

HB

344

# opinion

## Anchorage Daily News

Winner, 1976 Pulitzer Prize Gold Medal for Public Service

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## Dealing with 'lemons'

Public voices should ring clearly today at a teleconference hearing before the House Labor and Commerce Committee on a proposed state "lemon law" governing new automobile warranties. The hearing begins at 2 p.m. and deserves healthy public participation.

The law essentially would shift part of the burden of proof in dealing with defective automobiles from the consumer to the dealer and manufacturer. It provides that a consumer is entitled to either a new vehicle or a full refund if a manufacturer's defect renders it undriveable for 30 days or more during the first year of ownership.

The major effect would be to encourage dealers to stand up and pay heed to the products and warranties they offer. For the dealer who already performs warranty service promptly and efficiently, the impact of the law would be negligible, and in fact good for credibility. For the dealer who ducks or delays the demands of a good-faith warranty there would be new incentive to meet the obligations of doing business.

And for the consumer who has a right to expect automobiles under warranty to run properly, there would be an improved chance of gaining full value for a very expensive investment. That seems like a good deal for all concerned.



jim erickson

## TROUBLESHOOTER

✓ **CONSUMER ADVISORY-ALASKA LEMON LAW:**  
A statewide teleconference has been set for Wednesday on a proposed Alaska "lemon law," legislation that would give consumers substantially more leverage when wrangling with automobile dealers and manufacturers over warranty obligations.

Under the provisions of House Bill 344, automakers would be forced to replace or refund the purchase price of new cars that, due to manufacturing defects covered by the new-car warranty, cannot be satisfactorily repaired.

If the defect causes the car to be undriveable for 30 days or more during the first year of ownership, the car buyer would be entitled to either an identical new vehicle or a refund, including repair costs. Auto dealers would be given four chances to repair the defect.

Fred Marino, part-owner and general manager of Euro Volkswagen in Anchorage, said Monday that he felt the bill was unnecessary in light of the track record of Alaska dealers.

"If the customer has a legitimate complaint, most (dealers) really seemed to bend over backward" to help iron out difficulties, he said. "If there is a problem, none of us to our knowledge haven't got it fixed within a reasonable length of time."

Marino, who called the bill "heavy and cumbersome," added that the legislation would increase taxpayers' expense, despite legislative estimates to the contrary. "Just enacting it would cost a great deal," Marino said.

In written testimony submitted to the House Labor and Commerce Committee May 9, Assistant Attorney

General Connie Sipe noted the bill gives vehicle owners the benefit of "a legal presumption that after a reasonable number of attempts to correct a deformity, that the vehicle is in fact defective or a lemon."

Sipe, head of the Consumer Protection Section of the Attorney General's Office, said under current common law warranty rights, it is up to the vehicle owner to prove a car is a lemon before the courts can compel automakers to replace a vehicle.

If HB 344 is passed, she said, that burden of proof would be shifted. If the manufacturer cannot prove a defect does not cause substantial impairment to the operation or value of the vehicle or prove the owner caused the failure by abuse or modification of the car, the car would be presumed to be a lemon and the buyer would be entitled to reimbursement.

"It is my opinion, after working in this area for seven years, that very few Alaskans, especially those who live outside the three major cities, receive full value of the warranty on their vehicles," Sipe said. "Since Alaskans pay not only the top manufacturers' suggested retail price, but usually amounts in addition to the suggested retail price, we can see that Alaskans do not get any break or allowance for their difficulty in obtaining warranty work."

Consumer Protection auto investigator Scotty Dawkins said before the House Labor and Commerce Committee May 9 that automakers routinely deliver vehicles to buyers with built-in problems.

"Often the manufacturer is aware of these defects but seldom is any voluntary action taken to correct the problems in cars that are already built," Dawkins said.

"Instead, the manufacturer relies on the predelivery inspection performed by the dealer to detect and correct these problems. What actually happens is that the buyer finds the problems after delivery and faces the hassle of attempting to have repairs completed by the dealer."

Dawkins added that new car warranties require the buyer to return to the dealer for warranty work, but "in Alaska, the fact that our new-car dealer may be hundreds of miles away somewhat complicates this requirement."

The Attorney General's Office is calling for an amendment to the bill that would require manufacturers to establish factory-authorized repair centers in towns where there are no dealers.

The public is invited to testify at Wednesday's public hearing before the House Labor and Commerce Committee. The hearing will be held via the Legislative Teleconference Network at 2 p.m. ADT. Anchorage residents who would like to participate can contact the Legislative Information Office, 1024 W. 6th Ave (270-9624).

# Alaska's auto dealers protest 'lemon law' proposal

Dealers: Law unneeded  
Consumer rep: Yes it is

By DEBBIE REINWAND ROSE  
Empire Staff Reporter

Alaska car dealers converged on teleconference sites throughout the state this morning to protest a bill its sponsors say will protect consumers who purchase autos.

Labeled the "lemon law," the legislation sponsored by local Reps. Jim Duncan and Mike Miller and Sen. Bill Ray would force car dealers to adhere strictly to the advertised warranty on a new car.

If a customer complained of a "substantial" problem not caused by owner abuse, the manufacturer or distributor would be given four chances to fix the vehicle. Failing that, the customer could receive a refund or a new car to replace the defective model.

Testimony at today's teleconference, organized at the request of car dealers in the state, ran heavily against the bill. Input came primarily from auto distributors.

Fairbanks car dealer James Masters said the consumer already has plenty of protection from defective autos.

"In case of a difference between the consumer and the dealership, they can go directly to the dealer, or the manufacturer," he said. "If that doesn't work, the (state) Consumer Protection Division is very good at following through on these

complaints."

Consumer Protection officials, however, favored the legislation as offering the car buyer "some recourse" when dealing with faulty vehicles, according to Scotty Dawkins in the Anchorage Consumer Protection office.

"In Alaska, it often takes two weeks or more just to get the cars into the service department. Not one manufacturer has a service representative in the state, so the consumer has to wait six to eight weeks for that rep to come up here," he said. When dealing with many warranty problems, the defect often must be checked by the service representative.

Alaska has a booming automobile sales business, Dawkins said, and dealers should be responsive to the public's needs. Last year, 27,705 cars were sold in the state for an average of 1,148 sales per

distributorship. In the rest of the nation, the average is 205 cars per year for each dealership, he added.

As an example of problems faced by Alaska car owners, Dawkins cited several complaints received over defective cars:

- One district court judge had his car worked on 10 times for, among other things, a defective horn. After all attempts to repair the car had failed, he was offered half the \$9,000 sticker price on a trade-in, said Dawkins.

- An Alaska State Trooper had his station wagon worked on eight times, and ended up having the engine replaced after the protection agency intervened in the matter.

- After purchasing a car in Anchorage, complete with a \$700 service contract, a Valdez resident had to pay towing fees bet-

Continued on Page 2

## 'Lemon'...

Continued from Page 1

ween Anchorage and Valdez when the engine quit running. He had been assured by the dealership in Anchorage that his service

contract would be honored in Valdez, Dawkins said.

Bill sponsor Miller said the crux of the testimony revolved around "people giving excuses for not conforming to the warranty."

"We are not trying to place the burden on the dealer. ... They are missing the point of the bill. If there is a major problem with a car, then it should be corrected. The manufacturer issues the warranty, and they are ultimately responsible for living up to that warranty," he said.

Extensive testimony from disgruntled car dealers continued until adjournment of the meeting. House Labor and Commerce Chairman Walt Furnace, R-Anchorage, has scheduled a statewide teleconference on the bill for May 18, from 4 to 6 p.m. in the Labor and Commerce room in the Behrendt Building.

## Lemon law would force dealers to replace cars

By JIM ERICKSON  
Daily News reporter

Alaska auto dealers would be forced to buy back or replace automotive "lemons," defective new cars that defy all attempts at repair, if legislation introduced recently in the state Senate and House becomes law.

House Bill 344 calls for replacement of a new car or a refund of the purchase price when manufacturing defects make the car undriveable for 30 days or more during the first year of ownership.

The so-called "lemon law" is scheduled for a House Labor and Commerce Committee hearing Monday.

An identical bill introduced in the Senate by Sen. Bill Ray, D-Juneau, has not been scheduled for a hearing.

The House measure was introduced last month by Rep. Mike Miller, D-Juneau. Miller said Saturday the legislation would compel dealers and manufacturers to honor new-car warranties promptly.

"The legislation doesn't spell out the warranty," he cautioned. "That's up to the manufacturer. What it does do is put full force of the state law behind customer satisfaction of that warranty."

If the defect poses a safety

hazard, the car must be repaired within 14 days, the measure states.

In all cases, dealers would be allowed four chances to fix the car, before the buyer could demand a refund or a replacement. The measure applies only to failures covered by new-car warranties, and only during the first year of ownership.

"What we are talking about is correcting major problems of the vehicle," Miller said. "This is not in regard to trivial repairs or problems that result due to owner abuse."

Similar legislation has been adopted in California, Connecticut, Montana and Wyoming, said legislative aide Denise Zachary. Ten other states are considering lemon laws, she said.

Monday's hearing will be linked to Anchorage, Fairbanks and Ketchikan via the state teleconference network.

Zachary said the public can comment on the bill by attending the teleconference, to be held in Anchorage at the Anchorage Legislative Information Office, 1024 W. 6th Ave.

The teleconference will begin at 7 a.m.

Daily News 3/10/83



Photo by Danny Daniels

ual Walk for Hope, which was e C-3.

## s a phrase for every misdeed

(Not to mention the ultimate disaster: "If you eat that now, you won't be hungry for dinner!")

And then there is the chapter on Questions Without Answers. These generally come along during the teenage years.

Questions like, "You're not going out dressed like that, are you?"

Or, "You know this goes against everything we've ever taught you, don't you?"

Not to mention the all-time winner, which spans most of the formative years: "Just what do you think you're doing?"

Experienced mothers know they can mix and match these phrases for special effect, as in: "Just where do you think you're going dressed like that?"

"When you're grown and have children of your own, that's when."

This last, especially, falls under the definition of all-purpose Motherese, touching as it does on the perpetually ripe arena of life after one has children of one's own.

Of course, it's not all conflict and threats in Motherese. There's the Broken Heart chapter, things mothers say to make you feel better. Things like, "Ten years from now this will all seem funny" and "Just think of it as good experience" — not to mention the all-time classic, "Well, just consider yourself lucky, a man will never marry a girl like that!"

I suppose with changing mores they'll be wanting to update the Mother's Phrase Book before long, make it a little more hip, but I

# 'Lemon law' deserves support

Sometimes it seems that all cars should be painted yellow just to warn buyers what they are getting themselves into. All too often nowadays, expensive cars transform themselves into "lemons" before their owners' very eyes.

Before a sale is made, salesmen point out all of the wonderful aspects of a new car. It's pretty, the doors slam with a solid "thunk" and it sounds good idling there in front of the dealer.

But a select few cars turn into "lemons," some the minute they are driven off the lot. Some don't start right; some don't stop right; some don't do anything right.

Any dealer is more than happy to provide buyers with a copy of the warranty manufacturers give for their cars. Some last for a year; some last for five years. But unless the dealer and manufacturer back up the claims of those warranties, they aren't worth the paper they are printed on.

Introduced in the Alaska Legislature last week was a bill aimed at taking the "lemon" out of the lives of Alaska car buyers. The bill, whose prime sponsors are Juneau Sen. Bill Ray in the Senate and Reps. Jim Duncan and Mike Miller in the House, does nothing more than make manufacturers and dealers live up to the promises made in warranties.

For most people, buying an automobile is the second-largest purchase they will make in their lives. The largest purchase, of course, is a home, but it should be remembered that the price of some 1983 cars would buy a nice house 20 years ago.

Because of the tremendous expense of cars, no one should be stuck with a "lemon" — a car that doesn't work properly. Yet we all know people with horror stories about how their expensive new cars went to pot on them and they were unable to get satisfaction from the dealer.

It is for those people that the "lemon law" before the Legislature is meant. A warranty is not written on paper that self-destructs once the sales agreement is signed. It is a document in which the manufacturer, through the dealer, promises to make a car run properly, no ifs, ands or buts.

Dealers should welcome the advent of a "lemon law" in Alaska. It means dealers that have been standing behind their products won't be affected in the slightest. Other dealers, who are unwilling to stand behind their products and the warranties that go with them, will — and should — find themselves having to shape up.

The "lemon law" bill deserves your support.

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We went up some stairs to a glass-enclosed booth. When Widget shut the door he said, "I want you to meet my Master Robot, Turnbull. He is programmed to program the robots on the floor."  
Turnbill gave me a steady look and reluctantly put out his arm which I shook.  
"How many sneakers did we make today, Turnbull?" Widget asked.  
Turnbill's lights blinked, and a deep voice said, 12,890."  
Widget rubbed his hands. "I used to make that many in a week."

# Eyeing the new

WASHINGTON (NEA) — "I can make a million through the union," Jackie Presser boasted several years ago to a magazine in his hometown of Cleveland. Indeed, the union has made him rich — and now it's about to make him famous as well.

The union is the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, arguably the country's most corrupt labor organization.

When the Teamsters' executive board met recently to select a new president for the union, it could have chosen a leader whose reputation had not been blackened by compelling evidence of regular affiliation with organized crime figures.

M.E. (Andy) Anderson, area director of the union's Western Conference, is hardly a candidate for sainthood but he surely would have been more suitable as president than Presser if the Teamsters were serious about restoring at least a semblance of integrity to their organization.

The same is true, although perhaps to a lesser extent, of the other two "dark horse" contenders for the presidency — Joseph W. Morgan, area director of the union's Southern Conference and Donald Peters, a Chicago Teamster leader.

But, in an election preordained as far back as the union's 1961 convention, all three of those men were summarily rejected in favor of Presser, a glib, portly 56-year-old veteran of more than three decades as a Teamster organizer.

A detailed affidavit filed by the FBI in connection with a criminal case in U.S. District Court in Los Angeles quoted FBI informants as stating that Presser was "controlled" by members of the Mafia.

In testimony before the New Jersey Commission of Investigation, a state police sergeant identified Presser as an intermediary for syndicate members seeking loans from the Teamsters' pension and welfare funds.

Some of the most disturbing allegations about Presser come from Aladena "Jimmy the Weasel" Fratianno, believed to be the first Mafia member to testify against another Mafioso in court. His testimony has aided federal prosecutors to convict approximately two dozen organized crime figures.

According to Fratianno, Presser's union activities generally have been conducted under the direction and control of James T. "Blackie" Licavoli, the reputed head of the Cleveland "family" of the nationwide crime syndicate. "Jackie Presser, he told me himself that 'I don't do nothing unless Blackie tells me,'" Fratianno said in sworn court testimony.

How does Presser respond to those allegations? He blithely denies any knowledge of La Cosa Nostra: "There's no organized crime that I know of as a person."

Presser offers a similar see-no-evil response to the documented examples of massive abuse of the union's Central States, Southeast and Southwest Areas Pension Fund: "Despite the many claims and accusations of various governmental agencies, the Central States (Fund) is a sound, well managed plan."

In 1976, Presser's father, William, was forced to resign as a trustee of the fund after he invoked his Fifth Amendment right against self-incrimination while being interrogated about trust fund abuses by federal investigators.

William Presser's position as a fund trustee was inherited by his son, Jackie, but he too was forced to resign only one year later and is one of numerous Teamster leaders being sued by the Justice Department for approving more than

Berry's World

Window of vi



# 'Lemon' bill would put the squeeze

By DEBBIE REINWAND ROSE  
Empire Staff Reporter

Hearings begin this week on a bill that should warm the hearts of everyone who has ever bought a "lemon" — a car that for some reason doesn't work right.

Commonly known as the "lemon law," this legislation, introduced by the Juneau delegation, would bind car dealers under state law to adhere strictly to the warranty they advertised when selling a car.

Under it, if a customer complains of a "substantial" malfunction during the warranty term, the dealer or manufacturer would

have to repair it. The dealer would be given four chances to bring the car up to par, and failing that, would then have to refund the customer's money or provide a new car.

"It's not an overly restrictive law; if anything it's conservative and could be tighter," said Rep. Mike Miller, D-Juneau. "What we're talking about correcting are major problems with the vehicle. This is not in regard to trivial repairs or problems that result because of owner abuse."

Currently, 12 states have similar legislation on the books. Montana and Wyoming just passed lemon laws.

While the bill is aimed at protecting the consumer, it should not

unnecessarily alarm car manufacturers.

"One feature is that the legislation doesn't spell out what the warranty is — that's up to the manufacturer. What it does is put the full force of state law behind customer satisfaction of that warranty," said Miller.

"The idea is if the distributor or parent company issues a warranty as a selling point for their vehicles, they should live up to it; no sloughing off," said Sen. Bill Ray, D-Juneau.

And Ray should know. Like a number of people who have contacted him about the bill, the senator once owned a "lemon."

"A lot of the time, the car wouldn't start. The dealer kept say-

ing we didn't know how to operate it. ... The car ended up being recalled because of a problem with the starter," he said.

During that experience, Ray ran into delays getting the car fixed. He advocated the clause in the bill putting a limit on how long the car can be out of commission. That provision would allow the customer a refund or new car if the "lemon" has been out of service for 30 days during the warranty period or one year, or if repair services are not available to the owner for reasons beyond the owner's control.

Rep. Jim Duncan, D-Juneau, has also had a "couple of

lemons," and backs the bill because it would benefit Alaskans.

"You run into this every once in awhile and it should be cleared up so the consumer is adequately protected," he said.

The measure has been introduced in both houses, and while House passage is unclear, the co-sponsorship of several majority coalition members may help the bill.

The first hearing on the lemon law will be Thursday at 8:45 a.m. in the Labor and Commerce Committee, room 210 in the Behrends Building.

## Buyer gets \$85,000 for lemon

MEMPHIS, Tenn. (AP) — A man who complained about the treatment he got from an auto dealer after his new car burned too much oil has been awarded \$85,000 by a Circuit Court jury.

Charles Pardue was awarded \$10,000 for actual loss and \$75,000 in punitive damages in the judgment reached Tuesday.

"As far as the repair of his car was concerned, it was poorly handled," said jury foreman James Reid Jr.

Reid said jurors discussed awards ranging from \$20,000 to \$500,000 but settled on the final figure as a "fair compromise."

Randall Noel, the lawyer for Lewis Ford Inc., where Pardue bought his 1976 Ford Grenada, said his client is considering an appeal.

Pardue, a resident of Oakland, Tenn., bought the car in 1977 for \$5,178, but said it soon began using too much oil.

He said it took two years to get the car fixed and he was charged \$1,600 for a new engine he never ordered.

*Tennon Empire 4/16/83*

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Mr. Walt Furnace, Chairman  
House Labor and Commerce Committee  
Alaska State Capitol  
Juneau, Alaska 99801

Dear Mr. Furnace:

We have been informed that the House Labor and Commerce Committee is considering H-344 which would, in simplest terms, require a motor vehicle manufacturer or importer to replace or repurchase a vehicle if it suffered the "same nonconformity" four times or if the vehicle is out of service for warranty repairs thirty calendar days during the vehicle's first year.

Automobile Importers of America, Inc. (AIA) and its sixteen Members strongly oppose this "replace or repurchase" bill as counterproductive for consumers, car dealers, and car warrantors (i.e., manufacturers or importers). This bill is apparently based on two faulty premises. First, that a consumer is without an effective remedy if a vehicle repeatedly breaks down other than for the vehicle to be "fixed as best it can be". This is incorrect. The Uniform Commercial Code provides for revocation of acceptance of a product where the product has a defect or nonconformity which substantially impairs the product's value to the purchaser. Such revocation can result in a rescission of the purchase contract (i.e., purchaser gets his money back and returns the product) if the defect or nonconformity cannot be cured in a reasonable time and manner. There have been several cases - in both courts and private informal dispute resolution processes - where rescission has occurred in new motor vehicle cases.

- 2 -

The other faulty premise upon which the bill is based is that it is possible to set arbitrary figures for the motor vehicle industry representing "reasonable" number of attempts to cure the "same nonconformity". There are so many different models of motor vehicles with varying levels of mechanical sophistication, varying levels of product and parts distribution sophistication, and varying levels of reasonable consumer expectations, that it should be self evident that no one set of numbers could be reasonable for all vehicles. Moreover, even for a single, relatively simple vehicle model, favored with a comprehensive, sophisticated product service and replacement parts network, and with reasonably modest consumer expectations because of its low price, that vehicle will have some 17,000 parts and many different components and systems. No one number can possibly be used as a "reasonable" standard for repair attempts for all possible mechanical problems with that vehicle. Some defects are so obvious that two repair attempts are too many; some so subtle that five repair attempts are not unreasonable.

It is the great advantage of the existing UCC system that each case is decided on its own merits without the intervention of arbitrary standards.

In addition to unnecessarily complicating existing reasonable remedies, the bill would be counter-productive in several respects. Among them are:

(1) Unrealistic increased consumer expectations. As simple but little known as the UCC remedy - and its availability through the courts and informal dispute resolution process - is to consumers, this complex bill is sure to be misunderstood by them to guarantee them greater rights than it does. The inevitable result will be consumer disappointment with the motor vehicle industry and the law, including the way it is written, implemented and interpreted. Consumers will become ever more cynical about all of us, industry and government.

(2) Increased litigation. Experience teaches us that any "consumer" legislation leads to more litigation. Because of the increased consumer expectations discussed above, there will be more disputes than usual over vehicle service and warranty leading to more litigation.

(3) Reduced "goodwill" warranty work. Every manufacturer approves some "goodwill" warranty work, that is, payment for service not covered by the warranty but done in an effort to

maintain the consumer's goodwill. Typical are examinations and adjustments in response to consumer complaints that the fuel economy of the vehicle is not as great as expected. However, under this bill, such goodwill service might count as one of four repair attempts. Therefore, the warrantor will be less likely to go beyond the precise language of the warranty strictly as a matter of defense against possible future claims.

(4) Increased dealer disputes. Just as the bill will surely increase consumer disputes, so also will it cause more dealer disputes. Fewer "goodwill" warranty approvals will mean the dealer will have to charge the consumer - a sure source of conflict. On the other side of the dealer's business, consumer claims against the manufacturer are sure to bring the dealer into many of the disputes on a "claim over" basis (e.g., were the repeated repair attempts the result of inadequate dealer repairs?

(5) Increase costs - for everyone. The bill would necessitate the creation and maintenance of records not now kept, e.g., number of repair attempts, more detailed explanation of the non-conformity involved, numbers of days the vehicle is out of service for repair. This information is difficult to assemble from one dealer, but where multiple dealers are involved, as where the consumer goes to a second dealer when dissatisfied with the results from the first, the difficulties go up geometrically. Dealer and manufacturer litigation costs will also go up. All these costs eventually find their way into the price of the product to be borne by the consumer.

Finally, we submit that the bill, even if it were appropriate in basis and concept, is inartfully drafted creating ambiguous, unfair, and unintended results. For example, the provision on informal dispute resolution processes would seriously damage the utility of the dealer established AUTOCAP programs utilized by all sixteen AIA Members and American Motor Corporation to resolve consumer warranty disputes. The bill would apparently cull out AUTOCAPs from the "accepted" informal dispute resolution processes despite their proven worth and status as the most widely used such process in the motor vehicle industry. This is but one example of several such anomalies.

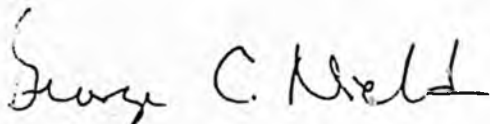
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- 4 -

AIA stands ready to discuss with you or any member of your staff the specific problems posed by H-344. Please contact me or Diane DePould, Esq., AIA's General Counsel at your convenience.

Respectfully submitted,

AUTOMOBILE IMPORTERS OF AMERICA, INC.



George C. Nield  
President

GCN:ab

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May 3, 1983

Mr. Jeff Barry, Professional Aid  
House Labor and Commerce Committee  
Pouch V  
Juneau AK 99810

Re: House Bill 344

Dear Jeff:

As a result of our conversation on Tuesday, April 26, I am sending you this letter outlining our concerns with HB 344, the lemon car bill, as it is presently drafted. As I indicated, one of the things we like to do if at all possible is to keep uniformity and consistency from one state to the other, if in fact the respective state legislature is desirous of passing such a bill.

On page 1, line 12 in Section 45.45.300, we would like to see the words "in writing" between "nonconformity" and "to the." In addition, on line 13 following the word "manufacturer" remove the language through line 14. The reason is that if the manufacturer has the responsibility of buying the vehicle back or refunding the consumer his money, it is important that we be aware of the fact there is a nonconformity of the vehicle. The only way we can achieve this is by having the consumer provide us in writing the fact that he is willing to pursue the third party settlement procedure as outlined in (h), page 3. If the consumer notifies the distributor, agent or dealer, the likelihood of the manufacturer receiving such communication is remote, plus the fact there could be a significant time lapse.

As far as including the terms "distributor, agent or dealer" in the rest of the language throughout the bill, that does not create a problem.

On page 1, line 26, we would like to see the word "comparable" inserted between "new" and "motor vehicle." This would allow for us to try to work out with the consumer a replacement vehicle as close as possible but perhaps not exactly like the one he previously had due to its unavailability. A problem in this area could occur particularly if the consumer buys the vehicle late in the model year.

On page 1, line 27, we would like to see the words "excluding interest" inserted after "collateral charges." We have no problem refunding the full purchase price plus any taxes or license or other fees, but we don't like to include interest, as that is the individual's choice as to how he purchases the vehicle and as to what interest rate he pays.

On page 2, line 15, include the word "business" between the words "more" and "days." The rationale behind this is that 30 or more business days in fact gives the dealer or manufacturer about one-third more time to find and correct the difficulty. Generally there are about 22 working days in a month and with "business" days it does allow us some additional time for a serious problem.

Sections (e) and (f) on page 2 are new sections which I have not seen in any other state's repair/replace bill. Section (e), relating to the unsafe defect, seems overly restrictive in reducing the repair/replace time to 14 days. Section 1 (3) talks about "substantially impairs use and value," which could in fact relate to the safety of the vehicle, but in addition to that, who would make the determination of whether or not it is unsafe? Regarding section (f), the remedy is already provided in section (b) of the bill which would require the manufacturer to comply with the decision of the third party mechanism, therefore making section (f) unnecessary. Also, there has been a general practice throughout the industry wherein the third party settlement procedure is binding on the manufacturer and he must comply with the decision, or the consumer can pursue his case in court.

On page 3, line 3, (h), we would like to have the word "substantially" inserted between "that" and "complies." The rationale is that the Federal Trade Commission regulations under Part 703 are voluminous and in fact the settlement procedure is not binding on either party, but in practice we consider it to be binding on us. Additionally, there are many paperwork procedures in those federal regulations which don't really add to the benefit of the consumer, but are "make work" for the informal dispute settlement procedure mechanism. Therefore, including the word "substantially" before "complies" means that the program must basically meet all the provisions but not to the letter.

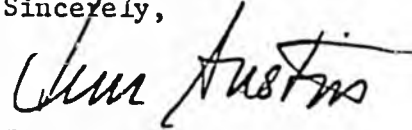
The intent of this legislation in the other states is to try to prevent the problem from ending up in court where the consumer has to spend time and money in order to have his problem resolved. The industry in fact has voluntarily embarked on this type of program some four years ago and it appears to be working out pretty well on a voluntary basis. Again, this is designed to resolve the consumer's problem in a quick and expeditious way but still does not preclude them from going to court if in fact they are not satisfied with the third party dispute procedure's decision.

May 3, 1983

I will give you a call after you have had a chance to look this over and we can discuss it further at that time.

Thank you very much for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "James W. Austin".

James W. Austin  
Public Affairs Manager  
Pacific Coast Region

JWA/eb

cc: Mr. Dugally, Ford Motor Company  
Mr. Ridgeway, General Motors Corporation

Assembly Bill No. 1787

CHAPTER 388

An act to amend Section 1793.2 of the Civil Code, relating to warranties.

[Approved by Governor July 7, 1982. Filed with Secretary of State July 7, 1982.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1787, Tanner. Warranties.

Under existing law, a manufacturer who is unable to service or repair goods to conform to applicable express warranties after a reasonable number of attempts must either replace the goods or reimburse the buyer, as specified.

This bill would provide that it shall be presumed that a reasonable number of attempts have been undertaken to conform a new motor vehicle, as defined, excluding motorcycles, motorhomes, and off-road vehicles, to the applicable express warranties if within one year or 12,000 miles (1) the same nonconformity, as defined, has been subject to repair 4 or more times by the manufacturer or its agents and the buyer has directly notified the manufacturer of the need for repair, as specified; or (2) the vehicle is out of service by reason of repair for a cumulative total of more than 30 calendar days since the delivery of the vehicle to the buyer. The bill would provide that the presumption may not be asserted by the buyer until after the buyer has resorted to an existing qualified third party dispute resolution process, as defined. The bill would also provide that a manufacturer shall be bound by a decision of the third party process if the buyer elects to accept it, and that if the buyer is dissatisfied with the third party decision the buyer may assert the presumption in an action to enforce the buyer's rights, as specified.

*The people of the State of California do enact as follows:*

**SECTION 1.** Section 1793.2 of the Civil Code is amended to read:  
1793.2. (a) Every manufacturer of consumer goods sold in this state and for which the manufacturer has made an express warranty shall:

(1) Maintain in this state sufficient service and repair facilities reasonably close to all areas where its consumer goods are sold to carry out the terms of such warranties or designate and authorize in this state as service and repair facilities independent repair or service facilities reasonably close to all areas where its consumer goods are sold to carry out the terms of such warranties.

As a means of complying with paragraph (1) of this subdivision, a manufacturer shall be permitted to enter into warranty service

contracts with independent service and repair facilities. The warranty service contracts may provide for a fixed schedule of rates to be charged for warranty service or warranty repair work, however, the rates fixed by such contracts shall be in conformity with the requirements of subdivision (c) of Section 1793.3. The rates established pursuant to subdivision (c) of Section 1793.3, between the manufacturer and the independent service and repair facility, shall not preclude a good-faith discount which is reasonably related to reduced credit and general overhead cost factors arising from the manufacturer's payment of warranty charges direct to the independent service and repair facility. The warranty service contracts authorized by this paragraph shall not be executed to cover a period of time in excess of one year.

(2) In the event of a failure to comply with paragraph (1) of this subdivision, be subject to the provisions of Section 1793.5.

(b) Where such service and repair facilities are maintained in this state and service or repair of the goods is necessary because they do not conform with the applicable express warranties, service and repair shall be commenced within a reasonable time by the manufacturer or its representative in this state. Unless the buyer agrees in writing to the contrary, the goods must be serviced or repaired so as to conform to the applicable warranties within 30 days. Delay caused by conditions beyond the control of the manufacturer or his representatives shall serve to extend this 30-day requirement. Where such delay arises, conforming goods shall be tendered as soon as possible following termination of the condition giving rise to the delay.

(c) It shall be the duty of the buyer to deliver nonconforming goods to the manufacturer's service and repair facility within this state, unless, due to reasons of size and weight, or method of attachment, or method of installation, or nature of the nonconformity, such delivery cannot reasonably be accomplished. Should the buyer be unable to effect return of nonconforming goods for any of the above reasons, he shall notify the manufacturer or its nearest service and repair facility within the state. Written notice of nonconformity to the manufacturer or its service and repair facility shall constitute return of the goods for purposes of this section. Upon receipt of such notice of nonconformity the manufacturer shall, at its option, service or repair the goods at the buyer's residence, or pick up the goods for service and repair, or arrange for transporting the goods to its service and repair facility. All reasonable costs of transporting the goods when, pursuant to the above, a buyer is unable to effect return shall be at the manufacturer's expense. The reasonable costs of transporting nonconforming goods after delivery to the service and repair facility until return of the goods to the buyer shall be at the manufacturer's expense.

(d) Should the manufacturer or its representative in this state be unable to service or repair the goods to conform to the applicable

express warranties after a reasonable number of attempts, the manufacturer shall either replace the goods or reimburse the buyer in an amount equal to the purchase price paid by the buyer, less that amount directly attributable to use by the buyer prior to the discovery of the nonconformity.

(e) (1) It shall be presumed that a reasonable number of attempts have been made to conform a new motor vehicle to the applicable express warranties if, within one year from delivery to the buyer or 12,000 miles, whichever occurs first, either (A) the same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for the repair of the nonconformity, or (B) the vehicle is out of service by reason of repair of nonconformities by the manufacturer or its agents for a cumulative total of more than 30 calendar days since delivery of the vehicle to the buyer. The 30-day limit shall be extended only if repairs cannot be performed due to conditions beyond the control of the manufacturer or its agents. The buyer shall be required to directly notify the manufacturer pursuant to subparagraph (A) only if the manufacturer has clearly and conspicuously disclosed to the buyer, with the warranty or the owner's manual, the provisions of this subdivision and that of subdivision (d), including the requirement that the buyer must notify the manufacturer directly pursuant to subparagraph (A). This presumption shall be a rebuttable presumption affecting the burden of proof in any action to enforce the buyer's rights under subdivision (d) and shall not be construed to limit those rights.

*NOTIFICATION*

(2) If a qualified third party dispute resolution process exists, and the buyer receives timely notification in writing of the availability of a third party process with a description of its operation and effect, the presumption in paragraph (1) may not be asserted by the buyer until after the buyer has initially resorted to the third party process as required in paragraph (3). Notification of the availability of the third party process is not timely if the buyer suffers any prejudice resulting from any delay in giving the notification. If a qualified third party dispute resolution process does not exist, or if the buyer is dissatisfied with the third party decision, or if the manufacturer or its agent neglects to promptly fulfill the terms of such third party decision, the buyer may assert the presumption provided in paragraph (1) in an action to enforce the buyer's rights under subdivision (d). The findings and decision of the third party shall be admissible in evidence in the action without further foundation. Any period of limitation of actions under any federal or California laws with respect to any person shall be extended for a period equal to the number of days between the date a complaint is filed with a third party dispute resolution process and the date of its decision or the date before which the manufacturer or its agent is required by the decision to fulfill its terms, whichever occurs later.

(3) A qualified third party dispute resolution process shall be one that complies with the Federal Trade Commission's minimum requirements for informal dispute settlement procedures as set forth in the Commission's regulations at 16 Code of Federal Regulations Part 703; that renders decisions which are binding on the manufacturer if the buyer elects to accept the decision; that prescribes a reasonable time not to exceed 30 days, within which the manufacturer or its agents must fulfill the terms of those decisions; and that each year provides to the Department of Motor Vehicles a report of its annual audit required by the Commission's regulations on informal dispute resolution procedures.

(4) For the purposes of this subdivision the following terms have the following meanings:

(A) "Nonconformity" means a nonconformity which substantially impairs the use, value, or safety of the new motor vehicle.

(B) "New motor vehicle" means a new motor vehicle which is used or bought for use primarily for personal, family, or household purposes, but does not include motorcycles, motorhomes, or off-road vehicles.

May 1983

DEPARTMENT OF LAW -- CONSUMER PROTECTION SECTION

AUTOMOTIVE WARRANTY COMPLAINTS

A Note on Complaint Statistics: A total of 133 auto warranty complaints were formally filed with Consumer Protection from January 1981 to April 1983. This figure, although significant, does not necessarily reflect the total number of warranty problems in Alaska.

A study by T.A.R.P. Inc., a Washington D.C. based research firm, revealed that 96 percent (96%) of consumers with a complaint never even tell the business of the problem, much less complain to a government agency. The Consumer Protection Section's experience over a ten year period is that for each consumer who complains, there are probably five or more additional consumers in a similar situation. Many Alaskans do not file a complaint with Consumer Protection because: they don't know we exist, they are distant from our offices, or our limited ability to negotiate voluntary settlements may not satisfy their needs. National automobile industry complaint statistics show that three percent (3%) of all new car buyers feel they were sold a defective vehicle and are frustrated in their attempts to have the defects corrected. If this three percent number holds true in Alaska (and indeed it might be higher) last year alone 846 Alaskans purchased defective vehicles that may meet the criteria established in HB 344.

AN ANALYSIS OF AUTO WARRANTY COMPLAINTS

January 1981 - April 1983

TOTAL NUMBER WARRANTY COMPLAINTS ..... 133

<u>REGIONAL BREAKDOWN:</u>	<u>Number</u>	<u>Percentage</u>
South Central/Anchorage .....	101	76%
Interior/Fairbanks .....	14	10%
Southeast/Juneau .....	18	14%

COMPLAINTS BY PRIMARY ALLEGATIONS:

Multiple Repairs to Same Defect .....	28	22%
Unreasonable Delay in Repairs .....	17	14%
Multiple Defects .....	27	20%
Safety Related Defect .....	13	10%
Complaint Involves Defect Under Federal Investigation (FTC, NHTSA, EPA, ect.) .....	12	9%
Paint, Water Leak .....	7	6%
Miscellaneous .....	10	8%

Total Complaints 133

<u>DISPOSITION OF WARRANTY COMPLAINTS:</u>	<u>Number</u>	<u>Percentage</u>
<u>Mediated to Consumer's Satisfaction</u> ....TOTAL:	73	55%
Repairs Completed .....	38	29%
Repair Costs Refunded .....	10	8%
Repair Cost Split between Factory and Consumer	8	6%
Manufacturer Supplied Parts but not Labor ....	5	4%
Manufacturer or Dealer Bought Car Back .....	5	4%
Miscellaneous .....	7	5%
	(73)	(55%)
 <u>Not Mediated to Consumer's Satisfaction</u> .TOTAL:	 48	 36%
 <u>Because Manufacturer's Response Was:</u>		
Warranty Expired .....	10	8%
Not Covered by Terms of Warranty .....	8	6%
Consumer Unable to Return Vehicle to Dealership, So Repairs Denied .....	2	2%
Factory Refused to Authorize Repairs .....	4	3%
Owner Abuse/Lack of Maintenance .....	3	2%
Consumer Refused to Return to Dealership: (Lost Confidence After Dealer's Attempts to Repair).	3	2%
Refused Consumer's Buy Back Request .....	8	6%
Miscellaneous .....	10	8%
	(48)	(36%)
 <u>WARRANTY COMPLAINTS NOW PENDING:</u> ....TOTAL:	 12	 9%
Anchorage .....	8	6%
Fairbanks .....	2	2%
Juneau .....	2	2%

#### ECONOMIC IMPACT ON CONSUMERS

The owner of a defective vehicle suffers real economic harm, measured in: (1) hours/days of lost work, (2) cost of substitute transportation, and (3) after the warranty expires, cost of numerous repairs due to aftereffects of the defect.

Also, the economic life and value of a defective vehicle is seriously lessened, and this economic truth is recognized by the automobile industry itself. The following example is taken from the June 1983 "Blue Book," a widely used guide to used car values. Calculation of the Blue Book resale price of a 1982 Cadillac includes a deduction of \$1,335, because the vehicle is equipped with a diesel engine which has become nationally recognized as seriously defective. This sharp decrease in value, in comparison to a non-diesel version of the same Cadillac, is made despite the fact that this particular diesel engine had cost the owner \$925, extra at the time of purchase. Thus, the owner of the defective diesel vehicle can be said to have suffered an economic loss of \$2,460, in the value of his/her defective vehicle in comparison to the owner of a similar Cadillac without the defect.



manufacturer relies on the predelivery inspection performed by the dealer to detect and correct these problems. What actually happens is that the buyer finds the problems after delivery and faces the hassle of attempting to have repairs completed by the dealer.

Most, if not all new car warranties require that you take your car back to the dealer for these warranty repairs. In Alaska the fact that your new car dealer may be hundreds of miles away somewhat complicates this requirement.

Even if you live in the Anchorage area warranty service can be a problem. Consumers often report to me that it takes two weeks or more just to get their car into the dealer's repair shop. It is clear many Alaskan automobile dealer's lack adequate service departments for the number of vehicles they sell. Indeed, I was recently told by a major manufacturer's representative that their largest Alaskan dealer had half the number of mechanics they should have, by national standards. Indeed, it is not unusual to find an Alaskan dealership that has more sales personnel than it has mechanics.

Last year the 25 Alaskan new car dealers sold 27,705 new vehicles, which works out to be 1,148 new vehicles per dealership. Automotive News of May 1983, reports the sales per dealer of the average GM single line dealer is 265 vehicles. The

average Alaskan automobile dealership is big business with the average gross sales in excess of \$10,480,000. Indeed Alaska is host to two of the most profitable dealerships in the country and the only full line GM dealer this side of Kuwait.

Despite the healthy condition of the auto dealers in Alaska, Alaskan buyers of new cars have problems when it comes to obtaining service on the defective products they were sold. What recourse do these buyers have? In Alaska very little. While all vehicle manufacturers have a service support system spread across the country, a system that includes thousands of employees and dozens of offices, not one manufacturer has a office or an employee in this state that is responsible for any of the aspects of customer service. An Alaskan with vehicle problems has to rely on an Oregon or Washington service representative that visits once every 6 to 8, weeks or long distance telephone calls to Seattle, California or Detroit. In other states most of the manufacturers have set up third-party arbitration systems to help deal with these problems. In Alaska nobody has as of this date. Instead you may be referred to a Seattle based arbitration programs. A consumer may seek redress through litigation. However, the Small Claims limit of \$2000.00 precludes most of these cases. Alaskan attorneys normally are reluctant to handle these cases due to the lack of statutory definitions and minimal case law, besides the time and expense involved.

I don't wish to waste the committee's time with any unnecessary rhetoric but let me outline five separate complaints that I have recently been involved with. The first complaint came from a District Court Judge who for 18 months had been trying to have his 1980 vehicle's thirst for engine oil and an inoperative horn repaired. The dealer who had worked on this problem 10 times told the judge that the warranty had now expired, and since the dealer didn't build the car just sold it, he was not responsible. Instead the dealer offered half of the \$9000 selling price in trade for a new car. The judge then contacted the manufacturer only to be rebuffed. They would not even return his calls. It is well known that this brand of vehicle had an oil-burning defect but the Alaskan industry refused to acknowledge it.

The second complaint came from a Valdez resident who purchased a car from an Anchorage dealer. The salesman assured the buyer that warranty work could be handled in Valdez. The buyer also bought an additional service contract to expand his warranty to 5 years or 50,000 miles. Seven months later the vehicle's engine failed. Contact was made with the dealer who informed the consumer that repairs would only be made at the dealership and whatever expenses were accrued in towing the now disabled vehicle from Valdez to Anchorage would be out of the owners pocket. I tried but was unsuccessful in resolving this dilemma. The consumer ended up paying several hundred dollars to have his disabled truck shipped to Anchorage, and probably hundreds more to ship it home after the repairs.

The third complaint was by an Alaska State Trooper. His station wagon had been in the dealers shop 8 times in a futile battle to effect repairs to a defective engine. Our intervention finally convinced the manufacturer to replace the engine. However, the problems did not end. The replacement engine also failed. It was again repaired but to this day still uses an excessive amount of oil.

The fourth complaint came from a Ketchikan resident. The vehicle in question had been purchased in Washington. Again assurance was made by the selling dealer that warranty repairs could be done in Ketchikan. The vehicle, a small four wheel drive unit, developed a severe vibration. The consumer soon found out how reliable the warranty representations were. After having a number of local garages work on the problem, the consumer paid to have the vehicle shipped back to the Washington dealer. The dealer made a number of modifications to the vehicle then shipped the vehicle back to Ketchikan, at the consumer's expense. The problem persisted, however, and finally progressed to the point that the State Troopers ordered the car off the road. Our office was called and finally after technical information was received from Detroit a local garage was able to correct the defect. The car however, is in a deteriorated condition caused by the vibrations of the defect.

Alaska dealers and their employees have on numerous occasions stated they wish they could do more to correct these problems. On occasion I have been told by dealership personnel that a particular automobile was a lemon and should be brought back; however, their hands were tied and they could only follow manufacturers procedures or that the manufacturer would not authorize what needed to be done.

I could go on with many more "horror" stories but I think I've made my point. Alaskans have severe problems in obtaining service on their new cars, and House Bill 344 goes a long way to correct these woes.

# Lemon law would force dealers to replace cars

By JIM ERICKSON  
Daily News reporter

Alaska auto dealers would be forced to buy back or replace automotive "lemons," defective new cars that defy all attempts at repair, if legislation introduced recently in the state Senate and House becomes law.

House Bill 344 calls for replacement of a new car or a refund of the purchase price when manufacturing defects make the car undriveable for 30 days or more during the first year of ownership.

The so-called "lemon law" is scheduled for a House Labor and Commerce Committee hearing Monday.

An identical bill introduced in the Senate by Sen. Bill Ray, D-Juneau, has not been scheduled for a hearing.

The House measure was introduced last month by Rep. Mike Miller, D-Juneau. Miller said Saturday the legislation would compel dealers and manufacturers to honor new-car warranties promptly.

"The legislation doesn't spell out the warranty," he cautioned. "That's up to the manufacturer. What it does do is put full force of the state law behind customer satisfaction of that warranty."

If the defect poses a safety

hazard, the car must be repaired within 14 days, the measure states.

In all cases, dealers would be allowed four chances to fix the car, before the buyer could demand a refund or a replacement. The measure applies only to failures covered by new-car warranties, and only during the first year of ownership.

"What we are talking about is correcting major problems of the vehicle," Miller said. "This is not in regard to trivial repairs or problems that result due to owner abuse."

Similar legislation has been adopted in California, Connecticut, Montana and Wyoming, said legislative aide Denise Zachary. Ten other states are considering lemon laws, she said.

Monday's hearing will be linked to Anchorage, Fairbanks and Ketchikan via the state teleconference network.

Zachary said the public can comment on the bill by attending the teleconference, to be held in Anchorage at the Anchorage Legislative Information Office, 1024 W. 6th Ave.

The teleconference will begin at 7 a.m.

Daily News 5/18/83



Photo by Danny Daniels

ual Walk for Hope, which was  
e C-3.

## s a phrase for every misdeed

(Not to mention the ultimate disaster. "If you eat that now, you won't be hungry for dinner!")

And then there is the chapter on Questions Without Answers. These generally come along during the teenage years.

Questions like, "You're not going out dressed like that, are you?"

Or, "You know this goes against everything we've ever taught you, don't you?"

Not to mention the all-time winner, which spans most of the formative years: "Just what do you think you're doing?"

Experienced mothers know they can mix and match these phrases for special effect, as in: "Just where do you think you're going dressed like that?"

"When you're grown and have children of your own, that's when."

This last, especially, falls under the definition of all-purpose Motherese, touching as it does on the perpetually ripe arena of life after one has children of one's own.

Of course, it's not all conflict and threats in Motherese. There's the Broken Heart chapter, things mothers say to make you feel better. Things like, "Ten years from now this will all seem funny" and "Just think of it as good experience" — not to mention the all-time classic, "Well, just consider yourself lucky; a man will never marry a girl like that!"

I suppose with changing mores they'll be wanting to update the Mother's Phrase Book before long, make it a little more hip, but I

Introduced: 4/8/83  
Referred: Labor & Commerce

BY M.M.MILLER, DUNCAN, FLOOD,  
GRUSSENDORF, MALONE AND  
PHILLIPS

1 IN THE HOUSE

2

HOUSE BILL NO. 344

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to motor vehicle warranties."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. AS 45.45 is amended by adding a new section to read:

9

ARTICLE 6. MOTOR VEHICLE WARRANTIES.

10

Sec. 45.45.300. MOTOR VEHICLE WARRANTIES. (a) If a new motor

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vehicle does not conform to an express warranty that is applicable to

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it and the owner of the vehicle reports the nonconformity to the

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manufacturer or distributor of the vehicle, the agent of the manufac-

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turer or distributor, or the manufacturer's or distributor's dealer

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during the term of the warranty or within one year after the date of

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delivery of the motor vehicle to the owner, whichever date is earlier,

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the manufacturer, distributor, agent, or dealer shall make the neces-

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sary repairs to conform the vehicle under the express warranty.

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(b) If a manufacturer, distributor, agent, or dealer is unable

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to conform the motor vehicle under an applicable express warranty

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under (a) of this section after a reasonable number of attempts and

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the nonconformity is a defect or condition that substantially impairs

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the use and value of the motor vehicle to the owner, the manufacturer

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or distributor shall accept the return of the defective motor vehicle

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and shall, at the option of the owner, replace the motor vehicle with

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a new motor vehicle, or refund the purchase price to the owner, in-

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cluding all collateral charges. A refund under this subsection shall

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be made to the owner and to a lienholder as their respective interests

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appear.

1           (c) It is an affirmative defense to a claim made under (b) of  
2 this section for a new motor vehicle or a refund that the nonconformi-  
3 ty complained of

4           (1) does not substantially impair the use and value of the  
5 motor vehicle; or

6           (2) is the result of abuse, neglect, or unauthorized modi-  
7 fication or alteration of the motor vehicle by the owner.

8           (d) A presumption that a reasonable number of attempts have been  
9 undertaken to conform a motor vehicle under an applicable express  
10 warranty is established if (1) the same nonconformity has been subject  
11 to repair four or more times by the manufacturer or distributor, its  
12 agent, or its dealer during the term of the warranty or the one-year  
13 period after delivery of the motor vehicle to the owner, whichever  
14 period terminates first, but the nonconformity continues to exist; or  
15 (2) the vehicle is out of service for repair for a total of 30 or more  
16 days during the warranty term or the one-year period referred to in  
17 (1) of this subsection, whichever period terminates first. A period  
18 of time under this subsection is extended by any period during which  
19 repair services are not available to the owner for reasons that are  
20 not the responsibility of the owner.

21           (e) If the nonconformity is a defect in the motor vehicle that  
22 makes it unsafe for the owner to operate it and the defect is reported  
23 under (a) of this section, the time period for repair, refund, or  
24 replacement under (b) of this section is reduced to 14 days.

25           (f) A failure to replace or refund the purchase price of a motor  
26 vehicle when there is a requirement to do so under this section is an  
27 unfair trade practice under AS 45.50.471.

28           (g) The provisions of this section do not limit other rights and  
29 remedies that may be available to the owner of a motor vehicle under

1 other provisions of law.

2 (h) If a manufacturer or distributor has established an informal  
3 dispute settlement procedure that complies with the provisions of 16  
4 C.F.R. Part 703, as that Part may be amended, the provisions of (b) of  
5 this section concerning refund or replacement do not apply to an owner  
6 who has not first resorted to the informal dispute settlement proce-  
7 dure.

8 (i) In this section

9 (1) "motor vehicle" or "vehicle" means a motor vehicle as  
10 defined in AS 28.35.360 that is required to be registered under  
11 AS 28.10 or with a governmental agency of another jurisdiction per-  
12 forming a similar function;

13 (2) "owner" means a purchaser, other than for resale, of a  
14 new motor vehicle, a person to whom the motor vehicle is transferred  
15 during the term of an express warranty applicable to the vehicle, or  
16 any other person entitled to enforce an express warranty on the vehi-  
17 cle under the terms of the warranty;

18 (3) "substantially impairs use and value" refers to a  
19 defect or condition in a vehicle that

20 (A) prevents it from being operated;

21 (B) makes it unsafe to operate; or

22 (C) decreases the economic life of the vehicle.

The act also reduces the amount of interest that is forfeited by a tenant for late payment of a month's rent from the interest earned during the entire year to the interest earned during the month that the rent payment was late.  
EFFECTIVE DATE: October 1 1982

Finally, the act does not limit other rights or remedies available to a consumer under any other law.  
EFFECTIVE DATE: October 1, 1982

COMMENT

*Informal Dispute Settlement Mechanisms*

Federal Trade Commission regulations providing a means to mediate disputes between consumers and warrantors were issued under the authority of the "Magnuson-Moss Warranty Act." They must be complied with only if the manufacturer refers to such a mechanism in the warranty. The regulations:

- 1) establish requirements for consumer notification;
- 2) require the mechanism to be insulated from the manufacturer's influence and that the decision-makers not be associated in any way with a party to a dispute;
- 3) require that the mechanism be free to the consumer; and
- 4) generally require that a dispute be settled within 40 days.

✓ PA 82-287—sHB 5729  
General Law Committee

**AN ACT CONCERNING AUTOMOBILE WARRANTIES**

**SUMMARY:** This act requires a manufacturer of a new passenger car, van or truck or the manufacturer's agent or authorized dealer to repair all defects covered by a written warranty if reported by the purchaser during the warranty period or within one year of the vehicle's delivery date, whichever is earlier. If these vendors are unable to repair a defect which substantially impairs the vehicle's use and value after a reasonable number of attempts, the act requires the manufacturer to either replace the vehicle or refund the full purchase price and collateral charges, less an allowance for the consumer's use. A refund is made to the consumer and to anyone holding a lien on the vehicle. If a manufacturer has established an informal dispute settlement mechanism that complies in all respects with relevant Federal Trade Commission regulations, the act requires a consumer to attempt to settle the dispute through this mechanism before the act's refund or replacement provisions apply. The act specifies that the manufacturer has the following affirmative defenses in any suit to have a vehicle replaced or to recover the cost of a vehicle:

- 1) The defect does not substantially impair the vehicle's use and value; and
- 2) The defect was caused by the consumer's abuse, neglect or unauthorized modification of the vehicle.

The act specifies that a "reasonable number of attempts" have been undertaken when:

- 1) the same problem has been subject to repair four or more times during the warranty period or within one year of the vehicle's delivery date, whichever is earlier; or
- 2) the vehicle has been out of service for repair for a cumulative total of 30 calendar days during the same period.

In addition, the act extends the term of a written warranty, the one-year period following the vehicle's delivery and the 30-day period for repair for the period of time during which repair services are unavailable due to war, invasion, strike, fire, flood or other natural disasters.

PA 82-299—sSB 300  
Finance, Revenue and Bonding Committee  
General Law Committee

**AN ACT ESTABLISHING A CATERER'S PERMIT**

**SUMMARY:** This act establishes a restaurant liquor permit for catering establishments. The permit allows the sale of liquor to persons invited to and attending a catered event. The act also:

- 1) limits the hours and days such an establishment may sell liquor to the same as those previously established by law for restaurants, hotels, cafes, and several other types of on-premises permits;
- 2) specifies that the permittee is not required to be open except during the hours events are scheduled; and
- 3) specifies that the permittee is required to comply with local health regulations.

The permit fee is \$1,200.

EFFECTIVE DATE: July 1, 1982

FURTHER EXPLANATION

*Permit Eligibility*

A person or business organization is eligible for the permit if he or it:

- 1) regularly furnishes rooms for hire for particular events or regularly furnishes provisions or services for these events;

Substitute House Bill No. 5729

PUBLIC ACT NO. 82-287

AN ACT CONCERNING AUTOMOBILE WARRANTIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

(NEW) (a) As used in this act: (1) "Consumer" means the purchaser, other than for purposes of resale, of a motor vehicle, any person to whom such motor vehicle is transferred during the duration of an express warranty applicable to such motor vehicle, and any other person entitled by the terms of such warranty to enforce the obligations of the warranty; and (2) "motor vehicle" means a passenger motor vehicle or a passenger and commercial motor vehicle, as defined in subdivisions (35) and (36) of section 14-1 of the general statutes, as amended, which is sold in this state.

(b) If a new motor vehicle does not conform to all applicable express warranties, and the consumer reports the nonconformity to the manufacturer, its agent or its authorized dealer during the term of such express warranties or during the period of one year following the date of original delivery of the motor vehicle to a consumer, whichever is the earlier date, the manufacturer, its agent or its authorized dealer shall make such repairs as are necessary to conform the vehicle to such express warranties, notwithstanding the fact that such repairs are made after the expiration of such term or such one-year period.

(c) If the manufacturer, or its agents or authorized dealers are unable to conform the motor vehicle to any applicable express warranty by repairing or correcting any defect or condition which substantially impairs the use and value of the motor vehicle to the consumer after a reasonable number of attempts, the manufacturer shall replace the motor vehicle with a new motor vehicle or accept return of the vehicle from the consumer and refund to the consumer the full purchase price including all collateral charges, less a reasonable allowance for the consumer's use of the vehicle. Refunds shall be made to the consumer, and lienholder if any, as their interests may appear. A reasonable allowance for use shall be that amount directly attributable to use by the consumer prior to his first report of the nonconformity to the manufacturer, agent or dealer and during any subsequent period when the

*Demon Law  
Motor Vehicles  
Consumer Protection  
Warranties*

Substitute House Bill No. 5729

vehicle is not out of service by reason of repair. It shall be an affirmative defense to any claim under this act (1) that an alleged nonconformity does not substantially impair such use and value or (2) that a nonconformity is the result of abuse, neglect or unauthorized modifications or alterations of a motor vehicle by a consumer.

(d) It shall be presumed that a reasonable number of attempts have been undertaken to conform a motor vehicle to the applicable express warranties, if (1) the same nonconformity has been subject to repair four or more times by the manufacturer or its agents or authorized dealers within the express warranty term or during the period of one year following the date of original delivery of the motor vehicle to a consumer, whichever is the earlier date, but such nonconformity continues to exist or (2) the vehicle is out of service by reason of repair for a cumulative total of thirty or more calendar days during such term or during such period, whichever is the earlier date. The term of an express warranty, such one-year period and such thirty-day period shall be extended by any period of time during which repair services are not available to the consumer because of a war, invasion, strike or fire, flood or other natural disaster.

(e) Nothing in this act shall in any way limit the rights or remedies which are otherwise available to a consumer under any other law.

(f) If a manufacturer has established an informal dispute settlement procedure which complies in all respects with the provisions of title 16 Code of Federal Regulations Part 703, as from time to time amended, the provisions of

Substitute House Bill No. 5729

subsection (c) of this section concerning refunds or replacement shall not apply to any consumer who has not first resorted to such procedure.

*Certified as correct by*

\_\_\_\_\_  
*Legislative Commissioner.*

\_\_\_\_\_  
*Clerk of the Senate.*

\_\_\_\_\_  
*Clerk of the House.*

Approved \_\_\_\_\_, 1982

\_\_\_\_\_  
*Governor.*

cle in 1970 . . . for all *checks* and *adjustments*. Actual *defects* we bill the factory for on a regular warranty claim. . . . We spend an average of three hours on each car in preparation. . . .

We are reimbursed nothing for predelivery service by the factory. We charge it off as a "cost of sale" per factory accounting manual—same as salesman's commission. . . .

There is no fee as such collected for predelivery service from the customer. We absorb the cost in its entirety.

Other dealers are less responsible. A Ford dealer in southern California puts his better mechanics on make-ready, but pays them only a flat \$5 per car, giving them no incentive to do a good job.

Of course, when the manufacturers deem predelivery inspection to be important, they know how to improve the usual make-ready procedure. For instance, dealers who process police cars are paid by Ford for 5.4 hours of labor per car to insure a thorough check. In New Jersey this amounts to \$59.40 per car.

Ford and Chrysler are both experimenting with regional predelivery inspection operations, financed, in part, by fees charged to participating dealers. However, there are only a few of these facilities. Most new cars are either poorly inspected or not inspected at all by the dealers. Informants estimate that less than 25% of the required checks are generally performed.

To complicate matters considerably, cars frequently arrive from the assembly plant with defects which the dealer cannot remedy—because parts are unavailable, because the dealer is not equipped to diagnose the defect, or because the defects are too numerous. One dealer has reported that the new 1970 cars are "being received in the poorest condition ever. They are poorly assembled and finished." A car which starts out as a lemon at the factory is thus unlikely to undergo any significant alteration before reaching the buyer.

Even more distressing, some new cars are received from the assembly plant in damaged condition. A. East Douglas, Massachusetts, resident wrote that he saw a new Maverick in a body repair shop having a badly smashed fender repaired, only to discover later that it was the very Maverick he had ordered. The dealer's response: "It is a common practice to pass on to customers patch jobs like this, for that matter much worse."<sup>10</sup> According to one dealer, the manufacturer's policy is that if front fenders have to be replaced (because of damage in transit) or if the K frame has to be replaced, this is done and the car is sold by the dealer as new. But if the roof or quarter panel is seriously damaged and needs replacement, the car is sold as used. The reason for the distinction is simple: in the first instance, if the repair is done properly, it cannot be detected; in the second it can.

Introduced: 4/8/83  
Referred: Labor & Commerce

BY M.M.MILLER, DUNCAN, FLOOD,  
GRUSSENDORF, MALONE AND  
PHILLIPS

1 IN THE HOUSE

2 HOUSE BILL NO. 344

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to motor vehicle warranties."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. AS 45.45 is amended by adding a new section to read:

9 ARTICLE 6. MOTOR VEHICLE WARRANTIES.

10 Sec. 45.45.300. MOTOR VEHICLE WARRANTIES. (a) If a new motor  
11 vehicle does not conform to an express warranty that is applicable to  
12 it and the owner of the vehicle reports the nonconformity to the  
13 manufacturer or distributor of the vehicle, the agent of the manufac-  
14 turer or distributor, or the manufacturer's or distributor's dealer  
15 during the term of the warranty or within one year after the date of  
16 delivery of the motor vehicle to the owner, whichever date is earlier,  
17 the manufacturer, distributor, agent, or dealer shall make the neces-  
18 sary repairs to conform the vehicle under the express warranty. ¶

19 (b) If a manufacturer, distributor, agent, or dealer is unable  
20 to conform the motor vehicle under an applicable express warranty  
21 under (a) of this section after a reasonable number of attempts and  
22 the nonconformity is a defect or condition that substantially impairs  
23 the use and value of the motor vehicle to the owner, the manufacturer  
24 or distributor shall accept the return of the defective motor vehicle  
25 and shall, at the option of the owner, replace the motor vehicle with  
26 a new motor vehicle, or refund the purchase price to the owner, in-  
27 cluding all collateral charges. ¶ A refund under this subsection shall  
28 be made to the owner and to a lienholder as their respective interests  
29 appear.

1 (c) It is an affirmative defense to a claim made under (b) of  
2 this section for a new motor vehicle or a refund that the nonconformi-  
3 ty complained of

4 (1) does not substantially impair the use and value of the  
5 motor vehicle; or

6 (2) is the result of <sup>UNREASONABLE</sup> ~~abuse~~, neglect, or unauthorized modi-  
7 fication or alteration of the motor vehicle by the owner.

8 (d) A presumption that a reasonable number of attempts have been  
9 undertaken to conform a motor vehicle under an applicable express  
10 warranty is established if (1) the same nonconformity has been subject  
11 to repair four or more times by the manufacturer or distributor, its  
12 agent, or its dealer during the term of the warranty or the one-year  
13 period after delivery of the motor vehicle to the owner, whichever  
14 period terminates first, but the nonconformity continues to exist; or  
15 (2) the vehicle is out of service for repair for a total of 30 or more  
16 days during the warranty term or the one-year period referred to in  
17 (1) of this subsection, whichever period terminates first. A period  
18 of time under this subsection is extended by any period during which  
19 repair services are not available to the owner for reasons that are  
20 not the responsibility of the owner.

21 (e) If the nonconformity is a defect in the motor vehicle that  
22 makes it unsafe for the owner to operate it and the defect is reported  
23 under (a) of this section, the time period for repair, refund, or  
24 replacement under (b) of this section is reduced to 14 days.

25 (f) A failure to replace or refund the purchase price of a motor  
26 vehicle when there is a requirement to do so under this section is an  
27 unfair trade practice under AS 45.50.471.

28 (g) The provisions of this section do not limit other rights and  
29 remedies that may be available to the owner of a motor vehicle under

*BINDING ON MANUFACTURER  
MANUFACTURER  
BILL DEFINITIONS*

1 other provisions of law.

2 (h) If a manufacturer or distributor has established an informal  
3 dispute settlement procedure that complies with the provisions of 16  
4 C.F.R. Part 703, as that Part may be amended, the provisions of (b) of  
5 this section concerning refund or replacement do not apply to an owner  
6 who has not first resorted to the informal dispute settlement proce-  
7 dure. *FEDERAL REGULATION (PROGRAM INFORMAL*

8 (i) In this section *TRAVIS)*

9 (1) "motor vehicle" or "vehicle" means a motor vehicle as  
10 defined in AS 28.35.360 that is required to be registered under  
11 AS 28.10 or with a governmental agency of another jurisdiction per-  
12 forming a similar function;

13 (2) "owner" means a purchaser, other than for resale, of a  
14 new motor vehicle, a person to whom the motor vehicle is transferred  
15 during the term of an express warranty applicable to the vehicle, or  
16 any other person entitled to enforce an express warranty on the vehi-  
17 cle under the terms of the warranty;

18 (3) "substantially impairs use and value" refers to a  
19 defect or condition in a vehicle that

20 (A) prevents it from being operated;

21 (B) makes it unsafe to operate; or

22 (C) decreases the economic life of the vehicle.

# MEMORANDUM

TO:  Rep. Walt Furnace, Chairman      DATE:      May 4, 1983  
House Labor & Commerce Committee  
House of Representatives      FILE NO:

TELEPHONE NO:      275-0428

FROM: Norman C. Gorsuch      SUBJECT:      House Bill 344  
Attorney General      (Motor Vehicle Warranties)  
By: *C. Depe*  
Connie J. Sipe  
Assistant Attorney General  
Chief, Consumer Protection Section  
AGO/Anchorage

The Office of the Attorney General is in favor of House Bill 344, although we do suggest some possible amendments to the bill which would enhance its benefit to Alaskan citizens. Before I analyze the bill section by section, I would like the committee to note that state legislation which dictates a certain degree of performance of warranties on consumer goods is not unusual, and in many states, it has been a frequent subject of legislative action. The Alaska legislature passed a bill in 1978 setting minimal warranty standards for mobile homes and providing for performance bonds by manufacturers of mobile homes sold in the state. (AS 45.30.011--100.) The Uniform Commercial Code for the State of Alaska also addresses warranties in a more general manner.

It is our information that as of this date the states of Connecticut, California, and Wyoming have passed a bill similar to House Bill 344, and that the State of Wisconsin is likely to pass a bill this section. Several other states are considering these bills.

## Analysis of HB 344

Section 1. Section 1 of the bill states that when the express warranty given by a manufacturer against defects of design, manufacturing or assembly is not being carried out, because the vehicle is displaying a defect, then the owner may report the nonconformity to either the manufacturer, or in the case of a foreign manufacturer the U.S. "distributor" of the vehicle, or their agent. Subsection (a) limits the application of the bill to the term of the warranty, or one year, whichever comes first. Many manufacturers are now offering three to five years warranties with extended mileage periods, but HB 344 would only apply to the first year of ownership of the vehicle if a year is shorter than the manufacturer's express warranty.

Subsection 1(a) also requires the manufacturer or its dealer to make the necessary repairs to bring the vehicle to conformity under the express warranty. Testimony which will be submitted by our auto investigator will show that Alaskans have great difficulty in getting such repairs performed in a timely fashion.

Section 1(b), at line 19, sets out the burden of proof which a consumer would have to meet if the consumer sued the manufacturer of a vehicle. (Under case law interpreting the Uniform Commercial Code and other common law warranty rights, the consumer's burden of proof can be more difficult.) By the operation of (b), the vehicle owner would enjoy a legal presumption that after a reasonable number of attempts to correct a deformity, that the vehicle is in fact defective or a "lemon." HB 344 also provides a remedy: namely, that the owner has the option of returning the defective vehicle for a refund of the purchase price (including all collateral charges) or having the new motor vehicle replaced with an identical motor vehicle. (The bill does provide for a refund to a lien holder if one exists.)

Subsection (c) (page 2, line 1) gives the manufacturer two affirmative defenses to the owner's claim for a refund. The manufacturer may not be liable if the defect complained of does not actually cause substantial impairment to the owner's ability to use the vehicle or to the value of the vehicle, or if the defect is not in fact a manufacturer defect but resulted from the abuse or modification of the vehicle by the owner. I would urge the addition of the word "unreasonable" just before "neglect." Otherwise, an express warranty may set up such an unreasonably strict maintenance schedule for the consumer to follow that the manufacturer would always be able to claim that any defect was caused by consumer "neglect." I think that a modification to "unreasonable neglect" would be a good balance.

Subsection (d) creates the presumption (or in other words a legal definition) of when a car is "defective" by defining as defective a vehicle which has been worked on four or more times for the same nonconformity, or which is out of service for more than 30 days, during the warranty term or the first year (whichever comes earlier). Such a car is legally presumed to be a "lemon."

Please note that an amendment needs to be made in subsection (d), at page 2, lines 17-20. This last section of the sentence should read:

... The warranty term or the one year period referred to in (1) of this section shall be extended by any period during which repair services are not available to the owner for reasons that are not the responsibility of the owner.

As the section reads now, the presumption of what is a lemon (4 repairs or 30 days out of use) would be taken away from the consumer by being "extended" (?) when the manufacturer fails to provide repairs.

Subsection (e). Frankly, I do not understand what the legislative drafter meant by subsection (e). The clear intent of the passage seems to be that if the nonconformity which is a defect in the motor vehicle is one that makes the vehicle unsafe for owner operation, that a repair must be effected within 14 days. However, the 14 days language references back to subsection (b) which does not contain any time period. Perhaps the drafter meant to refer back to subsection (d) saying that if the vehicle is unsafe to operate, then only 14 instead of 30 days would be required to create a presumption of a "lemon." However, as you will hear from testimony of the auto investigator, 14 days is the norm in Alaska even for safety defects. I think the 14 days would probably be too strict a time period in terms of a standard for creating the presumption that the vehicle is a lemon. I think that 30 days out of service during the warranty period, or the first year, is a reasonable time period for creating a presumption that the owner owns a defective car.

Subsection (f) makes the manufacturer's failure to honor the owner's request for replacement of, or refund of the purchase price of a defective motor vehicle an unfair trade practice under the Alaska Unfair Trade Practices and Consumer Protection Act. This is an efficient way of providing an enforcement mechanism for the statute, since it gives the Attorney General public enforcement powers against a manufacturer or dealer who is engaging in a pattern of refusal to honor its warranty obligations, but it also gives private individuals a private cause of action, with up to triple damages, costs and attorneys fees, under AS 45.50.531. Since the Alaska Unfair Trade Practices Act already discusses warranty work at AS 45.50.471(b)(17), and since the warranty becomes "false" if it is not honored by the manufacturer, it is appropriate to put the enforcement section in this

statute. It also dovetails well with the Motor Vehicle Repair statute which is already incorporated into the Unfair Trade Practices Act, at AS 45.50.471(b)(23).

Subsection (g) insures that the provisions of this act do not limit any other rights or remedies that the motor vehicle owner might have under common law regarding express or implied warranties. This is a good provision, since the courts might develop a higher standard for manufacturers, and some courts might rule in the owner's favor on a defect which shows up after the one year period.

Subsection (h) refers to the federal Magnuson-Moss Warranty Act act, and the regulations promulgated pursuant to that act. Under that act a manufacturer of vehicles may set up an informal dispute settlement procedure, outside the court, (usually an arbitration panel) to which consumers must take their defect or warranty claim before filing suit against the manufacturer for a defective vehicle. However, the informal dispute settlement procedure must follow carefully the standards in the federal regulations, including a provision that the award of the arbitration panel is binding on the manufacturer but is not necessarily binding on the consumer owner of the vehicle unless the owner accepts the award. If the owner does not agree with the award the owner may then proceed to court. Subsection (h) insures that under the Alaska motor vehicle warranty act we would also allow the national manufacturers to exercise this same option.

[The committee should know that historically, it was the hope of Congress to encourage all the manufacturers to create such informal dispute resolution programs, but that to date none of the manufacturers have set up a national program that complies with the Magnuson-Moss Act. In the last year, General Motors has contracted with the Better Business Bureau in some states (not Alaska) to do arbitrations with discontented vehicle owners, but the arbitrations do not meet the federal requirements because they are binding on both parties and the consumer does not have the option of refusing the arbitration award. Because of this requirement, consumers are not required to use the GMC/BBB program before going to court on what the consumer believes to be a defective GMC car.]

Subsection (i) of the bill includes pertinent definitions. The definition of "owner" includes not only the original purchaser of the vehicle but anyone to who the vehicle is transferred during the term of the express warranty, which is appropriate, since the warranties on new vehicles are transferable by their own terms. Also, this subsection includes examples of what are "substantial impairments" of the use and value of a vehicle. These definitions seem to cover most instances that a court would want to consider and I think they are adequate.

OVERALL COMMENTS ON HB 344

HB 344 is very well drafted in respect that it avoids some problems found in its counterpart in Connecticut statutes. Specifically, in the Connecticut statute, the consumer owner who asks for a refund of the purchase price of the vehicle will have deducted from it a "reasonable allowance for use of the vehicle." This is a serious problem, and one which it is anticipated that dealers or the manufacturers may suggest as an amendment to HB 344. HB 344 should not include this kind of set off provision, because, under court case law developed pursuant to under the U.C.C. on warranties, when a consumer revokes acceptance of a defective vehicle the consumer is usually entitled to the full refund of the purchase price, and may sometimes recover from the manufacturer "cover" costs for buying a more expensive replacement vehicle. Also, under the U.C.C., the consumer may recover incidental and consequential damages from the dealer, not just the purchase price. Under the U.C.C., a consumer could claim consequential damages caused by the vehicle's failure, such as: loss of work due to a car that broke down, long distance telephone calls, towing charges. HB 344 is a better statute than the Connecticut lemon law because it does not allow the manufacturer to ask for the set off for use of the defective vehicle. This is appropriate in light of the case law.

Overall, HB 344 if passed would greatly help the work of the Consumer Protection Section of the Office of the Attorney General in mediating and investigating warranty complaints by consumers. As our auto investigator will report, a great number of our auto repair problems are alleged warranty violations or defects in vehicles.

It is my opinion, after working in this area for seven years, that very few Alaskans, especially those who live outside the three major cities, receive full value of the warranty on their vehicles. We know that warranties, and the service guaranteed under warranties, is a substantial selling tool of the manufacturers. We also know that the warranty has a definite, although unstated, economic value as part of the purchase price of a motor vehicle. Since Alaskans pay not only the top manufacturers' suggested retail price but usually amounts in addition to the suggested retail price we can see that Alaskans do not get any break or allowance for their difficulty in obtaining warranty work. (As far as I know this is the only marketplace in the entire United States where consumers pay manufacturer's suggested price or above.)

Suggested Amendments

I would suggest the addition of language like the following, although this has not yet been refined to legislative standards. The suggested language, which is attached, would require manufacturers of motor vehicles to either maintain sufficient repair facilities reasonably close to all areas where its vehicles are sold or to designate independent shops in various towns as authorized warranty repair facilities.

Most manufacturers and their corporate organization provide for such independent repair facilities, but in fact, we do not know of any non-dealer, factory authorized repair centers in the State of Alaska. We have tried to negotiate directly with a couple of manufacturers to get them to authorize repairs in population centers like Ketchikan, but we have failed in our efforts.

Also as you will note in the suggested amendments, it is important that the manufacturer be required to fairly compensate either the dealer or the non-dealer authorized repair facility for the warranty work done. As the auto repair investigator can testify, the flat rate paid to dealers for warranty work often reflects the economic and political power differential between the manufacturer and the dealer more than it does the actual time and effort necessary to cure a warranty defect. Also, the warranty service manual's suggested times for repair are geared to large dealer service centers with computer diagnostic equipment and factory-trained technicians. Since an independent repair facility in Bethel would be unlikely to have the same sophistication of equipment or personnel training, the manufacturer should pay the actual time necessary to repair the warranty defect, not just the suggested flat rate time in a warranty repair manual.

Availability of parts. Another problem in Alaska is the availability of repair parts for warranty work. The manufacturer should fairly reimburse the repair facility for shipping cost on warranty covered repairs. Also, the manufacturer should timely reimburse repair facilities for warranty expenses. Consumers should not be required to pay for parts shipments on warranty repairs.

Substitute Transportation. Another suggested addition to the bill is a requirement that if a vehicle is not timely fixed, within two weeks of notice of defect, that the manufacturer should be obligated to provide substitute transportation or rental car cost, from the two week date until the car is repaired. (At the present time only one national manufacturer promises a loaner car in its express warranty. In Alaska, most dealers do not offer loaner cars as a courtesy, although that courtesy is a common practice in the lower 48.)

The manufacturers should be encouraged to beef up their repair facilities and their inventory of repair parts within the state or face the obligation to provide alternative transportation, at least after the first two-week period that a vehicle has been unuseable.

Vehicle Transport Costs. It is important that Alaska take action to clarify what is the duty of the customer to re-deliver a vehicle to the manufacturer's nearest dealership for warranty repairs. This is requirement in most express warranties, but it creates great difficulties, especially when there are no roads back from the consumer's location, (such as Bethel ) to the nearest dealership (say in Anchorage). Perhaps manufacturers should not be required to bear all the high cost of transportation of vehicles within the state, but the manufacturer could choose an alternative if these amendments were put into law. The manufacturer should either authorize independent repair facilities in the communities to repair vehicles, or pay for at least one way of the transportation of the vehicle, namely from the dealership back to the customer after repair.

Sec. 45.45.305. WARRANTY REPAIR FACILITIES AND

OBLIGATIONS. (a) Every manufacturer or distributor of motor vehicles sold in this state for which the manufacturer or distributor has made an express warranty shall maintain in this state sufficient repair facilities, reasonably close to all population centers where its vehicles are used, to carry out the terms of such warranties.

(b) As a means of complying with section (a), a manufacturer or distributor shall be permitted to enter into warranty service contracts with independent repair facilities. The warranty service contracts may provide for a flat rate schedule of repair times to be used in calculating charges for warranty service or repair work, provided that the contract hourly rates must reimburse the repair facility at normal retail rates, for the community where the facility is located, for any service and parts reasonably required to carry out warranty repairs. The manufacturer or distributor shall also fairly reimburse a dealer or authorized contract repair facility for expenses incurred in ordering and shipping parts needed to effect warranty covered repairs. Any request by a contract repair facility for reimbursement of warranty covered repairs must be paid by the manufacturer or distributor within 30 days.

(c) In the event that repairs of any warranty covered malfunction or defect are not completed within two weeks of (1) the customer's delivery of the vehicle to the manufacturer's or distributor's designated repair facility or dealer; or, (2) the customer's notification to the manufacturer, distributor, or its dealer of a warranty malfunction which renders the vehicle inoperable; then reasonable charges for the owner's rental of substitute transportation shall be paid by the manufacturer or distributor, or the manufacturer or distributor shall provide

a substitute vehicle, from the date two weeks after delivery of the vehicle or notification of a malfunction rendering a vehicle inoperable, until repairs are complete.

[NOTE: Subsection d, below, is very rough, even in concept!]

(d) If the express warranty requires the owner to deliver the vehicle to the nearest manufacturer's dealer for warranty repair, that duty shall not be binding on the owner, nor a waiver of the owner's warranty rights when, (1) due to the malfunction or defect the vehicle cannot safely be operated, or (2) the delivery of the vehicle cannot be made by road or by shipment by boat or ferry of less than one day's shipping or travel time. Should the customer be unable to effect return of the vehicle for any of the above reasons, the customer shall notify the manufacturer, distributor or its nearest dealer or authorized repair facility within the state. Written notice of the malfunction or defect to the manufacturer, distributor, dealer or repair facility shall constitute "return" of the vehicle for purposes of this section. Upon receipt of such notice of malfunction or defect the manufacturer or distributor shall, at its option, repair the vehicle at the customer's residence or town of residence, or arrange for transporting the vehicle to a dealer or repair facility. All reasonable costs of transporting the vehicle when, pursuant to (1) above, the owner is unable to effect delivery, shall be at the manufacturer's expense. When the owner cannot deliver the vehicle under the time limits of (2) above, if the manufacturer does not choose to repair the vehicle at the owner's residence or town of residence, the reasonable cost of transporting the vehicle to the dealer or designated repair facility shall be paid one-half by the owner and one-half by the manufacturer.

## WARRANTIES - MOTOR VEHICLES - REPAIRS

COMMENTARY: Under existing case law, a manufacturer who is sued because of failure to service or repair goods to conform to applicable express warranties after a reasonable number of attempts may be required by a court to either replace the goods or reimburse the customer. However, the costs of determining in the court what is a "reasonable" number of repair attempts and by what method a customer should be reimbursed makes such suits very difficult and costly.

This bill would provide that it shall be presumed that a reasonable number of attempts have been undertaken to conform a new motor vehicle to the applicable express warranties, if, during the first year or 12,000 miles of the applicable express warranty (note that some warranties are now "5-year"): (1) the same malfunction or defect has been subject to repair four or more times by the manufacturer or its agent or authorized dealers or (2) the vehicle is out of service by reason of repair (or repair delays) of a warranty covered malfunction or defect for a cumulative total of more than 30 business days during the first year of the warranty.

The bill would provide that the presumption may not be asserted by the customer until after the customer has resorted to an in-state qualified third party dispute resolution process, if one is available in state. The bill would also provide that a manufacturer shall be bound by a decision of the third party process if the customer elects to accept it, and that if the customer is dissatisfied with the third party decision the customer may assert the presumption in an action to enforce the buyer's rights as specified. (This tracks the federal Magnuson-Moss Warranty Act.) The bill also would require manufacturers to pay for the shipping of parts.

SECTION 1. (a) If a new motor vehicle does not conform to all applicable express warranties, and the customer reports the nonconformity to the manufacturer, its agent or its authorized dealer during the term of such express warranties, or during the period of one year following the date of original delivery of the vehicle to the customer, whichever is the later date, the manufacturer, its agent or its authorized dealer shall make such repairs as are necessary to conform the vehicle to such express warranties, notwithstanding the fact that such repairs are made after the expiration of the warranty term or the one-year period;

(b) Every manufacturer of motor vehicles sold in this state for which the manufacturer has made an express warranty shall maintain in this state sufficient service and repair facilities, reasonably close to all areas where its vehicles are sold, to carry out the terms of such warranties; and designate and authorize in this state as service and repair facilities independent repair or service facilities, reasonably close to all population centers where its motor vehicles are used, to carry out the terms of such warranties.

As a means of complying with this section, a manufacturer shall be permitted to enter into warranty service contracts with independent repair facilities. The warranty service contracts may provide for a flat rate schedule of repair times to be used in calculating charges for warranty service or repair work, provided that the contract hourly rates must reimburse the repair facility at normal retail rates, for the community where the facility is located, for any service and parts reasonably required to carry out warranty repairs. The manufacturer shall also fairly reimburse the repair facility for expenses incurred in ordering and shipping parts needed to effect warranty covered repairs. Any request by a contract repair facility for reimbursement of warranty covered repairs must be paid by the manufacturer within 30 days.

(c) In the event that repairs of any warranty covered malfunction or defect are not completed within two weeks of: (1) the customer's delivery of the vehicle to the manufacturer's designated repair facility; or, (2) the customer's notification to the manufacturer of a warranty malfunction which renders the vehicle inoperable; reasonable charges for the rental of substitute transportation shall be paid by the manufacturer, or the manufacturer shall provide a substitute vehicle, from the date two weeks after delivery or notification of the vehicle until repairs are complete.

(d) It shall be the duty of the customer to deliver the vehicle to the nearest authorized dealership or manufacturer authorized service and repair facility within this state unless: due to the malfunction or defect the vehicle cannot safely be operated, or the delivery of the vehicle cannot be made by road, or by shipment by boat or ferry, of less than one day's shipping or travel time. Should the customer be unable to effect return of the vehicle for any of the above reasons, the customer shall notify the manufacturer or its nearest service and repair facility within the state. Written notice of the malfunction or defect to the manufacturer or its service and repair facility shall constitute return of the vehicles for purposes of this section. Upon receipt of such notice of malfunction or defect the manufacturer shall, at its option, repair the vehicle at the customer's residence, or arrange for transporting the vehicle to its repair facility. All reasonable costs of transporting the vehicle when, pursuant to the above, a customer is unable to effect return, shall be at the manufacturer's expense. The reasonable costs of return transport of a non-conforming vehicle to the customer after the vehicle's delivery to the repair facility shall be at the manufacturer's expense.

SECTION 2. (a) Should the manufacturer or its representative in this state be unable to service or repair the vehicle to conform to the applicable express warranties after a reasonable number of attempts, the manufacturer shall either replace the vehicle or reimburse the customer in an amount equal to the purchase price paid by the customer, less a reasonable amount for use by the customer prior to the discovery of the non-conforming malfunction or defect.

(b) It shall be presumed that a reasonable number of attempts have been made to conform a new motor vehicle to the applicable express warranties if, within one year from delivery to the customer or 12,000 miles, whichever occurs first, either (1) the same vehicle system or assembly has been subject to repair for non-conforming warranty problems four or more times by the manufacturer or its agent, or (2) the vehicle is out of service by reason of repairs (or repair delays) by the manufacturer or its agents, or by the malfunctions or defects, for a cumulative total of more than 30 business days since delivery of the vehicle to the customer.

(c) If a qualified third party dispute resolution process exists in Alaska and the customer receives timely notification in writing of the availability of a third party process with a description of its operation and effect, the presumption in paragraph (b) may not be asserted by the customer until after the

customer has initially resorted to the third party process as described in paragraph (d). Notification of the availability of the third party process is not timely if the customer suffers any prejudice resulting from any delay in giving notification. If a qualified third party dispute resolution process does not exist in Alaska, or if the customer is dissatisfied with the third party decision, or if the manufacturer or its agent neglects to promptly fulfill the terms of such third party decision, the customer may assert the presumption provided in paragraph (b) in an action to enforce the customer's rights under (a). The findings and decision of the third party shall be admissible in evidence in the action without further foundation. Any period of limitation of actions under any federal or Alaska law with respect to any person shall be extended for a period equal to the number of days between the date a complaint is filed with a third party dispute resolution process and the date of its decision or the date before which the manufacturer or its agent is required by the decision to fulfill its terms, whichever occurs later.

(d) A qualified third party dispute resolution process shall be one that complies with the Federal Trade Commission's minimum requirements for informal dispute settlement procedures as set forth in the Commission's regulations at 16 Code of Federal Regulations Part 703; that renders decisions which are binding on the manufacturer if the customer elects to accept the decision; that prescribes a reasonable time not to exceed 30 days, within which the manufacturer or its agents must fulfill the terms of those decisions.

(e) It shall be an affirmative defense to any claim under this act: (1) that a nonconforming malfunction or defect does not substantially impair the uses, values or safety of the vehicle; or (2) that a nonconformity is the result of abuse, unreasonable neglect, or unauthorized modifications or alterations of the vehicle by the customer.

SECTION 3. For the purposes of this chapter the following terms have the following meanings:

(1) "Malfunction or defect" means a nonconformity with an express warranty which substantially impairs the use, value, or safety of the new motor vehicle.

(2) "Customer" means the purchaser, ~~other~~ than for the purposes of resale, of a motor vehicle, any person to whom such motor vehicle is transferred during the duration of an express warranty applicable to such motor vehicle, and any other person applicable to such motor vehicle, and any other person entitled

by the terms of such warranty to enforce the obligations of such warranty.

(3) "Vehicle" means a "new" motor vehicle which is the subject of a manufacturer's express new car warranty and specifically includes motorcycles and motorhomes.

(4) "Population center" means a community of over 1,000 persons (or \_\_\_\_\_ miles of publicly funded roads).

(5) "Vehicle system or assembly" means . . .

TO: [Mike Ford, Legislative Aid to  
Representative Mike Miller

DATE: March 18, 1983

FILE NO.

TELEPHONE NO. 279-0428

FROM: Connie J. Sipe  
Assistant Attorney General  
Chief, Consumer Protection Section  
AGO/Anchorage

SUBJECT: Lemon Law

Enclosed please find a copy of the California Lemon Law, and a copy of the Connecticut Lemon Law. The statute which you had referred to as possibly being a Pennsylvania law is in fact the Connecticut law, which is noted in their most recent supplement as "P.A.," which merely stands for "public act." To our knowledge, no states except Connecticut and California have passed lemon statutes.

Also enclosed you will find not a draft but a "sketch" of a lemon law for Alaska, with a prefatory page of commentary. Please note that this sketch of a bill does not in any way conform to Alaska drafting standards on legislation, but our office has been so busy that it was all that I and our auto investigator could do on short notice to throw together a "cut and paste" which combined parts of the Connecticut with parts of the California statute, and inserted some other modifications that would be needed to address the specific warranty problems in the Alaskan market.

As some background information on warranties, you should realize that many of the American manufacturers are now offering 5-year warranties rather than the former 1-year or 12,000 mile warranties. Both the California and Connecticut lemon laws seemed to be based on the assumption that the 1-year warranty would continue to be the industry standard. On the other hand, in terms of the leverage provided by the lemon law, perhaps it is appropriate that only the very "worst" lemons, those cars with massive defects showing up within 1-year or 12,000 miles should be covered by a state lemon law.

The way we set up the draft that we sent down to you separates out the manufacturer's responsibilities in two areas: First, the ~~simple duty to follow through on their vehicle warranties, and to maintain a sufficient number of authorized repair shops in the state to make the warranty effective.~~ Section One does not have any time deadline other than the terms of the express warranty given by the manufacturer or 1-year, if 1-year would be the longer of the two dates. Our auto investigator, Scotty Dawkins, and I feel that Section 1 is very important in Alaska, because one of the main warranty problems we see is the fact that for most of the state, a warranty received with a new car is

virtually useless. Alaskan consumers outside of the major metropolitan areas receive virtually no value for their warranty, but we do know that a warranty is a significant part of the purchase price of a new vehicle. (Scotty would be willing to meet with you and talk with you about this, because he has had extensive experience inside the industry in Michigan, working with warranty problems both there and here.)

It would be important also that any bill which is meant to ~~encourage the manufacturers to appoint or contract with independent repair shops in the smaller Alaska communities, provide a standard of payment that would be high enough to encourage those independent repair shops to enter into such agreements.~~ A very real problem in the area of manufacturer's warranties is that the manufacturers compensate their dealerships for warranty work based on a flat rate manual which has very little relationship to the actual time needed to complete a warranty repair. Also, the times suggested for repair in the manufacturer's manual assume that the person doing the work will have all the specialized tools and diagnostic equipment of a full dealership, as well as factory trained technicians who know about the latest problems or technology. An independent repair shop in a rural area attempting to correct a defect of any complexity soon discovers that it takes them many more hours to cure the problem than it would a factory trained technician back in the dealership's more fully equipped shop.

Another problem apparently unique to Alaska is the incredible delay in getting warranty repair work done. Although only one manufacturer offers in its express warranty to provide substitute transportation during warranty repairs, most dealerships in the lower 48 do offer complimentary loaner vehicles to almost all warranty repair customers. Repairs are delayed beyond a few days. Also, in the lower 48 most dealerships would be chagrined if they could not get the car into the shop on a warranty repair within two to three days. In Alaska, one of our largest dealerships "prides" itself on being able to get a non-functioning vehicle, under warranty, into the shop to be "looked at" in 10 business days.

The problem in Alaska is further aggravated by the fact that many of the dealerships do not stock a significant inventory of parts, but order parts specially as the warranty calls for. (In fact, if a vehicle under warranty needs a part not available at the Alaska dealership, the customer is usually required to pay the air freight to get the part shipped promptly, or else wait for the surface shipment of the required parts.) To address these problems, we inserted a Section 1(c), which gives the manufacturer two weeks leeway, then imposes a duty to provide substitute transportation.

We also tried to put in some reasonably balanced criteria about what constitutes a customer's inability to deliver a vehicle to a dealership or authorized agent because of distance. You will find this in Section 2(d). The way we set up this statute, Section (2) really contains the heart of the "lemon" law provisions, namely the presumption of when a manufacturer has had a reasonable chance to attempt repair, and the manufacturer's duty to make reimbursement to a customer who has purchased a lemon. (Section 2's more powerful provisions are for the first year or 12,000 miles.)

We wrote some definitions, but we would still need to figure out definitions for "population center," and also for what a "vehicle system or assembly" is.

You will note that the other states focus in on whether a manufacturer has attempted to repair the "same non-conformity." What Scotty Dawkins tells me is that that language could provide an incredibly large loophole for the manufacturer. For instance, if a customer has a portion of the transmission "system or assembly" worked on four times, it is possible that the first two times the manufacturer will attempt to repair the least expensive portion of the system, hoping that that will be sufficient. Often in warranty repairs Scotty sees that the necessary work is done in a progressive manner; namely the least expensive and least complex repairs are attempted first, but when this doesn't work, only then does the manufacturer reluctantly dig into the larger system or into some more complex component of the system, which in fact may be the underlying problem. So, you see that Scotty wanted to make sure that the same nonconformity was broad enough to cover the same malfunction within a system. For example, your engine develops a severe oil leak, and it is repaired by repacking a seal. The engine then develops a knock, and the dealer attempts to correct it by first installing a new oil pump, then a crankshaft, and finally corrects the knock by rebuilding the engine. A few weeks later while operating the vehicle on the highway several hundred miles from home the engine seizes. That is the malfunction or the defect of the system that should trigger the statutory remedies.

We also did not write in any law enforcement mechanism into the statute, since I assumed you're thinking of it being a private action lemon law as in other states. You might want to note all the background warranty statutes that do exist in the State of California, and that provide for treble damages and affirmative defenses and other things. I am including those in this packet, for your use. You may also want to look at whether you want to make any or all of this act a violation of the Unfair Trade Practices Act if not followed. (You might get very different political reactions to those two proposals.)

Mike Ford, Legislation Aid  
to Rep. Mike Miller

March 17, 1983  
Page No. 4

I need to disclose to you a possible conflict of interest on this request. I am currently president of a nonprofit corporation known as the Conflict Resolution Center (CRC), which is a "third party dispute resolution mechanism," offering mediation and arbitration in the Anchorage municipality. In fact, the Conflict Resolution Center has made approaches to representatives of several automobile manufacturers about whether or not they would wish to use the services of CRC as a third party dispute mechanism under the federal Magnuson-Moss Warranty Act. At this time, there is no such specific relationship contemplated between CRC and any manufacturer. However, that is a possibility, so I thought I should mention my relationship to CRC.

Scotty Dawkins will be in Juneau on March 28 and, despite the official holiday, is very eager to discuss the lemon law concept with you.

/aw

STATE OF ALASKA  
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB 344  
 Title: "...motor vehicle warranties."  
 Sponsor: Repr. M.M. Miller  
 Requestor: House Labor & Commerce

II. FISCAL DETAIL

Agency Affected: Department of Law  
 Program Category Affected: Pub. Protec.  
 BRU, Program of Subprogram(s) Affected: Consumer Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

N/A

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard I. Fegues Director Phone: 465-3672  
 Division: Administrative Services Division Date: April 13, 1983  
 Approved by Commissioner: Richard I. Fegues / FOR Date: April 13, 1983  
 Department: Department of Law Attorney General

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

HB 344  
Fiscal Note  
Analysis

HB 344 clarifies and defines the legal warranty rights and responsibilities between owners of new motor vehicles and the vehicle manufacturer, when a new vehicle is seriously defective. Section 1(f) of the bill makes the manufacturer's refusal or failure to fulfill its warranty duties an unfair trade practice under AS 45.50.471. AS 45.50.471, which is enforced by the Consumer Protection Section of the Department of Law, already covers warranties and repairs in a more general manner. The specific legal standards of HB 344 should not cause additional fiscal impact on Consumer Protection because HB 344 merely gives a better definition and therefore a better enforcement tool in the auto warranty area.

AS 45.50.471 also provides for the vehicle owner's private enforcement lawsuit, so some of HB 344's impact will be in the private legal sector.

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST

Bill/Resolution No.: HB-344  
 Title: Motor Vehicle Warranties  
 Sponsor: M.M. Miller  
 Requestor: Sponsor

II. FISCAL DETAIL

Agency Affected: Public Safety  
 Program Category Affected: Life/Property Protection  
 BRU, Program of Subprogram(s) Affected: Driver/Vehicle Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

No fiscal impact anticipated

Prepared By: Robert J. Rowan, Director  
 Division: Motor Vehicles

Phone: 269-5551

Date: 4-20-83

Approved by Commissioner: [Signature]  
 Department: Public Safety

Date: 4/22/83

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3/8/83

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

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Bill/Resolution No.: HB-344  
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 Sponsor: M.M. Miller  
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 Program Category Affected: Life/Property Pro  
 BRU, Program of Subprogram(s) Affected: Driver/Vehicle Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

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Prepared By: Robert J. Rowan, Director  
 Division: Motor Vehicles

Phone: 269-5551

Date: 4-20-83

Approved by Commissioner: [Signature]  
 Department: Public Safety

Date: 4/22/83

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3/8/83

I. REQUEST

Bill/Resolution No.: HB 344  
 Title: "...motor vehicle warranties."  
 Sponsor: Repr. M.M. Miller  
 Requestor: House Labor & Commerce

II. FISCAL DETAIL

Agency Affected: Department of Law  
 Program Category Affected: Pub. Protec.  
 BRU, Program of Subprogram(s) Affected: Consumer Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

N/A

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard L. Pegues Director Phone: 465-3672  
 Division: Administrative Services Division Date: April 13, 1983  
 Approved by Commissioner: Richard L. Pegues / FOR Date: April 13, 1983  
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