

CS FOR HOUSE BILL NO. 303(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 1/31/08

Referred: Judiciary

Sponsor(s): REPRESENTATIVES NEUMAN, Harris, Thomas, Edgmon, Olson

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, return the defective product,
 14 and

15 (1) the manufacturer or distributor shall provide an identical product
 16 that is not defective; or

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

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

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

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

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

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

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

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

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

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

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

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

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

31 **Sec. 45.27.460. Timely reimbursement for claims.** A manufacturer or

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

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

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

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

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

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

27 **Article 6. Miscellaneous Business Practices.**

28 **Sec. 45.27.600. Liability resulting from audit.** (a) An authorized dealer is not
29 liable to a manufacturer or distributor for money that an audit of the authorized
30 dealer's financial records determines to be owed to the manufacturer or distributor, or
31 to a wholesaler, distributor branch, or factory branch, if the money is a result of

1 transactions that occurred more than two years before the beginning of the audit,
2 unless the money is owed as a result of a fraudulent practice of the authorized dealer.

3 (b) If an authorized dealer retains a product part for at least 30 days after the
4 warranty claim is filed, the authorized dealer is not liable to a manufacturer or
5 distributor for failing to retain the product part for a longer time.

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

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

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

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

24 **Article 7. Miscellaneous Provisions.**

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

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

31 (b) Notwithstanding the terms of an agreement with an authorized dealer, a

1 manufacturer and a distributor shall indemnify and hold harmless an authorized dealer
 2 for damages arising out of complaints, claims, or lawsuits, to the extent that the
 3 damages arise out of alleged acts of the manufacturer and distributor, that

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

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

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

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

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

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

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

19 **Article 8. General Provisions.**

20 **Sec. 45.27.900. Exemptions.** The following persons are exempt from this
 21 chapter:

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

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

25 (3) a public officer in the course of performing the public officer's
 26 duties;

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

29 (5) an insurance company;

30 (6) an auctioneer and an auction house handling an estate auction, a
 31 bankruptcy auction, a farm equipment auction, or a government auction, if the

1 auctioneer and auction house are not engaged in the auction of used products as the
2 principal part of their business.

3 **Sec. 45.27.990. Definitions.** In this chapter, unless the context indicates
4 otherwise,

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

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

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

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

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

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

18 (7) "distributor" means a person who

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

20 (B) maintains distributor representatives, including
21 wholesalers, distributor branches, and distributor sales representatives;

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

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

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

30 (11) "manufacturer" means a person who fabricates, manufactures, or
31 assembles products; "manufacturer" includes a manufacturer branch and a

1 manufacturer sales representative, but does not include a person who converts,
 2 modifies, or otherwise alters a product fabricated, manufactured, or assembled by
 3 another person;

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

7 (13) "marine authorized dealer" means an authorized dealer of marine
 8 products;

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

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

18 (16) "part" includes an accessory;

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

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

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

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

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

28 (1) a distributorship agreement that would be considered a franchise
 29 regulated by 15 U.S.C. 2801 - 2841 (Petroleum Marketing Practices Act);

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

31 (3) a distributorship agreement, including a franchise agreement, for

1 the sale, repair, or servicing of motor vehicles that are required to be registered under
2 AS 28.10;

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

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

11 (6) a distributor, manufacturer, importer, supplier, or wholesaler of
12 alcoholic beverages;

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

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

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

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

20 (53) violating AS 45.27 (marine products and motorized recreational
21 products).

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

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

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

28 APPLICABILITY. This Act does not apply to an agreement that is entered into before
29 the effective date of this Act. In this section, "agreement" has the meaning given in
30 AS 45.27.990, enacted by sec. 2 of this Act.

31 * **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).