

# Fiscal Note

State of Alaska  
2015 Legislative Session

Bill Version:	CSHB 67(L&C)
Fiscal Note Number:	1
(H) Publish Date:	3/12/2015

Identifier: HB067-LAW-CIV-03-06-15  
 Title: PRODUCT WARRANTIES & REQUIRED UPDATES  
 Sponsor: HAWKER  
 Requester: (H) L&C

Department: Department of Law  
 Appropriation: Civil Division  
 Allocation: Commercial and Fair Business  
 OMB Component Number: 2717

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2016 Request	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>OPERATING EXPENDITURES</b>	<b>FY 2016</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

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**Estimated SUPPLEMENTAL (FY2015) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2016) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Initial version; not applicable.
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Division:	Administrative Services Division	Date:	03/06/2015 09:50 AM
Approved By:	Craig W. Richards, Attorney General	Date:	03/06/15
Agency:	Department of Law		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
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## Analysis

HB 67 would amend AS 45.45 to add warranty provisions to Article 11, which is the "Distributorships" statute. It will require a manufacturer (through its distributor or dealer) to provide the purchaser a copy of any warranty in effect at the time of delivery of the product. If a manufacturer contracts with a third party for warranty service, the manufacturer is still responsible for warranty obligations.

If a product is defective and is covered by a warranty, the manufacturer must pay the dealer or distributor to make repairs, and must get repair parts to the dealer without charge for freight or handling. If a product cannot be repaired, the manufacturer must provide a refund (minus an amount for reasonable use) or replacement. Amounts deducted for "reasonable use" are limited to depreciation (based on a straight-line seven year schedule), neglect or abuse, and "body damage."

To claim a refund or replacement, the bill incorporates features found in other lemon law statutes, including a presumption that if three attempts have been made to repair the product without success, the purchaser is entitled to make a claim.

The bill includes a mandatory "update" provision that requires a manufacturer to pay a dealer or distributor to perform required updates to a product, and must pay all costs associated with accomplishing the update, including transportation and lodging for personnel required to perform the update.

Labor rates charged for warranty repairs and updates are also restricted to not more than the highest of (1) non-warranty rates, or (2) manufacturer's printed flat rates, or (3) rate established by a flat rate manual.

Warranty claims made by a dealer must be paid in 30 days unless the manufacturer issues a written notice disapproval.

We expect no fiscal impact on the Department of Law if this bill should become law.