sales, or other product agreement  
4 with a manufacturer or distributor;

5           (2) "all-terrain vehicle" means a vehicle with three or more low-  
6 pressure, flotation-type tires, as designed by the manufacturer or altered, to be used as  
7 an off-road recreational vehicle, and includes a trailer for an all-terrain vehicle;

8           (3) "area of responsibility" means the area of an authorized dealer's  
9 principal product sales and service responsibility;

10           (4) "authorized dealer" means a dealer who has entered into an  
11 agreement with a manufacturer or distributor of products to sell or service the  
12 manufacturer's or distributor's products;

13           (5) "boat" means a marine product that is not equipped with a motor;

14           (6) "boat package" means a boat that is equipped and sold with a motor  
15 or another form of motorized propulsion;

16           (7) "distributor" means a person who

17                   (A) sells or distributes products to authorized dealers; or

18                   (B) maintains distributor representatives, including  
19 wholesalers, distributor branches, and distributor sales representatives;

20           (8) "distributor sales representative" means an officer, agent, or  
21 employee hired by a distributor to promote the sale of products or to supervise or  
22 contact authorized dealers or prospective authorized dealers;

23           (9) "landed cost" means the total cost of a product delivered at a given  
24 location, including the initial authorized dealer invoice price and any freight,  
25 transportation, flooring expense, interest expense, authorized dealer preparation cost,  
26 assembly cost, and reasonable handling cost;

27           (10) "mail" means registered or certified mail, return receipt requested;

28           (11) "manufacturer" means a person who fabricates, manufactures, or  
29 assembles products; "manufacturer" includes a manufacturer branch and a  
30 manufacturer sales representative, but does not include a person who converts,  
31 modifies, or otherwise alters a product fabricated, manufactured, or assembled by

1 another person;

2 (12) "manufacturer sales representative" means an officer, agent, or  
3 employee hired by a manufacturer to promote the sale of products or to supervise or  
4 contact authorized dealers or prospective authorized dealers;

5 (13) "marine authorized dealer" means an authorized dealer of marine  
6 products;

7 (14) "marine product" means a new watercraft, boat, or motor designed  
8 for recreational or commercial use on water and a boat or watercraft trailer; "marine  
9 product" includes an outboard motor or boat with an attached motor, but does not  
10 include a watercraft designed or adapted to be powered only by an occupant's energy;

11 (15) "motorized recreational product" means an all-terrain vehicle, a  
12 marine motor, boat, boat package, marine product, snow machine, and trailer; in this  
13 paragraph, "snow machine" means a motorized vehicle with a gross vehicle weight  
14 under 1,300 pounds propelled by a track system designed to move a person over snow  
15 or ice, and includes a snowmobile;

16 (16) "part" includes an accessory;

17 (17) "product" means a marine product or a motorized recreational  
18 product;

19 (18) "trailer" means a single vehicle without motive power that is  
20 designed for carrying products wholly on its own structure, that is drawn by a motor  
21 vehicle that does not carry part of the weight and load of the trailer on its own wheels,  
22 and that has one or more axles, but does not include a semi-trailer, livestock trailer, or  
23 dump trailer;

24 (19) "ultimate purchaser" means the first person, other than an  
25 authorized dealer purchasing in the authorized dealer's capacity as an authorized  
26 dealer, who, in good faith, purchases a new product for a purpose other than resale.

27 **Sec. 45.27.995. Short title.** This chapter may be cited as the Alaska Marine  
28 Product and Motorized Recreational Product Act.

29 \* **Sec. 3.** AS 45.45.770(a) is amended to read:

30 (a) AS 45.45.700 - 45.45.790 do not apply to

31 (1) a distributorship agreement that would be considered a franchise

1 regulated by 15 U.S.C. 2801 - 2841 (Petroleum Marketing Practices Act);

2 (2) a situation regulated by AS 45.50.800 - 45.50.850;

3 (3) a distributorship agreement, including a franchise agreement, for  
4 the sale, repair, or servicing of motor vehicles that are required to be registered under  
5 AS 28.10;

6 (4) an activity or agreement by a person licensed under AS 04 if the  
7 activity or agreement is within the scope of the license or is incidental to the activity  
8 or agreement that is within the scope of the license;

9 (5) a distributorship agreement or another contract between a person  
10 licensed under AS 04 and a distributor, manufacturer, importer, supplier, or wholesaler  
11 of alcoholic beverages who is not located in this state if the subject of the agreement  
12 or contract is the distribution of alcoholic beverages to the licensed person by the  
13 distributor, manufacturer, importer, supplier, or wholesaler;

14 (6) a distributor, manufacturer, importer, supplier, or wholesaler of  
15 alcoholic beverages;

16 (7) a distributorship agreement for the sale or distribution of, or other  
17 transaction involving, cigarettes, food, drink, or a component of food or drink; in this  
18 paragraph, "cigarette" has the meaning given in AS 43.50.170; [OR]

19 (8) a manufacturer with 50 or fewer employees; or

20 (9) a marine product or motorized recreational product  
21 agreement, as regulated under AS 45.27.

22 \* **Sec. 4.** AS 45.50.471(b) is amended by adding a new paragraph to read:

23 (53) violating AS 45.27 (marine products and motorized recreational  
24 products).

25 \* **Sec. 5.** AS 45.50.572 is amended by adding a new subsection to read:

26 (m) AS 45.50.562 - 45.50.596 do not apply to action taken by a person to  
27 comply with AS 45.27 or to action refrained from by a person to comply with  
28 AS 45.27 (Alaska Marine Product and Motorized Recreational Product Act).

29 \* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

31 **APPLICABILITY.** This Act does not apply to an agreement that is entered into before

1 the effective date of this Act. In this section, "agreement" has the meaning given in  
2 AS 45.27.990, enacted by sec. 2 of this Act.

3 \* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to  
4 read:

5       TRANSITION: SALE OR SHIPMENT BEFORE AGREEMENT. Notwithstanding  
6 AS 45.27.200, enacted by sec. 2 of this Act, within 180 days after the effective date of this  
7 Act, a manufacturer or distributor may sell or ship a product to an authorized dealer before the  
8 authorized dealer signs an agreement that complies with AS 45.27, enacted by this Act. In this  
9 section, "agreement," "authorized dealer," "distributor," "manufacturer," and "product" have  
10 the meanings given in AS 45.27.990, enacted by sec. 2 of this Act.

11 \* **Sec. 8.** This Act takes effect immediately under AS 01.10.070(c).