

S B

349

Alaska State Legislature



SENATOR JIM DUNCAN

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COMMITTEES:
FINANCE
VICE CHAIR -
HEALTH EDUCATION
& SOCIAL SERVICES
BUDGET & AUDIT
BANKING &
ECONOMIC
DEVELOPMENT

TO: SENATOR DICK ELIASON
CHAIR
LABOR AND COMMERCE COMMITTEE

FROM: SENATOR JIM DUNCAN
LABOR AND COMMERCE COMMITTEE

REGARDS: MESSAGES FOR HEARINGS ON SB 349

DATE: JANUARY 9, 1990

I WOULD APPRECIATE THE EARLIEST POSSIBLE HEARING FOR SB 349 BY THE LABOR AND COMMERCE COMMITTEE.

SB 349 AMENDS ALASKA STATUTES 08.66. AND 45.50. IT REQUIRES A DEALER TO HOLD A FRANCHISE FROM A MANUFACTURER OR HAVE MANUFACTURER AUTHORIZATION TO SELL AND PERFORM WARRANTY REPAIR OF NEW MOTOR VEHICLES IN ALASKA.

THIS MEASURE WAS INTRODUCED IN REACTION TO CONCERNS EXPRESSED ABOUT THE ACTIVITIES OF OUT-OF-STATE BROKERS OPERATING IN ALASKA. THE BROKERS, WHO PAY NO TAXES IN ALASKA, BUY VEHICLES FROM A DEALER OUTSIDE THE STATE AND MARKET THEM IN ALASKA. DEALERS FRANCHISED OR AUTHORIZED BY A MANUFACTURER TO DO BUSINESS IN ALASKA TYPICALLY END UP HOLDING THE BAG BY HONORING WARRANTY AGREEMENTS.

THERE ARE A NUMBER OF CONSUMER PROTECTION CONCERNS RELATED TO THE ACTIVITIES OF BROKERS.

FIRST, ALASKAN CONSUMERS MAY NOT BE BUYING A NEW VEHICLE EVEN THOUGH ADVERTISING INDICATES THEY ARE. IT MAY BE CONSIDERED A USED VEHICLE SINCE THE BROKER HAS ALREADY PURCHASED IT FROM A FRANCHISE HOLDER OUTSIDE THE STATE.

SECONDLY, THE NEW OR USED STATUS OF THE VEHICLE CAN HAVE THE IMPACT OF REDUCING THE LIFE OF THE WARRANTY. FOR EXAMPLE, ONE MANUFACTURER OFFERS A FIVE YEAR, 50,000 MILE WARRANTY TO THE INITIAL CONSUMER. IT'S REDUCED TO TWO YEARS FOR THE SECOND OWNER.

THIRD, THERE'S A POSSIBILITY OF PROBLEMS INVOLVING SAFETY RECALLS. IT MAKES IT VERY DIFFICULT FOR A MANUFACTURER TO KEEP TRACK OF AN NOTIFY OWNERS OF PROBLEMS WHEN A BROKER PURCHASES A BLOCK OF VEHICLES FOR RESALE.

-2- SENATOR DUNCAN/SB 349

NOTHING IN THIS BILL RESTRICTS ALASKAN CONSUMERS FROM BUYING AND SHIPPING A NEW VEHICLE FROM A FRANCHISE HOLDER OUTSIDE ALASKA. THE FRANCHISE HOLDER IN ALASKA MUST HONOR THE WARRANTY AGREEMENT AS A CONDITION OF THE FRANCHISE OR AUTHORIZATION FROM THE MANUFACTURER.

PASSAGE OF THIS LEGISLATION WILL ENSURE BROKERS PROPERLY REPRESENT THEIR PRODUCT AND PROVIDE ALASKANS WITH THE CONFIDENCE THAT THEY ARE INDEED PURCHASING A NEW VEHICLE EQUIPPED WITH A FULL WARRANTY AND KNOWLEDGE THAT THE MANUFACTURER CAN CONTACT THEM IN THE EVENT OF A SAFETY RECALL.

YOUR CONSIDERATION OF THIS REQUEST IS MOST APPRECIATED.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act requiring dealers of new motor vehicles to be franchised
Sponsor: Duncan
Requestor: Senate Labor & Commerce

Agency Affected: Public Safety
BRU: Division of Motor Vehicles
Component: Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER/PROG RCPT	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Negligible fiscal impact.

Prepared by: Jay N. Dulany, Director
Division: Motor Vehicles

Phone: 269-5551
Date: 1/16/90

Approved by Commissioner: Arthur English
Agency: Department of Public Safety

Date: 1-19-90
Page 1 of 1

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: January 8, 1990

FURTHER: Finance

Date of 5-Day Notice: 1/18/90
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 1/23/90

Labor and Commerce Committee considered SENATE BILL NO. 349

"An Act requiring dealers of new motor vehicles to be franchised."

and recommended:

- replace with _____ CS SB 349 (L+C) same title
 attached amendment(s) new title
- _____ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

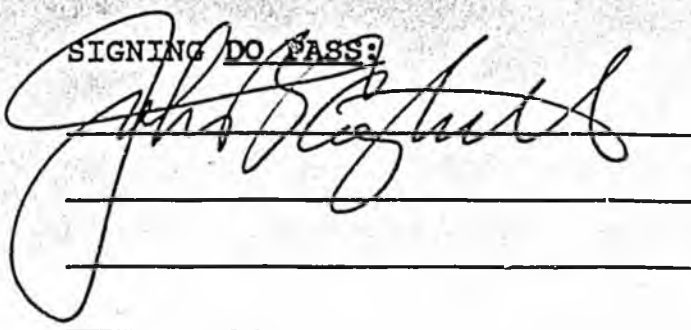
fiscal note(s) _____

zero fiscal note(s) Public Safety 1/16/90

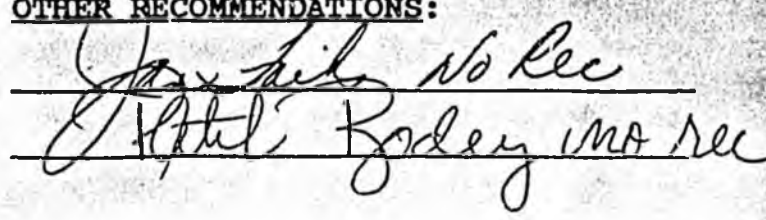
appropriation-no fiscal note

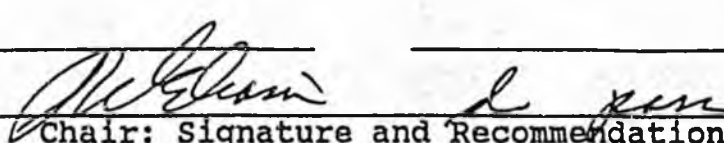
Governor's bill w/fiscal note

SIGNING DO PASS:



OTHER RECOMMENDATIONS:




Chair: Signature and Recommendation

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act requiring dealers of new motor vehicles to be franchised
Sponsor: Duncan
Requestor: Senate Labor & Commerce

Agency Affected: Public Safety
BRU: Division of Motor Vehicles
Component: Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Negligible fiscal impact.

Changes in CS SB 349 (4C) have no fiscal impact. This fiscal note is appropriate.

Prepared by: Jay N. Dulany, Director
Division: Motor Vehicles

Phone: 269-5551
Date: 1/16/90

Approved by Commissioner: Arthur English
Agency: Department of Public Safety

Date: 1-19-90
Page 1 of 1

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Public Safety
Title: An Act requiring dealers of new BRU: Division of Motor Vehicles
motor vehicles to be franchised
Sponsor: Duncan Component: Field Services
Requestor: Senate Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
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ANALYSIS: (Attach a separate page if necessary)

Negligible fiscal impact.

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Page 1 of 1



*Department of Transportation
and Public Facilities*

POSITION PAPER

BILL NO: SB 349

APPROVED: M. L. A. H. J.

TITLE: An Act requiring dealers of
new motor vehicles to be franchised.

DATE: January 19, 1990

The Department of Transportation and Public Facilities has the statutory responsibility for management of the Statewide Equipment Fleet (SEF). SEF is responsible for procurement of new replacement equipment for the fleet in order to provide safe, reliable, and cost-effective vehicles to state agencies.

Although SEF requires bidders to be a "...factory authorized dealer...", the proposed Act adds undisputable authority to this bid language. This statutory assurance minimizes the probability of the state or its citizens being sold equipment by a vendor who has no intention of providing the agreed to after sale warranty and service. This levels the playing field for all vendors and by doing so, enhances the fairness of competitive bidding in the public sector and ensures responsible service to the private sector.

For these reasons, the department supports this legislation in that it is not only in the best interests of the State Equipment Fleet, but is in the best interests of the citizens of this state.