

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

March 13, 2020

3:18 p.m.

MEMBERS PRESENT

Representative Ivy Spohnholz, Chair
Representative Louise Stutes
Representative Sara Hannan
Representative Andi Story
Representative Mel Gillis

MEMBERS ABSENT

Representative Zack Fields
Representative Sara Rasmussen

COMMITTEE CALENDAR

HOUSE BILL NO. 91

"An Act relating to the practice of naturopathy; relating to the licensure of naturopaths; relating to the Department of Commerce, Community, and Economic Development; and providing for an effective date."

- MOVED CSHB 91(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 27

"An Act relating to the manufacture, sale, distribution, and labeling of child-related products containing certain flame retardant chemicals; relating to an interstate chemicals clearinghouse; adding unlawful acts to the Alaska Unfair Trade Practices and Consumer Protection Act; and providing for an effective date."

- HEARD & HELD

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 146

"An Act relating to an application for a license to operate as a dealer in motor vehicles; and requiring a dealer in motor vehicles to maintain liability and property insurance."

- HEARD & HELD

HOUSE BILL NO. 301

"An Act relating to certificates of fitness for plumbers and electricians."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HB 91

SHORT TITLE: NATUROPATHS: LICENSING; PRACTICE

SPONSOR(S): REPRESENTATIVE(S) JOHNSTON

03/13/19	(H)	READ THE FIRST TIME - REFERRALS
03/13/19	(H)	L&C, FIN
04/03/19	(H)	L&C AT 3:15 PM BARNES 124
04/03/19	(H)	Heard & Held
04/03/19	(H)	MINUTE(L&C)
04/08/19	(H)	L&C AT 3:15 PM BARNES 124
04/08/19	(H)	Heard & Held
04/08/19	(H)	MINUTE(L&C)
05/03/19	(H)	L&C AT 3:15 PM BARNES 124
05/03/19	(H)	Heard & Held
05/03/19	(H)	MINUTE(L&C)
02/12/20	(H)	L&C AT 3:15 PM BARNES 124
02/12/20	(H)	Heard & Held
02/12/20	(H)	MINUTE(L&C)
02/19/20	(H)	L&C AT 3:15 PM BARNES 124
02/19/20	(H)	Heard & Held
02/19/20	(H)	MINUTE(L&C)
02/28/20	(H)	L&C AT 3:15 PM BARNES 124
02/28/20	(H)	Heard & Held
02/28/20	(H)	MINUTE(L&C)
03/13/20	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 27

SHORT TITLE: REGULATION OF FLAME RETARDANT CHEMICALS

SPONSOR(S): REPRESENTATIVE(S) TARR

02/20/19	(H)	PREFILE RELEASED 1/11/19
02/20/19	(H)	READ THE FIRST TIME - REFERRALS
02/20/19	(H)	RES, L&C
04/03/19	(H)	RES AT 1:00 PM BARNES 124
04/03/19	(H)	Heard & Held
04/03/19	(H)	MINUTE(RES)
04/05/19	(H)	RES AT 1:00 PM BARNES 124
04/05/19	(H)	Heard & Held
04/05/19	(H)	MINUTE(RES)
01/24/20	(H)	RES AT 1:00 PM BARNES 124

01/24/20 (H) Scheduled but Not Heard
 01/27/20 (H) RES AT 1:00 PM BARNES 124
 01/27/20 (H) Heard & Held
 01/27/20 (H) MINUTE(RES)
 01/29/20 (H) RES AT 1:00 PM BARNES 124
 01/29/20 (H) Scheduled but Not Heard
 01/31/20 (H) RES AT 1:00 PM BARNES 124
 01/31/20 (H) Scheduled but Not Heard
 02/03/20 (H) RES AT 1:00 PM BARNES 124
 02/03/20 (H) -- MEETING CANCELED --
 02/05/20 (H) RES AT 1:00 PM BARNES 124
 02/05/20 (H) Moved CSHB 27(RES) Out of Committee
 02/05/20 (H) MINUTE(RES)
 02/07/20 (H) RES RPT CS(RES) NT 5DP 2NR
 02/07/20 (H) DP: TUCK, HANNAN, HOPKINS, TARR,
 LINCOLN
 02/07/20 (H) NR: TALERICO, RAUSCHER
 02/26/20 (H) L&C AT 3:15 PM BARNES 124
 02/26/20 (H) <Bill Hearing Canceled>
 03/04/20 (H) L&C AT 3:15 PM BARNES 124
 03/04/20 (H) -- MEETING CANCELED --
 03/06/20 (H) L&C AT 3:15 PM BARNES 124
 03/06/20 (H) Heard & Held
 03/06/20 (H) MINUTE(L&C)
 03/13/20 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 146

SHORT TITLE: MOTOR VEHICLE DEALERS: APPLIC.; INSURANCE
 SPONSOR(s): REPRESENTATIVE(s) CLAMAN

04/24/19 (H) READ THE FIRST TIME - REFERRALS
 04/24/19 (H) JUD, L&C
 05/06/19 (H) SPONSOR SUBSTITUTE INTRODUCED
 05/06/19 (H) READ THE FIRST TIME - REFERRALS
 05/06/19 (H) JUD, L&C
 01/29/20 (H) JUD AT 1:30 PM GRUENBERG 120
 01/29/20 (H) <Bill Hearing Canceled>
 02/26/20 (H) JUD AT 1:00 PM GRUENBERG 120
 02/26/20 (H) Heard & Held
 02/26/20 (H) MINUTE(JUD)
 02/28/20 (H) JUD AT 1:00 PM GRUENBERG 120
 02/28/20 (H) Moved CSSHB 146(JUD) Out of Committee
 02/28/20 (H) MINUTE(JUD)
 03/02/20 (H) JUD RPT CS(JUD) 4DP
 03/02/20 (H) DP: STUTES, DRUMMOND, KOPP, CLAMAN
 03/13/20 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

ERIN SHINE, Staff
Representative Jennifer Johnston
Juneau, Alaska

POSITION STATEMENT: Provided the opening statement for HB 91, on behalf of Representative Johnston, prime sponsor.

KARLA HART, Staff
Representative Geran Tarr
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided the opening statement for HB 27, on behalf of Representative Tarr, prime sponsor.

BEN GANN, Director
American Chemistry Council
Washington, D.C

POSITION STATEMENT: Testified during the hearing on HB 27.

LAUREN AGUILAR
Juvenile Product Manufacturers Association
Sacramento, California

POSITION STATEMENT: Testified during the hearing on HB 27.

PAMELA MILLER, Executive Director
Alaska Community Action on Toxics
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 27.

GRANT JOHNSON, Policy & Government Affairs Coordinator
International Sleep Products Association
Washington, D.C.

POSITION STATEMENT: Testified in opposition to HB 27.

SUSAN INGLIS, Executive Director
Sustainable Furnishings Council
Chapel Hill, North Carolina

POSITION STATEMENT: Testified in support of HB 27.

REPRESENTATIVE GERAN TARR
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided closing comments on HB 27, as prime sponsor.

REPRESENTATIVE MATT CLAMAN

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, introduced HB 146.

DAVID CLARK, Staff
Representative Matt Claman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis for HB 146, on behalf of Representative Claman, prime sponsor.

STEVE ALWINE, President
Mendenhall Auto Center
Juneau, Alaska

POSITION STATEMENT: Provided testimony in support of HB 146.

TROY JARVIS, President
Alaska Automobile Dealers Association
Anchorage, Alaska

POSITION STATEMENT: Provided testimony in support of HB 146.

MARCUS WAEHLER
Alaska Automobile Dealers Association
Anchorage, Alaska

POSITION STATEMENT: Provided testimony during the hearing on HB 146.

JOANNE OLSEN, Director
Division of Motor Vehicles
Department of Administration
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 146.

ACTION NARRATIVE

[3:18:46 PM](#)

CHAIR IVY SPOHNHOLZ called the House Labor and Commerce Standing Committee meeting to order at 3:18 p.m. Representatives Gillis, Hannan, Story, Stutes, and Spohnholz were present at the call to order.

HB 91-NATUROPATHS: LICENSING; PRACTICE

[3:19:30 PM](#)

CHAIR SPOHNHOLZ announced that the first order of business would be CS FOR HOUSE BILL NO. 91(L&C), "An Act relating to the practice of naturopathy; establishing the Naturopathy Advisory Board; relating to the licensure of naturopaths; relating to disciplinary sanctions for naturopaths; relating to the Department of Commerce, Community, and Economic Development; and providing for an effective date."

[3:19:40 PM](#)

ERIN SHINE, Staff, Representative Jennifer Johnston, provided an overview of HB 91, on behalf of Representative Johnston, prime sponsor. She stated that the bill is a modernization of scope of practice for naturopathic doctors (NDs) in Alaska. She added that the current CS, Version K, also modernizes the statutes for the powers and duties of the Division of Corporations, Business and Professional Licensing, Department of Commerce, Community & Economic Development (DCCED).

[3:20:11 PM](#)

REPRESENTATIVE STORY questioned whether other states that expanded the scope of practice for NDs found any evidence that it's a risk to public safety.

MS. SHINE said in her conversations with the regulatory bodies for the states of Oregon and Washington, she found that their rates of investigation were minimal.

REPRESENTATIVE STORY suggested that to mean there weren't any spikes in malpractice noticed in [Oregon and Washington].

MS. SHINE confirmed that. She further noted that both Oregon and Washington have limited prescriptive authority of controlled substances, which HB 91 does not allow.

REPRESENTATIVE STORY expressed her interest in ensuring that NDs clarify that they are naturopathic doctors - not medical doctors - in their title. She stated that according to Legislative Legal, Alaska statutes already require that.

CHAIR SPOHNHOLZ pointed out that there is no such thing as a "regular doctor." She explained that a "regular doctor" is often called an allopathic doctor or a medical doctor; however, many types of doctors exist.

[3:23:08 PM](#)

REPRESENTATIVE HANNAN opined that although there is valid concern that citizens are not put at risk when medical services in Alaska are addressed, the current committee substitute (CS) for HB 91 has enough protections and provisions to help serve Alaskans and the diversity of medical approaches and needs that they want in their communities. She said she will be supporting the bill in its current form.

[3:25:11 PM](#)

REPRESENTATIVE STUTES moved to report CSHB 91, Version LS0608\K, Fisher, 2/8/20, out of committee with individual recommendations and the accompanying fiscal notes. Without objection, CSHB 91(L&C) was moved from the House Labor and Commerce Standing Committee.

[3:25:37 PM](#)

The committee took an at-ease from 3:25 to 3:27 p.m.

HB 27-REGULATION OF FLAME RETARDANT CHEMICALS

[3:27:43 PM](#)

CHAIR SPOHNHOLZ announced that the next order of business would be HOUSE BILL NO. 27, "An Act relating to the manufacture, sale, distribution, and labeling of child-related products containing certain flame retardant chemicals; relating to an interstate chemicals clearinghouse; adding unlawful acts to the Alaska Unfair Trade Practices and Consumer Protection Act; and providing for an effective date."

[3:28:05 PM](#)

KARLA HART, Staff, Representative Geran Tarr, Alaska State Legislature, provided an overview of HB 27, on behalf of Representative Tarr, prime sponsor. She stated that the bill regulates flame retardants. She noted that it's similar to an Anchorage law that was passed last year - provided there are several differences. She said that Anchorage bans all flame retardants above 1000 parts per million, while HB 27 bans all levels of flame retardants. HB 27 bans a class of organohalogenated chemicals and antimony, whereas Anchorage goes further by linking with laws in Washington and California. Furthermore, HB 27 bans toys and electronic products that are primarily used in the home and removes child seats from the

definition of "covered items;" however, the industry is interpreting the bill as if child restraint systems are covered. She stated that the civil penalties are also slightly different. HB 27 has no enforcement provisions, which makes the penalties "fairly cosmetic," she said. The bill still allows the Department of Environmental Conservation (DEC) to participate in the Interstate Chemicals Clearinghouse if they desire; however, there are no appropriated funds for that. She said if DEC would like to participate, dues for the clearinghouse are \$2000 for the state population at this time. She further noted that HB 27 has no labeling requirement and does not require the retention of records to prove that products do not contain the prohibited flame retardants.

CHAIR SPOHNHOLZ asked for Ms. Hart to email a comparison between the Anchorage ordinance and HB 27.

MS. HART directed attention to several documents on the members' desks.

[3:32:16 PM](#)

REPRESENTATIVE GILLIS questioned whether HB 27 would conflict with federal laws pertaining to flame retardants.

MS. HART answered no. She explained that currently, there are no federal laws pertaining to flame retardants, which is why the states and municipalities are acting.

[3:32:59 PM](#)

CHAIR SPOHNHOLZ opened public testimony.

[3:33:17 PM](#)

BEN GANN, Director, American Chemistry Council, informed the committee that he is representing the American Chemistry Council's North American Flame Retardant Alliance (NAFRA). He addressed three issues with the legislation. First, he said, a class-based approach to regulating flame retardants is not consistent with the current state of the science because not all flame retardants are the same. He explained that a variety of flame retardants are necessary because the materials that need to be made fire resistant are different in their physical nature and chemical composition, as are the end use performance requirements of the final product. Second, HB 27 would remove the possibility for manufacturers and product designers to use

new innovative and sustainable products in the research and development pipeline that have not yet come to market and could be essential to helping these fire standards in the future. He said Alaska should not permanently eliminate the possibility of using new flame retardant technologies that could help save lives and property from fire. Third, he stated that flame retardants are reviewed for their safety by regulators around the world. He said this legislation would ban substances that government regulators have already determined do not present a risk. HB 27 falls short of the scientific standard by presuming that these flame retardant chemicals cannot, under any circumstances, be safely used in consumer products. To conclude, he said the approach outlined in HB 27 runs contrary to sound science, is overly broad, discourages development of innovative new flame retardants to meet product safety standards, ignores safety determinations made by regulatory authorities, and may increase fire safety risk.

[3:36:40 PM](#)

LAUREN AGUILAR, Juvenile Product Manufacturers Association, stated that her critical concern with HB 27 is its deviation from the Anchorage city ordinance. She said the approach in HB 27 would have negative impacts with internal and inaccessible electronic and electrical components of products, as well as car seats. She opined that the Anchorage ordinance is a reasonable approach for juvenile products. She expressed her interest in amending HB 27 to be consistent with that approach. She added that if HB 27 is passed in its current form there will be a broad ban on lifesaving juvenile products that require flame retardants to meet safety and performance standards. She requested that the committee contemplate the negative consequences of HB 27 in its current form and consider amendments to make it fully consistent with the Anchorage ordinance if it is to move forward.

[3:39:56 PM](#)

PAMELA MILLER, Executive Director, Alaska Community Action on Toxics, conveyed three key messages in support of HB 27. She said that toxic flame retardants do not provide proven fire safety benefits and fire safety standards can be met without them. She noted that the bill has the support of diverse organizations, including those representing firefighters, such as the Fire Chiefs Association. She offered her belief that Alaska has an opportunity to build on the foundation of the

landmark Anchorage ordinance and to protect the health of all Alaskans.

[3:42:32 PM](#)

CHAIR SPOHNHOLZ asked if electronic products and child restraint systems should be included or excluded.

MS. MILLER shared her belief that both product categories present a hazard to children. Nonetheless, said noted that there are car seats that meet fire safety standards without the use of flame retardant chemicals. She reiterated her interest in passing a bill that is substantively similar to the Anchorage ordinance. She suggested the inclusion of three product categories: toys, electronics, and car restraint systems.

[3:44:22 PM](#)

GRANT JOHNSON, Policy & Government Affairs Coordinator, International Sleep Products Association, urged the committee to vote no on HB 27 or to amend the legislation to address existing flaws. He explained that the bill would prohibit the use of antimony trioxide, which is an important ingredient in some materials used in mattresses to help manufacturers meet federal mattress flammability standards. He provided a detailed explanation of federal flammability standards administered by the CPSC [Consumer Product Safety Commission]. He urged the committee to vote no on HB 27 or amend the bill to strike the reference to antimony trioxide and exclude products that must meet the open flame mattress standard set by the CPSC from its scope.

[3:49:06 PM](#)

SUSAN INGLIS, Executive Director, Sustainable Furnishings Council, explained that the Sustainable Furnishings Council is an organization of companies involved in residential furnishings and committed to sustainability. She reported findings from consumer research and urged the passage of HB 27. She reiterated that chemicals leech out of products exposing people to harmful toxins that are directly related to a range of health problems including various cancers, endocrine system disruption, and more.

[3:53:29 PM](#)

CHAIR SPOHNHOLZ closed public testimony.

[3:53:37 PM](#)

REPRESENTATIVE GERAN TARR, Alaska State Legislature, prime sponsor of HB 27, directed attention to a document on members' desks addressing workplace safety issues for first responders and potential health impacts for people inside their homes. She reported that currently, 75 percent of mattresses do not use antimony. She added that the removal [of antimony] is consistent with the Anchorage ordinance.

CHAIR SPOHNHOLZ expressed her concern about firefighters facing a higher risk of some cancers compared to the general public.

[3:55:34 PM](#)

REPRESENTATIVE STORY asked how this legislation differs from the Anchorage ordinance.

REPRESENTATIVE TARR acknowledged that there are reasons to be concerned about the flame retardants used in electronics as well as car seats; however, in considering safe alternatives and pushing policy, those products were included to encourage a conversation and to educate people on the health risks associated with exposure to them.

[3:57:31 PM](#)

CHAIR SPOHNHOLZ announced that HB 27 was held over.

HB 146-MOTOR VEHICLE DEALERS: APPLIC.; INSURANCE

[3:57:42 PM](#)

CHAIR SPOHNHOLZ announced that the final order of business would be SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 146, "An Act relating to an application for a license to operate as a dealer in motor vehicles; and requiring a dealer in motor vehicles to maintain liability and property insurance."

[3:58:04 PM](#)

REPRESENTATIVE MATT CLAMAN, Alaska State Legislature, prime sponsor, introduced HB 146. He paraphrased the sponsor statement [included in the committee packet], which read in its entirety as follows [original punctuation provided]:

The purpose of House Bill 146 is to improve consumer protections for those purchasing motor vehicles by strengthening the requirements for motor vehicle dealers. Under current law, a motor vehicle dealer in Alaska must register biennially by filling out an application that requires an address, but not a valid telephone number. The application must be accompanied by a \$50 registration fee and a surety bond of \$50,000. There is no current requirement that dealers carry liability insurance even though we require drivers to have liability insurance for their vehicles - and dealers may allow uninsured drivers to take dealer-owned cars for a test drive.

Alaska's current statutory requirements for motor vehicle dealers are some of the least stringent in the country. By way of comparison, for an automobile dealership application to be valid in other states:

- Oregon - Chapter 822 of Oregon State Statutes provides for civil penalties for acting as a vehicle dealer without a certificate (.005-.009), the processes of applying for, and maintaining, an automobile dealer license and related exemptions, requirements, and privileges (.025-.042), grounds for revocation, suspension, or cancellation of the dealership certificate (.050), and further definition of illegal practices and associated penalties (.055-.080).
- Delaware - Title 21, Chapter 63 of the Delaware State Statutes provides for proof-of-location requirements and recordkeeping (§ 6303), license expiration and renewal procedures (§ 6304), retention of bill of sale records for a period of at least five years (§ 6305), in addition to grounds for revocation of dealer licenses (§ 6313);
- Texas - Title 14, Subtitle A, Chapter 2301 of the state's Occupations Code provides for public interest information and complaint procedures (Subchapter E), licensing requirements (Subchapter F), license expiration and renewal (Subchapter G), dealer operations (Subchapter H), grounds for license revocation (Subchapter N), as well as procedures for complaint hearings, judicial review, and penalties (Subchapters O, P, and Q).

Comparatively speaking, Alaska Statutes Title 8, Chapter 66 addresses the application form (.040) and registration renewal (.050); sets the minimum bond amount (.060), defines allowable action on bonds and defines failure to file a bond as a class A misdemeanor (.070, .080); and holds the dealer responsible for maintaining a record of each motor vehicle transaction (.320). Unlike Texas, Oregon, and Delaware, there are no statutes explicitly providing for a grievance process nor grounds for revocation of the license in question.

HB 146 aims to strengthen consumer protection by addressing two scenarios that may create problems for both consumers and dealers:

HB 146 seeks to provide better protection when one selling dealer sells multiple vehicles to a buying dealer and receives payment without providing titles (the titles are being held by the bank that provides a credit line for purchasing vehicles). The selling dealer plans to pay for the vehicles and get the titles but runs into financial difficulties and is unable to continue making payments. When this happens, the bank repossesses the vehicles from the buying dealer. The buying dealer has now lost the money and decides to seek recompense from the selling dealer's bond. At present, the bond requirement under state law is \$50,000, which, depending on the type and quantity of vehicles, may be only a fraction of what is owed. Raising the bond amount will help protect the buying dealer in the event that the bank repossesses their new stock.

Another scenario that this bill addresses is "curbstoning," which is the act of selling used vehicles under the false pretense of being the car's owner in order to evade regulations that are imposed on state-licensed automobile dealers. When a dealer obtains a license, they are qualified to purchase cars at "dealer only" auctions at steep discounts. In these scenarios, the dealer is not required to disclose the fact that they are a licensed car dealer or that the vehicle has a reconstructed title or has known defects. If deemed a personal vehicle, the vehicle is not subject to a routine safety inspection. Often, the title is not placed in the dealer's name, the contact

information provided is not the dealer's information, or the transaction takes place in cash, leaving little paper trail for the consumer to follow if issues arise. Requiring a verified working telephone number increases the consumer's ability to locate the dealer.

HB 146 would help protect against these two scenarios by requiring that those registering as motor vehicle dealers include more detailed information about their business in the application, register a bond for \$100,000 instead of \$50,000, and maintain liability insurance that covers collisions with dealer-owned cars.

[4:01:34 PM](#)

DAVID CLARK, Staff, Representative Matt Claman, Alaska State Legislature, on behalf of Representative Claman, prime sponsor, presented the sectional analysis for HB 146 [included in the committee packet], which read as follows [original punctuation provided]:

Section 1

Amends AS 08.66.030:

Adds the following requirements to dealer registration applications:

- a valid telephone number for the business;
- a statement that no person holding a five percent or greater interest in the business has been convicted of a felony involving fraud, embezzlement, or misappropriation of property within five years preceding the date of application;
- A statement acknowledging that the applicant has reviewed the requirements for workers' compensation insurance and will maintain workers' compensation insurance under AS 23.30, if applicable; and
- a copy of the liability insurance policy in compliance with section 3 of this bill.

Section 2

Amends AS 08.66.060(a):

Raises the amount of the bond required for dealer registration applicants from \$50,000 to \$100,000.

Section 3

Adds a new section to AS 08.66:

Sec. 08.66.085 Insurance requirements: Requires that dealers maintain public liability and property damage insurance of not less than \$50,000 for property damage, \$100,000 for injury to a single person, and \$200,000 for injury, including death, to more than one person.

[4:03:17 PM](#)

REPRESENTATIVE STORY sought clarification on the cost of insurance.

[4:04:11 PM](#)

STEVE ALWINE, President, Mendenhall Auto Center, stated that the need for further regulation is because it's easier to obtain a dealer's license in the state of Alaska than in any other state. He explained that a dealer's license grants access to "dealer only" auctions wherein inventory swaps occur. He addressed the expense of a bond, reporting that his bond for \$50,000 costs \$700 and renews every two years. He noted that the premium is linear - if the bond rises from \$50,000 to \$100,000 the price increases from \$700 to \$1500. He added that it's not a barrier to entry, nor is it supposed to be - however, he emphasized that he expects those entering the industry to act in a responsible matter.

[4:07:28 PM](#)

CHAIR SPOHNHOLZ sought to clarify that the bond expense is \$700 every two years.

MR. ALWINE answered yes.

[4:07:42 PM](#)

TROY JARVIS, President, Alaska Automobile Dealers Association, expressed his support for HB 146. He informed the committee that he has been in the car business in Alaska for the last 40 years and recently, the amount of deception in the dealer's industry has increased. He shared an anecdotal example. He reiterated that as dealers, they are not trying to make it more difficult to get licensed, but they do want to regulate and monitor people's actions to ensure that car dealers have a good reputation in Alaska. He added that the leniency of the current law allows individuals to obtain a license at little cost. Some of those individuals then compound the problem by selling

vehicles under false pretenses. He said he wants to make [the industry] legitimate and safe and to protect consumers. To conclude, he reiterated his support for the bill.

CHAIR SPOHNHOLZ sought to clarify the problem being presented. She summarized that there are people registered as dealers who are potentially buying defective cars through auctions and selling them on Craigslist to people without transparently revealing that they could be held responsible for the known defects. She asked if that is correct.

MR. JARVIS confirmed that.

[4:11:24 PM](#)

MARCUS WAEHLER, Alaska Automobile Dealers Association, shared a personal anecdote to exemplify the problem at hand. He expressed his hope that HB 146 will benefit the consumers, as well as the reputation of [car] dealers in Alaska.

[4:14:38 PM](#)

REPRESENTATIVE HANNAN asked if the Division of Motor Vehicles (DMV) has seen an increase in fraudulent behavior by dealers acting as private parties to sell used vehicles with reconstructed titles.

[4:15:17 PM](#)

JOANNE OLSEN, Director, Division of Motor Vehicles, Department of Administration, stated that she has worked for over 31 years and during that time has experienced that behavior. She noted that another problem is when dealers do not provide a valid phone number. She offered her belief that increasing the bond might help because the cost of vehicles has increased.

[4:16:11 PM](#)

CHAIR SPOHNHOLZ asked if the requirements in HB 146 would adequately prevent this problem from continuing to happen.

MR. WAEHLER said hopefully it would deter some people and curb their behaviors; however, it will not eradicate the problem completely. He offered his belief that the bill will have an impact.

CHAIR SPOHNHOLZ asked if there is a requirement for registered dealers to post their information whenever they make a sales transaction.

MR. WAEHLER offered his understanding that disclosure is required but it's not being followed through on or enforced.

CHAIR SPOHNHOLZ asked if Mr. Waehler filed a report when he witnessed this deceptive behavior.

MR. WAEHLER said, "it's a little difficult to track down because [the dealer's] title had already been transferred into [the buyer's] name." He added that the buyer didn't remember the dealer's name - only that she had found the car on Craigslist. He said he connected the dots based on that information.

CHAIR SPOHNHOLZ asked if the buyer was acting in good faith.

MR. WAEHLER shared his belief that she was.

[4:20:24 PM](#)

CHAIR SPOHNHOLZ asked what protections could be put in place to ensure that unscrupulous dealers aren't misrepresenting themselves. She asked for additional recommendations in terms of offering more transparency or enforcement to help solve the problem.

MS. OLSEN stated that HB 146 should help deter dishonest people from applying for a license. She said currently, there's not much the DMV can do to protect the public from these situations.

CHAIR SPOHNHOLZ asked what the DMV does when they identify that someone has been a victim of this kind of fraud or deception.

MS. OLSEN said there's not much they can do when the title has already been transferred to [the buyer's] name. She shared an anecdotal example.

[4:23:26 PM](#)

REPRESENTATIVE CLAMAN added that in terms of consumer remedies, the automobile dealers are subject the Alaska Unfair Trade Practices and Consumer Protection Act [AS 45.50.471]. He explained that if they are found liable in a civil claim, they are subject to treble damages. He noted that a key feature of HB 146 is adding required liability insurance, which would

provide a source of money if someone brings a claim against a dealer. He said the liability insurance would also provide coverage for potential buyers that [test] drive a car on the dealer's lot.

CHAIR SPOHNHOLZ said that is helpful; however, it doesn't address the problem of individuals who deceptively misrepresent themselves. She observed that there doesn't appear to be a meaningful accountability mechanism, which is problematic from a consumer protection standpoint.

REPRESENTATIVE CLAMAN agreed. Nonetheless, he stated that the DMV does not have adequate resources to take on that kind of investigative capacity given the current budget environment.

CHAIR SPOHNHOLZ said they may not have the investigators or the personnel; however, the DMV is one of the few state agencies in Alaska that generates a profit. She suggested equipping the DMV with FTE [full time equivalent] to invest in consumer protection.

[4:27:30 PM](#)

CHAIR SPOHNHOLZ announced HB 146 was held over.

[4:30:13 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:30 p.m.