

HB

272

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

May 17, 2003

SUBJECT: CSHB 272(STA) (Work Order No. 23-LS0975\Q)

TO: Representative Bruce Weyhrauch
Chair, House State Affairs Committee
Attn: Ginny

FROM: 
Theresa L. Bannister
Legislative Counsel

This memo accompanies the bill described above.

Federal used motor vehicle regulations. Please be aware that federal law (16 CFR 455) regulates certain used car sales. The regulations establish certain duties for the dealers, including providing a buyer's guide that deals in large part with warranty disclosures. The provisions of 16 CFR 455.6 provide for states to receive exemptions from the regulation if the state requirements afford equal or greater protection to the consumer. I have not had time to research how the provisions of new sec. 45.25.465(c) would interact with the federal regulation. Initially, though, it appears that the warranty disclosure of sec. 45.25.465(c)(2) may already be covered by the federal requirement. A copy of 16 CFR 455.6 is attached for your information.

If I may be of further assistance, please advise.

TLB:mdr
03-123:mdr

Enclosure:

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

will explain the reason in writing the statement we provide describing the funeral goods and services you selected." Provided, however, that if the charge for "services of funeral director and staff" cannot be declined by the purchaser, the statement shall include the sentence: "However, any funeral arrangements you select will include a charge for our basic services" between the second and third sentences of the statement specified above herein. The statement may include the phrase "and overhead" after the word "services" if the fee includes a charge for the recovery of unallocated funeral provider overhead;

(B) Place the following disclosure in the statement of funeral goods and services selected, required by § 453.2(b)(5)(i): "Charges are only for those items that you selected or that are required. If we are required by law by a cemetery or crematory to use certain items, we will explain the reasons in writing below."

(ii) A funeral provider shall not violate this section by failing to comply with a request for a combination of funeral goods or services which would be impossible, impractical, or excessively burdensome to provide.

§ 453.5 Services provided without prior approval.

(a) *Unfair or deceptive acts or practices.* Selling or offering to sell funeral goods or funeral services to the public, is an unfair or deceptive act or practice for any provider to embalm a deceased human body for a fee unless:

(1) State or local law or regulation requires embalming in the particular circumstances regardless of any funeral choice which the family might make; or

(2) Prior approval for embalming (expressly so described) has been obtained from a family member or other authorized person; or

(3) The funeral provider is unable to contact a family member or other authorized person after exercising due diligence, has no reason to believe the family does not want embalming performed, and obtains subsequent approval for embalming already performed (expressly so described). In obtaining approval, the funeral provider

must disclose that a fee will be charged if the family selects a funeral which requires embalming, such as a funeral with viewing, and that no fee will be charged if the family selects a service which does not require embalming, such as direct cremation or immediate burial.

(b) *Preventive requirement.* To prevent these unfair or deceptive acts or practices, funeral providers must include on the itemized statement of funeral goods and services selected, required by § 453.2(b)(5), the statement: "If you selected a funeral that may require embalming, such as a funeral with viewing, you may have to pay for embalming. You do not have to pay for embalming you did not approve if you selected arrangements such as a direct cremation or immediate burial. If we are charged for embalming, we will explain why below."

§ 453.6 Retention of documents.

To prevent the unfair or deceptive acts or practices specified in §§ 453.2 and 453.3 of this rule, funeral providers must retain and make available for inspection by Commission officials true and accurate copies of the price lists specified in §§ 453.2(b)(2) through (4), as applicable, for at least one year after the date of their last distribution to customers, and a copy of each statement of funeral goods and services selected, as required by § 453.2(b)(5), for at least one year from the date of the arrangements conference.

§ 453.7 Comprehension of disclosures.

To prevent the unfair or deceptive acts or practices specified in §§ 453.2 through 453.5, funeral providers must make all disclosures required by those sections in a clear and conspicuous manner. Providers shall not include in the casket, outer burial container, and general price lists, required by §§ 453.2(b)(2)-(4), any statement or information that alters or contradicts the information required by this part to be included in those lists.

§ 453.8 Declaration of intent.

(a) Except as otherwise provided in § 453.2(a), it is a violation of this rule to engage in any unfair or deceptive acts or practices specified in this rule, or to

fail to comply with any of the preventive requirements specified in this rule;

(b) The provisions of this rule are separate and severable from one another. If any provision is determined to be invalid, it is the Commission's intention that the remaining provisions shall continue in effect.

(c) This rule shall not apply to the business of insurance or to acts in the conduct thereof.

§ 453.9 State exemptions.

If, upon application to the Commission by an appropriate state agency, the Commission determines that:

(a) There is a state requirement in effect which applies to any transaction to which this rule applies; and

(b) That state requirement affords an overall level of protection to consumers which is as great as, or greater than, the protection afforded by this rule; then the Commission's rule will not be in effect in that state to the extent specified by the Commission in its determination, for as long as the State administers and enforces effectively the state requirement.

PART 455—USED MOTOR VEHICLE TRADE REGULATION RULE

Sec.

- 455.1 General duties of a used vehicle dealer; definitions.
- 455.2 Consumer sales—window form.
- 455.3 Window form.
- 455.4 Contrary statements.
- 455.5 Spanish language sales.
- 455.6 State exemptions.
- 455.7 Severability.

AUTHORITY: 08 Stat. 2189, 15 U.S.C. 2309; 38 Stat. 717, as amended 15 U.S.C. 41 et seq.

SOURCE: 49 FR 45725, Nov. 19, 1984, unless otherwise noted.

§ 455.1 General duties of a used vehicle dealer; definitions.

(a) It is a deceptive act or practice for any used vehicle dealer, when that dealer sells or offers for sale a used vehicle in or affecting commerce as *commerce* is defined in the Federal Trade Commission Act:

(1) To misrepresent the mechanical condition of a used vehicle;

(2) To misrepresent the terms of any warranty offered in connection with the sale of a used vehicle; and

(3) To represent that a used vehicle is sold with a warranty when the vehicle is sold without any warranty.

(b) It is an unfair act or practice for any used vehicle dealer, when that dealer sells or offers for sale a used vehicle in or affecting commerce as *commerce* is defined in the Federal Trade Commission Act:

(1) To fail to disclose, prior to sale, that a used vehicle is sold without any warranty; and

(2) To fail to make available, prior to sale, the terms of any written warranty offered in connection with the sale of a used vehicle.

(c) The Commission has adopted this Rule in order to prevent the unfair and deceptive acts or practices defined in paragraphs (a) and (b). It is a violation of this Rule for any used vehicle dealer to fail to comply with the requirements set forth in §§ 455.2 through 455.5 of this part. If a used vehicle dealer complies with the requirements of §§ 455.2 through 455.5 of this part, the dealer does not violate this Rule.

(d) The following definitions shall apply for purposes of this part:

(1) *Vehicle* means any motorized vehicle, other than a motorcycle, with a gross vehicle weight rating (GVWR) of less than 3500 lbs., a curb weight of less than 6,000 lbs., and a frontal area of less than 46 sq. ft.

(2) *Used vehicle* means any vehicle driven more than the limited use necessary in moving or road testing a new vehicle prior to delivery to a consumer, but does not include any vehicle sold only for scrap or parts (title documents surrendered to the State and a salvage certificate issued).

(3) *Dealer* means any person or business which sells or offers for sale a used vehicle after selling or offering for sale five (5) or more used vehicles in the previous twelve months, but does not include a bank or financial institution, a business selling a used vehicle to an employee of that business, or a lessor

selling a leased vehicle by or to that vehicle's lessee or to an employee of the lessee.

(4) *Consumer* means any person who is not a used vehicle dealer.

(5) *Warranty* means any undertaking in writing, in connection with the sale by a dealer of a used vehicle, to refund, repair, replace, maintain or take other action with respect to such used vehicle and provided at no extra charge beyond the price of the used vehicle.

(6) *Implied warranty* means an implied warranty arising under State law (as modified by the Magnuson-Moss Act) in connection with the sale by a dealer of a used vehicle.

(7) *Service contract* means a contract in writing for any period of time or any specific mileage to refund, repair, replace, or maintain a used vehicle and provided at an extra charge beyond the price of the used vehicle, provided that such contract is not regulated in your State as the business of insurance:

(8) *You* means any dealer, or any agent or employee of a dealer, except where the term appears on the window form required by § 455.2(a).

§ 455.2 Consumer sales—window form.

(a) *General duty.* Before you offer a used vehicle for sale to a consumer, you must prepare, fill in as applicable and display on that vehicle a "Buyers Guide" as required by this Rule.

(1) The Buyers Guide shall be displayed prominently and conspicuously in any location on a vehicle and in such a fashion that both sides are readily readable. You may remove the form temporarily from the vehicle during any test drive, but you must return it as soon as the test drive is over.

(2) The capitalization, punctuation and wording of all items, headings, and text on the form must be exactly as required by this Rule. The entire form must be printed in 100% black ink on a white stock no smaller than 11 inches high by 7¼ inches wide in the type styles, sizes and format indicated.

selling a leased vehicle by or to that vehicle's lessee or to an employee of the lessee.

(4) *Consumer* means any person who is not a used vehicle dealer.

(5) *Warranty* means any undertaking in writing, in connection with the sale by a dealer of a used vehicle, to refund, repair, replace, maintain or take other action with respect to such used vehicle and provided at no extra charge beyond the price of the used vehicle.

(6) *Implied warranty* means an implied warranty arising under State law (as modified by the Magnuson-Moss Act) in connection with the sale by a dealer of a used vehicle.

(7) *Service contract* means a contract in writing for any period of time or any specific mileage to refund, repair, replace, or maintain a used vehicle and provided at an extra charge beyond the price of the used vehicle, provided that such contract is not regulated in your State as the business of insurance:

(8) *You* means any dealer, or any agent or employee of a dealer, except where the term appears on the window form required by § 455.2(a).

§ 455.2 Consumer sales—window form.

(a) *General duty.* Before you offer a used vehicle for sale to a consumer, you must prepare, fill in as applicable and display on that vehicle a "Buyers Guide" as required by this Rule.

(1) The Buyers Guide shall be displayed prominently and conspicuously at any location on a vehicle and in such a fashion that both sides are readily readable. You may remove the form temporarily from the vehicle during any test drive, but you must return it as soon as the test drive is over.

(2) The capitalization, punctuation and wording of all items, headings, and text on the form must be exactly as required by this Rule. The entire form must be printed in 100% black ink on a white stock no smaller than 11 inches high by 7½ inches wide in the type styles, sizes and format indicated.

BUYERS GUIDE

IMPORTANT: Spoken promises are difficult to enforce. Ask the dealer to put all promises in writing. Keep this form.

VEHICLE MAKE _____ MODEL _____ YEAR _____ VIN NUMBER _____

DEALER STOCK NUMBER (Optional) _____

WARRANTIES FOR THIS VEHICLE:

AS IS - NO WARRANTY

YOU WILL PAY ALL COSTS FOR ANY REPAIRS. The dealer assumes no responsibility for any repairs regardless of any oral statements about the vehicle.

WARRANTY

FULL LIMITED WARRANTY. The dealer will pay _____% of the labor and _____% of the parts for the covered systems that fail during the warranty period. Ask the dealer for a copy of the warranty document for a full explanation of warranty coverage, exclusions, and the dealer's repair obligations. Under state law, "implied warranties" may give you even more rights.

SYSTEMS COVERED:

DURATION:

!! SERVICE CONTRACT. A service contract is available at an extra charge on this vehicle. Ask for details as to coverage, deductible, price, and exclusions. If you buy a service contract within 90 days of the time of sale, state law "implied warranties" may give you additional rights.

PRE PURCHASE INSPECTION: ASK THE DEALER IF YOU MAY HAVE THIS VEHICLE INSPECTED BY YOUR MECHANIC EITHER ON OR OFF THE LOT.

SEE THE BACK OF THIS FORM for important additional information, including a list of some major defects that may occur in used motor vehicles.

28 pt. Trumwise Bold caps

2 pt. Rule

10/12 Trumwise Bold c & ic
flush left ragged right
maximum line 42 picas

10 pt. Baseline Rule

8 pt. Trumwise Bold caps

10 pt. Baseline Rule

8 pt. Trumwise Bold caps

10 pt. Trumwise Bold caps

2 pt. Rule

54 pt. Box

42 pt. Trumwise Bold caps

10/10 Trumwise Bold c & ic
flush left ragged right
maximum line 42 picas

1 pt. Rule

54 pt. Box

42 pt. Trumwise Bold caps

10/10 Trumwise Bold c & ic
4 1/2 picas margin on 2nd
line

10 pt. Trumwise Bold caps

10 pt. Baseline Rule

10/10 Trumwise Bold c & ic
maximum line 42 picas

10/10 Trumwise Bold caps
flush left ragged right
maximum line 42 picas

10/10 Trumwise Bold c & ic
flush left ragged right
maximum line 42 picas

Below is a list of some major defects that may occur in used motor vehicles.

- Frame & Body**
 - Flame-treated corrective welds or fused through
 - Distorts—dent or twisted frame
- Engine**
 - Oil leakage, excluding normal seepage
 - Cracked block or head
 - Belts missing or inoperable
 - Knock or misfires related to camshaft wear and push rods
 - Abnormal exhaust discharge
- Transmission & Drive Shaft**
 - Improper fluid level or leakage, excluding normal seepage
 - Cracked or damaged case which is visible
 - Abnormal noise or vibration caused by faulty transmission or drive shaft
 - Improper shifting or functioning in any gear
 - Manual clutch slips or chatters
- Differential**
 - Improper fluid level or leakage, excluding normal seepage
 - Cracked or damaged housing which is visible
 - Abnormal noise or vibration caused by faulty differential
- Cooling System**
 - Leakage including radiator
 - Improperly functioning water pump
- Electrical System**
 - Battery leakage
 - Improperly functioning alternator/generator
 - Battery w/ starter
- Fuel System**
 - Visible leakage
- Inoperable Accessories**
 - Gauges or warning devices
 - Air conditioner
 - Heater & Defroster

- Brake System**
 - Pressure warning light broken
 - Fluid not firm under pressure (DOT spec)
 - Not enough pedal reserve (DOT spec)
 - Does not stop vehicle in straight (DOT spec)
 - Motor damaged
 - Drum or rotor too thin (Mfg. Spec)
 - Lining or pad thickness less than 1/32 inch
 - Power unit not operating or leaking
 - Structural or mechanical parts damaged
- Steering System**
 - Too much free play at steering wheel (DOT spec)
 - Free play in linkage more than 1/4 inch
 - Steering gear binds or jams
 - Front wheels aligned improperly (DOT spec)
 - Power unit belts cracked or slipping
 - Power unit fluid level improper
- Suspension System**
 - Flat tire seals damaged
 - Structural parts bent or damaged
 - Stabilizer bar disconnected
 - Spring broken
 - Shock absorber mounting loose
 - Rubber bushings damaged or missing
 - Fluids not damaged or missing
 - Shock absorber leaking or functioning improperly
- Tires**
 - Tread depth less than 2/32 inch
 - Sizes mismatched
 - Visible damage
- Wheels**
 - Visible cracks, damage or repairs
 - Mounting bolts loose or missing
- Exhaust System**
 - Leakage

17 pt Trumwate Bold & flush left ragged right maximum line 42 pica

2 pt Rule

6/3 Trumwate Bold c & l; flush left ragged right maximum line 20 pica 1 em indent on 2nd line

2 pt Rule

13 pt Baseline Rule 8 pt Trumwate Bold caps

DEALER

ADDRESS

MAIL FOR COMPLAINTS

2 pt Rule

10/12 Trumwate Bold c & l; maximum line 42 pica

IMPORTANT: The information on this form is part of any contract to buy this vehicle. Removal of this label before consumer purchase (except for purpose of test-driving) is a violation of federal law (16 C.F.R. 455).

When filling out the form, follow the directions in (b) through (e) of this section and § 455.4 of this part.

(b) **Warranties—(1) No Implied Warranty—“As Is/No Warranty.** (i) If you offer the vehicle without any implied warranty, i.e., “as is,” mark the box provided. If you offer the vehicle with implied warranties only, substitute the disclosure specified below, and mark the box provided. If you first offer the vehicle “as is” or with implied warranties only but then sell it with a war-

ranty, cross out the “As Is—No Warranty” or “Implied Warranties Only” disclosure, and fill in the warranty terms in accordance with paragraph (b)(2) of this section.

(ii) If your State law limits or prohibits “as is” sales of vehicles, that State law overrides this part and this rule does not give you the right to sell “as is.” In such States, the heading “As Is—No Warranty” and the paragraph immediately accompanying that phrase must be deleted from the form,

this sale." You may pre-print this language on the form if you choose.

[49 FR 45725, Nov. 19, 1984, as amended at 60 FR 62205, Dec. 5, 1995]

§455.3 Window form.

(a) *Form given to buyer.* Give the buyer of a used vehicle sold by you the window form displayed under §455.2 containing all of the disclosures required by the Rule and reflecting the warranty coverage agreed upon. If you prefer, you may give the buyer a copy of the original, so long as that copy accurately reflects all of the disclosures required by the Rule and the warranty coverage agreed upon.

(b) *Incorporated into contract.* The information on the final version of the window form is incorporated into the contract of sale for each used vehicle you sell to a consumer. Information on the window form overrides any contrary provisions in the contract of sale. To inform the consumer of these facts, include the following language conspicuously in each consumer contract of sale:

The information you see on the window form for this vehicle is part of this contract. Information on the window form overrides any contrary provisions in the contract of sale.

§455.4 Contrary statements.

You may not make any statements, oral or written, or take other actions which alter or contradict the disclosures required by §§455.2 and 455.3. You may negotiate over warranty coverage, as provided in §455.2(b) of this part, as long as the final warranty terms are identified in the contract of sale and summarized on the copy of the window form you give to the buyer.

§455.5 Spanish language sales.

If you conduct a sale in Spanish, the window form required by §455.2 and the contract disclosures required by §455.3 must be in that language. You may display on a vehicle both an English language window form and a Spanish language translation of that form. Use the following translation and layout for Spanish language sales:⁴

⁴Use the following language for the "Implied Warranties Only" disclosure when required by §455.2(b)(1):

Garantías implícitas solamente

Este término significa que el vendedor no hace promesas específicas de arreglar lo que requiera reparación cuando usted compra el vehículo o después del momento de la venta. Pero, las "garantías implícitas" de la ley estatal pueden darle a usted algunos derechos y hacer que el vendedor resuelva problemas graves que no fueron evidentes cuando usted compró el vehículo.

Use the following language for the "Service Contract" disclosure required by §455.2(b)(3):

CONTRATO DE SERVICIO. Este vehículo tiene disponible un contrato de servicio a un precio adicional. Pida los detalles en cuanto a cobertura, deducible, precio y exclusiones. Si adquiere usted un contrato de servicio dentro de los 90 días del momento de la venta, las "garantías implícitas" de acuerdo a la ley del estado pueden concederle derechos adicionales.

A continuación presentamos una lista de algunos de los principales defectos que pueden ocurrir en vehículos usados.

<p>Chasis y carrocería Chasis que sea manufacturado colectivamente u otro chasis chasis obtenido a torti-do</p> <p>Motor Fuga de aceite en cualquier estado normal Oleaje a tipo de resaca en el escape Correas que fallen o no funcionen Freno a diésel Embrague y caja de cambio por el sistema de escape</p> <p>Transmisión y eje de cardán Nivel de líquido inadecuado o fuga en cualquier fricción normal Cambio irregular o dificultad en la vibración o ruido anormal ocasionado por una transmisión o eje de cardán defectuosos Cambio de marchas o funcionamiento inadecuado en cualquier marcha Embrague manual suave o vibrate</p> <p>Direccional Nivel de líquido inadecuado o fuga en cualquier fricción normal Cubierta de goma o partes de dirección Ruido o vibración anormal ocasionado por dirección o defectuosos</p> <p>Sistema de refrigeración Fuga, ruido en el radiador Bomba de agua defectuosa</p> <p>Sistema eléctrico Fuga en las baterías Alternador, generador, batería, o motor de arranque defectuosos</p> <p>Sistema de combustible Escape visible de combustible</p> <p>Accesorios operados Los controles o medidores del cuadro de instrumentos Acondicionador de aire Calefactor o calefactador</p>	<p>Sistema de frenos Luz de advertencia de freno defectuosa Freno no toma peso cuando el conductor del Oper de Frenos Juego excesivo en el pedal (Espect del Oper de Frenos) Fugas en el sistema de líneas rectas (Espect del Oper de Frenos) Conductos dañados Líquido o disco muy desgastados (Espect del fabricante) Cilindro de las bombas de freno menos de 1/32 de pulgada Sistema de servofreno del tipo o con escape Partes estructurales o mecánicas dañadas</p> <p>Sistema de dirección Juego excesivo en el volante (Espect del Oper de Frenos) Juego en el volante en exceso de 1 1/4 pulgadas Españamiento del volante de dirección en volante Ruedas con tiras metálicas (Espect del Oper de Frenos) Correas del sistema de servofreno del tipo o con escape Fuga del líquido del sistema de servofreno inadecuado</p> <p>Sistema de suspensión Senso de control de rodamientos defectuosos Rozas estructurales, choques o dañados Barras de estabilización desconectadas Resaca o no Monjura del amortiguador (Espect del fabricante) Buen de goma o partes o ajustes Estabilizador está curvas dañadas o ajuste Amortiguador tiene fuga o funciona defectuosamente</p> <p>Llantas Profundidad de la banda de rodadura menor de 2/32 de pulgada Diferentes tamaños de llanta Daños visibles</p> <p>Ruedas Otras e visibil, daños o reparaciones Pericos de montaje, tuertos o ajustes</p> <p>Sistema de Escape Fuga</p>
---	--

12 pt. Typeface Bold & Right left ragged edge maximum line 42 lines
2 pt. Rule
10 pt. Typeface Bold & Right left ragged edge maximum line 20 lines 1 em indent on 2nd line

EMERGENCIA	
DIRECCION	
ESCAPE VISIBLE DE COMBUSTIBLE	
ESCAPE VISIBLE DE COMBUSTIBLE	

2 pt. Rule
10 pt. Typeface Bold & Right left ragged edge maximum line 20 lines 1 em indent on 2nd line

IMPORTANTE. La información contenida en este formulario forma parte de todo contrato de compra de este vehículo. Constituye una transacción de la ley federal (16 C.F.R. 455) quitar este rollo antes de la compra del vehículo por el consumidor (salvo para conducir el automóvil en calidad de prueba).

2 pt. Rule
10 1/2 pt. Typeface Bold & Right left ragged edge maximum line 42 lines

[49 FR 45725, Nov. 19, 1984, as amended at 60 FR 62205, Dec. 5, 1995]

§ 455.6 State exemptions.

(a) If, upon application to the Commission by an appropriate State agency, the Commission determines, that—

(1) There is a State requirement in effect which applies to any transaction to which this rule applies; and

(2) That State requirement affords an overall level of protection to consumers which is as great as, or greater than, the protection afforded by this Rule; then the Commission's Rule will not be in effect in that State to the extent specified by the Commission in its determination, for as long as the State

administers and enforces effectively the State requirement.

(b) Applications for exemption under subsection (a) should be directed to the Secretary of the Commission. When appropriate, proceedings will be commenced in order to make a determination described in paragraph (a) of this section, and will be conducted in accordance with subpart C of part 1 of the Commission's Rules of Practice.

§ 455.7 Severability.

The provisions of this part are separate and severable from one another. If

any provision is determined to be invalid, it is the Commission's intention that the remaining provisions shall continue in effect.

PART 456—OPHTHALMIC PRACTICE RULES

Sec.

456.1 Definitions.

456.2 Separation of examination and dispensing.

456.3 Federal or State employees.

456.4 Declaration of Commission intent.

AUTHORITY: 15 U.S.C. 57a; 5 U.S.C. 552.

SOURCE: 57 FR 18822, May 1, 1992, unless otherwise noted.

§ 456.1 Definitions.

(a) A *patient* is any person who has had an eye examination.

(b) An *eye examination* is the process of determining the refractive condition of a person's eyes or the presence of any visual anomaly by the use of objective or subjective tests.

(c) *Ophthalmic goods* are eyeglasses, or any component of eyeglasses, and contact lenses.

(d) *Ophthalmic services* are the measuring, fitting, and adjusting of ophthalmic goods subsequent to an eye examination.

(e) An *ophthalmologist* is any Doctor of Medicine or Osteopathy who performs eye examinations.

(f) An *optometrist* is any Doctor of Optometry.

(g) A *prescription* is the written specifications for lenses for eyeglasses which are derived from an eye examination, including all of the information specified by state law, if any, necessary to obtain lenses for eyeglasses.

§ 456.2 Separation of examination and dispensing.

It is an unfair act or practice for an ophthalmologist or optometrist to:

(a) Fail to provide to the patient one copy of the patient's prescription immediately after the eye examination is completed. Provided: An ophthalmologist or optometrist may refuse to give the patient a copy of the patient's prescription until the patient has paid for the eye examination, but only if that ophthalmologist or optometrist would have required immediate payment

from that patient had the examination revealed that no ophthalmic goods were required;

(b) Condition the availability of an eye examination to any person on a requirement that the patient agree to purchase any ophthalmic goods from the ophthalmologist or optometrist;

(c) Charge the patient any fee in addition to the ophthalmologist's or optometrist's examination fee as a condition to releasing the prescription to the patient. Provided: An ophthalmologist or optometrist may charge an additional fee for verifying ophthalmic goods dispensed by another seller when the additional fee is imposed at the time the verification is performed; or

(d) Place on the prescription, or require the patient to sign, or deliver to the patient a form or notice waiving or disclaiming the liability or responsibility of the ophthalmologist or optometrist for the accuracy of the eye examination or the accuracy of the ophthalmic goods and services dispensed by another seller.

§ 456.3 Federal or State employees.

This rule does not apply to ophthalmologists or optometrists employed by any Federal, State or local government entity.

§ 456.4 Declaration of Commission Intent.

In prohibiting the use of waivers and disclaimers of liability in § 456.2(d), it is not the Commission's intent to impose liability on an ophthalmologist or optometrist for the ophthalmic goods and services dispensed by another seller pursuant to the ophthalmologist's or optometrist's prescription.

PART 460—LABELING AND ADVERTISING OF HOME INSULATION

Sec.

460.1 What this regulation does.

460.2 What is home insulation.

460.3 Who is covered.

460.4 When the rules apply.

460.5 R-value tests.

460.6 "Representative thickness" testing.

460.7 Which test version to use.

460.8 R-value tolerances.

460.9 What test records you must keep.

460.10 How statements must be made.

460.11 Rounding off R-values.

~~Correction to amendment 1~~
~~5/8/03 noted on Fax~~
~~to Leg Legal~~
By Rep. Gruenberg

AMENDMENT ⁴
to CSHB 272 (STA), Draft Version "H"

on a current model used motor vehicle

- 1 Page 5, following line 22:
- 2 Insert a new bill section to read:
- 3 ****Sec. 5.** AS 45.25.465 is amended by adding a new subsection to read:
- 4 (c) When a motor vehicle dealer sells a used motor vehicle, the
- 5 motor vehicle dealer shall disclose to the buyer in writing in a manner that
- 6 is clear and conspicuous *and posted in the window of the car*
- 7 (1) that the warranty provisions of AS 45.45.300-
- 8 45.45.360 do not apply to the purchase of the motor vehicle; ~~and~~ *and*
- 9 (2) that, if applicable, the vehicle is not subject to a
- 10 manufacturer's warranty; *and*
- 11 ~~and~~ *(3) that, if applicable, the vehicle is*
- 12 Renumber the following bill sections accordingly *subject to AS 45.25.470."*

adopted 5-1

To Members of House State Affairs Committee
From Max Gruenberg *Max*

It was my impression that the highlighted language was included in the amendment. However the secretarial notes + chair's notes do not reflect this. If you agree that it should ^{have been} included, please ~~OK~~ below and we'll have the bill drafter insert it in the C/S. Thanks.

Rep Weyhrauch *BW*
Rep Dahlstrom *Y.D.*

Rep Lynn *MLW* Rep Crawford *RSC*
Rep Seaton *Paul* Rep Holm *JH*

AMENDMENT

OFFERED IN THE HOUSE
BY REP. _____

#1

Adopted
5/16/03
1:43 pm

insert between
5 and 6

- 1 Page 2, Line 11:
- 2 Insert "⁵The vehicle is a current model used vehicle that has been leased by a
- 3 consumer and has been returned to the leasing dealer; or"

Renumber accordingly.

AMENDMENT

#2 adopted
5/16/03

OFFERED IN THE HOUSE

BY REPRESENTATIVE GRUENBERG

TO: CSHB 272(STA), Draft Version "H"

- 1 Page 6, following line 1:
- 2 Insert a new bill section to read:
- 3 "* Sec. 6. AS 45.25 is amended by adding a new section to read:
- 4 **Sec. 45.25.530. Disclosure regarding receipt of commissions.** If a motor
- 5 vehicle dealer's service operations employees receive a commission for the amount of
- 6 work they perform, the motor vehicle dealer shall post a conspicuous sign that is
- 7 visible to service customers that the dealer's service operations employees work on
- 8 commission."
- 9
- 10 Renumber the following bill sections accordingly.

23-LS0975VH.5

Bannister

5/16/03

#3
Withdrawn
5/16/01

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE GRUENBERG
TO: CSHB 272(STA), Draft Version "H"

1 Page 1, line 8, through page 2, line 6:

2 Delete all material and insert:

3 "(b) A person who does business as a dealer in the state may not offer to sell or
4 sell a motor vehicle as a new or current model motor vehicle [HAVING A
5 MANUFACTURER'S WARRANTY] unless

6 (1) if the vehicle is offered for sale or sold as having a
7 manufacturer's warranty, the dealer has a current sales and service agreement with
8 the manufacturer and the agreement requires the dealer, upon demand of the motor
9 vehicle buyer, to perform or arrange for, within a reasonable distance of the dealer's
10 place of business in the state, the repair and replacement work required of the
11 manufacturer under the warranty; [OR]

12 (2) the vehicle is a current model used vehicle received as a trade-
13 in in the normal course [DEALER OFFERS TO GIVE THE BUYER A REBATE
14 TO COVER THE REPAIR AND REPLACEMENT WORK THAT THE DEALER
15 CANNOT PERFORM OR ARRANGE FOR WITHIN A REASONABLE
16 DISTANCE OF THE DEALER'S PLACE] of business;"

AMENDMENT *#4*
to CSHB 272 (STA), Draft Version "H"

adopted
5/16/03

By Rep. Gruenberg

Y Y Y A N Y
2 11 5 D L C W

passes
5-1

1 Page 5, following line 22:

2 Insert a new bill section to read:

3 ****Sec. 5.** AS 45.25.465 is amended by adding a new subsection to read:

4 (c) When a motor vehicle dealer sells a used motor vehicle, the
5 motor vehicle dealer shall disclose to the buyer in writing in a manner that
6 is clear and conspicuous ~~and provide the information~~

or a
current
model
used
motor
vehicle,

7 (1) that the warranty provisions of AS 45.45.300-

8 45.45.360 do not apply to the purchase of the motor vehicle; and

9 (2) that, if applicable, the vehicle is not subject to a

10 manufacturer's warranty. *"and"*

11 **conceptual* *(3) that, if applicable, the vehicle is*
subject to AS 45.25.470

12 Renumber the following bill sections accordingly

in addition to any disclosure
required by .470

AMENDMENT ~~#~~ 5
to CSHB 272 (STA), Draft Version "H"

adopted 5/16/03
By Rep. Gruenberg

1 Page 2, lines 27-28:

2 Delete "represent that a savings occurs at a lower [HAVE
3 OCCURRED AT THAT] price."

4 Insert "represent that a buyer would save money by paying a
5 [HAVE OCCURRED AT THAT] price that is lower than the
6 "manufacturer's suggested retail price." "MSRP," or "list price.""

OK

AMENDMENT

6
Y/H Y/S N/D N/L N/C Y/G N/W

filed
4-3
5/16/03

OFFERED IN THE HOUSE

BY REPRESENTATIVE GRUENBERG

TO: CSHB 272(STA), Draft Version "II"

1 Page 2, lines 2 - 3:

2 Delete "received as a trade-in"

3 Insert "manufactured for sale in the United States and acquired by the dealer"

4

5 Page 2, line 6:

6 Delete "i."

7 Insert "; or"

8

9 Page 2, lines 7 - 13:

10 Delete all material and insert:

11 "(3) the vehicle is a current model used vehicle not manufactured for sale in the
12 United States, the dealer acquired the vehicle in the normal course of business, and the
13 dealer complies with AS 45.25.470."

14

15 Page 5, following line 22:

16 Insert a new bill section to read:

17 "** Sec. 5. AS 45.25.470 is amended to read:

18 Sec. 45.25.470. Sales of vehicles manufactured for sale in a foreign
19 country. Before the sale of [,] a motor vehicle not manufactured for sale in the
20 United States, a motor vehicle dealer shall disclose to the consumer in writing, in
21 addition to any other disclosures required for the sale of a used [WHETHER A
22 MOTOR] vehicle, [WAS ORIGINALLY MANUFACTURED FOR SALE IN
23 CANADA OR ANOTHER FOREIGN COUNTRY]

- 1 (1) that the vehicle was originally manufactured for sale in Canada
- 2 or another specified foreign country;
- 3 (2) if applicable, that the vehicle was originally sold new in the
- 4 specified foreign country identified under (1) of this section and imported into the
- 5 United States;
- 6 (3) that the vehicle's odometer was converted from kilometers to
- 7 miles, and shall provide the consumer with a legal vehicle title, an odometer
- 8 verification certificate, or another document that verifies the mileage reading
- 9 after the conversion;
- 10 (4) if applicable, that the vehicle does not have a manufacturer's
- 11 warranty; and
- 12 (5) any other information required by regulations adopted by the
- 13 attorney general."

14

15 Renumber the following bill sections accordingly.

23-LS0975D.2
Bannister
5/14/03

~~HOLMA~~
AMENDMENT #1

w/draw

OFFERED IN THE HOUSE
TO: CSHB 272(L&C)

1 Page 2, lines 2 - 3:

2 Delete "received as a trade-in"

3 Insert "manufactured for sale in the United States and acquired by the dealer"

5 Page 2, line 6:

6 Delete "i;"

7 Insert "or"

9 Page 2, lines 7 - 10:

10 Delete all material and insert:

11 "(3) the vehicle is a current model used vehicle not manufactured for sale in the
12 United States, the dealer/acquired the vehicle in the normal course of business, and the
13 dealer complies with AS 45.25.470."

15 Page 5, following line 19:

16 Insert a new bill section to read:

17 "* Sec. 5. AS 45.25.470 is amended to read:

18 Sec. 45.25.470. Sales of vehicles manufactured for sale in a foreign
19 country. Before sale of [,] a motor vehicle not manufactured for sale in the United
20 States, a motor vehicle dealer shall disclose to the consumer in writing, in addition
21 to any other disclosures required for the sale of a used [WHETHER A MOTOR]
22 vehicle, [WAS ORIGINALLY MANUFACTURED FOR SALE IN CANADA OR
23 ANOTHER FOREIGN COUNTRY]

23-LS0975\D.2

- 1 (1) that the vehicle was originally manufactured for sale in Canada
- 2 or another specified foreign country;
- 3 (2) if applicable, that the vehicle was originally sold new in the
- 4 specified foreign country identified under (1) of this section and imported into the
- 5 United States;
- 6 (3) that the vehicle's odometer was converted from kilometers to
- 7 miles, and shall provide the consumer with a legal vehicle title, an odometer
- 8 verification certificate, or another document that verifies the mileage reading
- 9 after the conversion;
- 10 (4) if applicable, that the vehicle does not have a manufacturer's
- 11 warranty; and
- 12 (5) any other information required by regulations adopted by the
- 13 attorney general."

14

15 Renumber the following bill sections accordingly.

~~6~~ 6
 failed by
 23-LS0975HL5
 Bannister
 5/16/03
 4-3
 5/16/03

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE GRUENBERG

TO: CSHB 272(STA), Draft Version "H"

- 1 Page 1, line 8, through page 2, line 6:
- 2 Delete all material and insert:
- 3 "(b) A person who does business as a dealer in the state may not offer to sell or
- 4 sell a motor vehicle as a new or current model motor vehicle [HAVING A
- 5 MANUFACTURER'S WARRANTY] unless
- 6 (1) if the vehicle is offered for sale or sold as having a
- 7 manufacturer's warranty, the dealer has a current sales and service agreement with
- 8 the manufacturer and the agreement requires the dealer, upon demand of the motor
- 9 vehicle buyer, to perform or arrange for, within a reasonable distance of the dealer's
- 10 place of business in the state, the repair and replacement work required of the
- 11 manufacturer under the warranty; [OR]
- 12 (2) the vehicle is a current model used vehicle received as a trade-
- 13 in in the normal course [DEALER OFFERS TO GIVE THE BUYER A REBATE
- 14 TO COVER THE REPAIR AND REPLACEMENT WORK THAT THE DEALER
- 15 CANNOT PERFORM OR ARRANGE FOR WITHIN A REASONABLE
- 16 DISTANCE OF THE DEALER'S PLACE] of business;"

HB 272

Rep. Crawford's
amendment not offered

Sect. 1 to read as follows:

(a) A person who does business as a dealer in the state may not offer to sell or sell a motor vehicle as a new motor vehicle unless the motor vehicle retains the manufacturer's certificate of origin.

(b) Except as provided below, a person who does business as a dealer in the state may not offer to sell or sell a motor vehicle as a current model motor vehicle unless

- (1) the dealer has a current sales and service agreement with the manufacturer;
- (2) the vehicle is a current model used vehicle manufactured for sale in the United States and acquired by the dealer in the normal course of business; or
- (3) the vehicle is a current model used vehicle not manufactured for sale in the United States, acquired by the dealer in the normal course of business, and about which the dealer makes disclosures to a consumer as required by AS 45.25.470.

Amended AS 45.25.470:

Current language: Before sale, a motor vehicle dealer shall disclose in writing whether a motor vehicle was originally manufactured for sale in Canada or another foreign country.

New language:

Before sale of a motor vehicle not manufactured for sale in the United States, a motor vehicle dealer shall disclose to the consumer, in writing, in addition to any other disclosures required under this chapter for the sale of a used vehicle:

- (a) That the vehicle was originally manufactured for sale in Canada or another specified foreign country;
- (b) If applicable, that the vehicle was originally sold new in the specified country and imported into the United States;
- (c) That the vehicle's odometer was converted from kilometers to miles; the dealer shall provide to the consumer a legal vehicle title, Odometer Verification Certificate, or similar verification evidencing the mileage reading after conversion;
- (d) If applicable, that the vehicle has no manufacturer's warranty; and
- (e) Any other information required by regulations adopted by the Department of Law.

5/15/03

23-LS0975\H
Bannister
5/14/03

CS FOR HOUSE BILL NO. 272(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:
Referred:

*effective date
7/1/04*

Sponsor(s); REPRESENTATIVE WEYHRAUCH

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to motor vehicle dealers."

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

3 * Section 1. AS 08.66.015 is amended to read:

4 Sec. 08.66.015. Sale of motor vehicle. (a) A person who does business as a
5 dealer in the state may not offer to sell or sell a motor vehicle as a new [OR
6 CURRENT MODEL] motor vehicle unless the motor vehicle retains the
7 manufacturer's certificate of origin.

8 (b) A person who does business as a dealer in the state may [NOT] offer to
9 sell or sell a motor vehicle as a [NEW OR] current model motor vehicle only if
10 [HAVING A MANUFACTURER'S WARRANTY UNLESS]

11 (1) the dealer has a current sales and service agreement with the
12 manufacturer [AND THE AGREEMENT REQUIRES THE DEALER, UPON
13 DEMAND OF THE MOTOR VEHICLE BUYER, TO PERFORM OR ARRANGE
14 FOR, WITHIN A REASONABLE DISTANCE OF THE DEALER'S PLACE OF
15 BUSINESS IN THE STATE, THE REPAIR AND REPLACEMENT WORK

1 REQUIRED OF THE MANUFACTURER UNDER THE WARRANTY]; [OR]

2 (2) the vehicle is a current model used vehicle received as a trade-
3 in in the normal course [DEALER OFFERS TO GIVE THE BUYER A REBATE
4 TO COVER THE REPAIR AND REPLACEMENT WORK THAT THE DEALER
5 CANNOT PERFORM OR ARRANGE FOR WITHIN A REASONABLE
6 DISTANCE OF THE DEALER'S PLACE] of business;

7 (3) the vehicle has been purchased directly from a consumer in the
8 United States for purposes of resale;

9 (4) the vehicle has been in service with a bona fide rental fleet for
10 at least five months;

11 (5) the vehicle has been repossessed; or

12 (6) the vehicle was purchased at an auction and meets the
13 requirements of (2), (3), (4), or (5) of this subsection.

14 * Sec. 2. AS 45.25.400(b) is amended to read:

15 (b) A motor vehicle dealer may use the term "manufacturer's suggested retail
16 price," "MSRP," or "list price" in an advertisement for the sale of a motor vehicle,
17 subject to the restriction on price comparisons in AS 45.25.450 and the following:

18 (1) the advertised price must reference the final price listed by the
19 manufacturer on the monroney sticker, including accessories and options physically
20 attached to the vehicle at the time of delivery to the dealer, plus any transportation
21 charges, and minus all manufacturer discounts and savings;

22 (2) the manufacturer's suggested retail price or the list price does not
23 include charges added by the dealer or options added to the vehicle by the dealer; and

24 (3) whenever using the term "manufacturer's suggested retail price,"
25 "MSRP," or "list price," the dealer [SHALL PROVIDE IN THE ADVERTISEMENT
26 A CLEAR AND CONSPICUOUS DISCLOSURE THAT STATES THAT A SALE]
27 may not represent that a savings occurs at a lower [HAVE OCCURRED AT
28 THAT] price.

29 * Sec. 3. AS 45.25.410 is amended to read:

30 Sec. 45.25.410. Availability of advertised items. A motor vehicle dealer
31 may not advertise a new motor vehicle [VEHICLES AND RELATED GOODS OR

1 SERVICES] at a specified dealer price with the intent not to supply reasonably
2 expected demand, unless the advertisement discloses the number of vehicles in stock
3 at the advertised price.

4 * Sec. 4. AS 45.25.460(a) is amended to read:

5 (a) In addition to the provisions of AS 45.50.471 and regulations adopted
6 under AS 45.50.471, a motor vehicle dealer [MAY NOT]

7 (1) shall include in [EXCLUDE FROM] an advertisement of a motor
8 vehicle for sale all [THAT TAXES, IF APPLICABLE, VEHICLE REGISTRATION
9 FEES, FINANCE CHARGES, CHARGES FOR THE ISSUANCE OF ANY
10 CERTIFICATE OF COMPLIANCE OR NONCOMPLIANCE REQUIRED BY
11 STATUTE, OR OTHER] fees or charges, except fees or charges to be paid to a third
12 party [THAT ARE NOT OTHERWISE INCLUDED IN THE ADVERTISED PRICE
13 WILL BE ADDED TO THE ADVERTISED PRICE AT THE TIME OF THE SALE];

14 (2) may not represent the dealer document preparation fee as a
15 government fee;

16 (3) may not advertise a specific motor vehicle for sale without
17 identifying the vehicle by either its vehicle identification number, vehicle stocking
18 number, or license number;

19 (4) may not advertise that free merchandise, gifts, or services will be
20 provided by the dealer if a vehicle is purchased; in this paragraph, "free" includes
21 merchandise or services offered for sale at a price less than the dealer's cost for the
22 merchandise or services;

23 (5) may not use the term "rebate," "cash back," or a similar term in
24 advertising the sale of a motor vehicle unless the rebate is expressed in a specific
25 dollar amount and is in fact a rebate offered by the vehicle manufacturer or distributor
26 directly to the retail buyer of the vehicle;

27 (6) may not require a person, in order to receive the advertised credit
28 terms, to pay a higher price for a motor vehicle and any related goods or services than
29 the cash price the same person would have to pay to purchase the same vehicle and
30 related goods or services;

31 (7) may not advertise a guaranteed trade-in allowance or range of

1 allowances unless the guarantee is provided by the manufacturer or distributor;

2 (8) may not affix to a new motor vehicle a supplemental price sticker
3 containing a price that represents the dealer's asking price if the supplemental price
4 sticker exceeds the manufacturer's suggested retail price, unless the supplemental
5 sticker

6 (A) clearly and conspicuously, in the largest print appearing on
7 the sticker other than the print size used for the dealer's name, discloses that
8 the supplemental sticker price is the dealer's asking price, or words of similar
9 meaning, and is not the manufacturer's suggested retail price;

10 (B) clearly and conspicuously discloses the manufacturer's
11 suggested retail price; and

12 (C) states, if the supplemental sticker price is greater than the
13 sum of the manufacturer's suggested retail price and the price of the items
14 added by the dealer, the difference and describes it as additional dealer mark-
15 up;

16 (9) may not advertise or otherwise represent, or knowingly allow to be
17 advertised or represented on behalf of the dealer, that a down payment is not required
18 in connection with the sale of a motor vehicle when a down payment is in fact
19 required;

20 (10) may not advertise an offer for the sale, lease, or purchase of a
21 motor vehicle that [CREATES THE FALSE IMPRESSION THAT THE VEHICLE IS
22 BEING OFFERED BY A PRIVATE PARTY OR A MOTOR VEHICLE AGENT OR
23 THAT] does not contain the name of the dealer;

24 (11) [USE AN ADVERTISEMENT FOR A MOTOR VEHICLE
25 THAT CONTAINS LANGUAGE THAT FALSELY, IMPLICITLY, OR
26 EXPLICITLY SUGGESTS THAT, TO TAKE ADVANTAGE OF AN OFFER, A
27 CONSUMER MUST ACT WITHIN A CERTAIN PERIOD OF TIME WHEN, IN
28 FACT, THE VEHICLES WILL CONTINUE TO BE AVAILABLE AT THE
29 ADVERTISED PRICE BEYOND THAT TIME PERIOD;

30 (12) REQUIRE A BUYER OF A NEW MOTOR VEHICLE, AS A
31 CONDITION OF SALE AND DELIVERY, TO ALSO PURCHASE SPECIAL

1 FEATURES, APPLIANCES, ACCESSORIES, OR EQUIPMENT NOT DESIRED
2 OR REQUESTED BY THE BUYER UNLESS THE SPECIAL FEATURES,
3 APPLIANCES, EQUIPMENT, OR ACCESSORIES ARE ALREADY INSTALLED
4 ON THE VEHICLE WHEN RECEIVED BY THE DEALER;

5 (13)] may not represent and sell as a new motor vehicle a
6 demonstrator vehicle or a motor vehicle that is a used motor vehicle; in this paragraph,
7 "demonstrator vehicle"

8 (A) means a motor vehicle

9 (i) that has been assigned by a dealer for use by the
10 dealership as an executive vehicle for promotional purposes, including
11 being driven in the community;

12 (ii) that has not been licensed by a retail buyer; and

13 (iii) the title of which has not been transferred to a retail
14 buyer;

15 (B) does not include a motor vehicle that has only been driven
16 to demonstrate the motor vehicle to a prospective buyer;

17 (12) may not [(14)] advertise that the dealer finances any person or
18 does not reject any person's credit, or make similar claims;

19 (13) may not [(15)] advertise or make a statement, declaration, or
20 representation in an advertisement that cannot be substantiated in fact; the burden of
21 proof of the factual basis for the statement, declaration, or representation is on the
22 dealer.

23 * Sec. 5. AS 45.25.510(a) is amended to read:

24 (a) Before entering into a new motor vehicle sales contract, a new motor
25 vehicle dealer shall disclose in writing to a buyer of the new motor vehicle any known
26 damage and repair to the new motor vehicle if the damage exceeds five percent of the
27 manufacturer's suggested retail price as calculated at the dealer's authorized warranty
28 rate for labor and parts, or \$1,000, whichever amount is greater. A new motor
29 vehicle dealer is not required to disclose to a buyer that glass, tires, bumpers, or
30 cosmetic parts of a new motor vehicle were damaged at any time if the damaged item
31 has been replaced with original or comparable equipment. A replaced part is not part

1 of the cumulative damage required to be disclosed under this subsection.

2 * Sec. 6. AS 45.25.610(c) is amended to read:

3 (c) If [NOTWITHSTANDING THE REQUIREMENTS OF THIS SECTION,
4 IF] a motor vehicle dealer arranges financing for a buyer, the motor vehicle dealer
5 may deliver the motor vehicle to the buyer before final approval by the financing
6 entity if

7 (1) the buyer and seller sign an agreement separate from the motor
8 vehicle installment contract on an 8 1/2 x 11 inch sheet of paper that clearly and
9 conspicuously informs the buyer that final financing arrangements have not yet been
10 approved and that clearly sets out the amount that will be financed, the annual
11 percentage rate of the finance charge, the amount of the finance charge, the number
12 and frequency of payments, and the amount of each payment;

13 (2) the separate agreement clearly and conspicuously informs the
14 buyer that accepting delivery of the vehicle before final financing approval obligates
15 the buyer to terms of the motor vehicle sales contract if the terms on the separate
16 agreement are identical to the terms finally approved by the financing entity; and

17 (3) the separate agreement provides that the separate agreement, the
18 motor vehicle sales contract, and any and all other conditions of the purchase will be
19 void if any of the terms contained in the separate agreement are changed by either the
20 motor vehicle dealer or the financing institution as a condition of sale or final
21 financing approval.

22 * Sec. 7. AS 45.25.610(d) is amended to read:

23 (d) If a buyer's final financing is not approved [WITHIN SEVEN BUSINESS
24 DAYS FROM THE DATE OF THE SEPARATE AGREEMENT] and, as a result, the
25 transaction is not completed, the motor vehicle dealer shall return the buyer's entire
26 down payment, and the buyer's trade-in, if any, shall be returned to the buyer in the
27 same condition and with not more than 100 [10] miles accumulated on the odometer
28 from when the motor vehicle was delivered to the motor vehicle dealer.

29 * Sec. 8. AS 45.25.460(b) and 45.25.610(b) are repealed.

from Lyberger

HB 272

- This bill is anti-competitive
- It is plain and simple special interest legislation designed to benefit one small and powerful group of auto dealers to the specific and targeted harm of many others

31 new car franchise dealers in AK will benefit
Hundreds of licensed independents will suffer

- Of course the dealers don't want anyone to sell vehicles that directly compete with their businesses.
- I'm sure Wal Mart would like to have state laws that prevent people from getting cheaper paper towels, but they don't—they have to compete like everyone else.
- The rep. From the Auto Dealers Assoc. said this is about consumers, and warranty coverage, and making sure the customer gets protected—that's not why they're here today; they're here to keep independent auto dealers from offering less expensive vehicles than they do.
- Remember, our vehicles come with full service agreements; there is a full disclosure form before anyone can buy one—they know they are from Canada and that they are used.
- We live in a free market capitalist society where competition is favored. Government should not be in the business of protecting one set of business dealers over another.
- This special interest bill will harm consumers—listen again—it will severely hamper Alaskans' abilities to purchase late model used cars at an affordable price. You don't hear them complaining here today—just the dealers who don't get their business. Make no mistake—this group of wealthy business owners with three high powered lobbyists

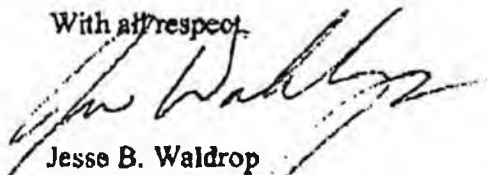
that have been retained and are trying to grease this bill are not here to help the average Joe on the street to get a good car. No sir, they are here because they want to maximize their profits at the expense of other, legitimate, independent businesses, like mine.

- The dealer rep. Here tells you that these cars are “intended for sale in Canada”—they are intended by the manufacturers for sale in Canada and why? Because they can make more money for their franchises if people sell the cars they want sold when and where and to whom they want them sold. It’s not the government or the public who intends for these Canadian cars to stay in Canada. Congress could easily have passed laws preventing resale of Canadian vehicles in America. But they haven’t. So why should you? It only helps the manufacturers earn bigger profits. **AND IT HURTS SMALL BUSINESS IN ALASKA. AND IT HURTS CONSUMERS IN ALASKA.**
- Lots of people go to Canada to take advantage of free trade and the “new world economy.” Snowmachines, refrigerators, cars—lots of folks like to purchase goods in Canada, and our government allows that. Why should Alaska go out of its way to do what Congress has not done?
- How would things look if our Canadian neighbors started passing laws preventing people from selling American goods in Canada?
- In conclusion, please understand what this bill is really doing to consumers and small businesses in Alaska before you vote on it. It is special interest legislation designed to help a small group of products dealers to the severe detriment of the rest of us. Don’t do it.

To whom it may concern:

I am writing in regards to your location in Anchorage, AK. I arranged an appointment to have my vehicle worked on March 17, 2003 with your dealership. When I arrived one of your employees saw that I had a Lyberger's Auto Sales tag on the front of my vehicle. Joe Cordero, the Service Manager went to talk Todd Harris, the General Manager. Joe came back to tell me that my vehicle did not have warranty. When I tried to explain that I did have warranty on my vehicle he rudely informed again that I did not. I then told him again that I did. Before I could finish he practically got into my face and told me again that I did not have warranty. After a few more minutes of arguing about the warranty I felt humiliated and embarrassed in front of your employees and the customers. I then asked him why he could not accept my Heritage Warranty and he said, "he would not accept Heritage Warranties and with a deceitful smile on his face he would only accept cash in full before working on my vehicle." I then took my vehicle back to Lyberger's and an employee named Bubba called Todd Harris at Lithia and said he would write a check for the cost of any repairs for my vehicle. Todd Harris said he would not accept Heritage Warranties on any 2003 Jeep vehicles, only 2002 and below or accept any cash to have my vehicle fixed. I had to settle for a non-authorized Jeep mechanic to have my repairs done. I felt like I was very inconvenienced and disappointed in the only authorized Jeep dealership in Anchorage. I will be calling Heritage Warranties, the Better Business Bureau, and N.A.D.A. on the way I was treated at Lithia Jeep. I feel discriminated against that I did not purchase my vehicle at Lithia. I am also disappointed with the disrespect I received from your employees and especially your General Manager, Todd Harris. I am sorry that Lyberger's provides better deals on Jeep vehicles than your own Lithia location. I do not think that warrants disrespect for Jeep owners that purchase vehicles from other dealers and denied service and disrespect from your service department. The service department represents Lithia Jeep's reputation and I will not be recommending anyone to purchase or have repairs done with your dealership.

With all respect,



Jesse B. Waldrop
Feel free to contact me:
907-644-6214
907-351-4333

**NAATA
THE NORTH AMERICAN AUTOMOBILE
TRADE ASSOCIATION**

70 East Beaver Creek Rd., Suite 30, Richmond Hill, Ontario
Canada L4B 3B2
Phone: (905) 882-7040, Fax: (905) 882-7051
www.naata.org

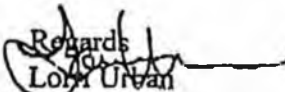
FAX TRANSMITTAL

To Mr. Ed Sniffen	Lorri Urban-Manager, Member Services
Fax: 907-276-8554	Fax: 1-905-882-7051
Phone: 907-269-5100	Phone: 1-905-882-7040, Ext 2171
E-mail: clyde_sniffen@law.state.ak.us.com	E-mail: lorri@naata.org

Date: Thursday, March 13, 2003 2 pages (including cover)

Dear Mr. Sniffen

The attached letter is in response to a consumer complaint made against Lithia Jeep in Anchorage, AK, for denial of Heritage warranty on a Canadian motor vehicle. Jesse Waldrop the consumer is very upset that Lithia refused his after market warranty, as well as the treatment he received. I appreciate any effort to assist the consumer in this matter. If you have any questions please feel free to contact me directly.

Regards

Lorri Urban
70 East Beaver, 30 Unit
Richmond Hill, Ontario
Canada L4B-3B2

Hyberger Problem.

STATE OF ALASKA

DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL

FRANK H. MURKOWSKI,
GOVERNOR

1031 WEST 4TH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501-5903
PHONE: (907)269-5100
FAX: (907)276-8554

April 1, 2003

CONFIDENTIAL

Lori Urban
NAATA
70 East Beaver Creek Rd., Suite 30
Richmond Hill, Ontario
Canada L4B 3B2

Re: Chrysler Warranty Policy on Canadian Vehicles

Dear Ms. Urban:

Thank you for your letter dated March 13, 2003 regarding Mr. Jesse B. Waldrop. You attached a letter from Mr. Waldrop in which he explains that Lithia Chrysler Jeep in Anchorage refused to honor a Heritage after-market warranty on his 2003 Jeep. The Jeep was originally manufactured for sale in Canada. Mr. Waldrop purchased the vehicle from Lyberger's Car and Truck Sales in Anchorage.

Motor vehicle manufacturers, such as Chrysler, have seen a tremendous increase in the sales of newer, current model Canadian vehicles by non-franchised used car dealers because of the favorable exchange rates between Canada and the U.S. Some of these vehicles have fewer than 100 miles on them, and show up on used car lots before the franchised dealers can get them from the manufacturer. Used car dealers can sell these vehicles for thousands less than the identical U.S. counterpart. This has significantly impaired the ability of franchised dealers to compete with dealers selling Canadian imports.

The State of Alaska has been monitoring this issue for a couple years. Alaska statute 08.66.015 was passed in 1993 to stop this practice. That law prohibits the sale of new or current model year motor vehicles unless the motor vehicle retains the original certificate of origin. Thus, technically, Lyberger's cannot sell any current model year vehicles that are imported from Canada. We have declined to enforce this statute, however, because it unnecessarily prohibits the sale of *any* current model used vehicle by *anyone*, including franchised dealers. Thus, enforcing this statute would render every

Lori Urban
NAATA

April 1, 2003
Page 2

current model used vehicle "non-sellable" by any motor vehicle dealer in the state. We do not believe this was the intent of the law, and are considering ways to amend the statute to address this issue.

Nonetheless, it is clear that the Alaska Legislature does not favor the practice of used car dealers selling low-mileage, current model Canadian vehicles that are imported for the sole purpose of undercutting the local franchised dealers. As I'm sure you know, this becomes particularly troublesome for franchised dealers who invest substantial sums of money to acquire and maintain their dealerships, including repair facilities, sometimes elaborate showrooms, and other expenses not incurred by other used car dealers. The "return" on this investment is the promise made to the dealer by the manufacturer that only authorized dealers can sell new products from the manufacturer. Because of the issues described above, manufacturers are having a difficult time keeping that promise.

To address this issue, Chrysler has adopted a policy that directs its dealers to not honor after-market warranties on current model year Canadian vehicles. This includes the Heritage warranty held by Mr. Waldrop. I spoke with Lithia's General Manager Todd Harris who states this policy is enforced for all current model Chrysler products, regardless of where they are purchased. There is no evidence that Mr. Lyberger is being "singled out." Nothing in Alaska's Unfair Trade Practices Act or Restraint of Trade Act requires a motor vehicle dealer to honor after-market warranties, and I cannot see how such a practice is inherently unfair or deceptive. Consumers who purchase such warranties are told (or should be told) about the scope of, and limitations on, after-market warranty products and service contracts.

Chrysler's policy does not prevent the sale of current model Canadian vehicles, nor does it prevent a consumer from having repairs done. Lithia indicated it would repair Mr. Waldrop's vehicle on a cash basis. Mr. Waldrop can also get his vehicle repaired by another repair facility, albeit an unauthorized one. These are simply things a consumer must consider when making the decision to purchase a current model Canadian vehicle without a factory warranty.

Other aspects of Mr. Waldrop's letter, however, do raise some concerns that I will discuss with Lithia. It appears that Lithia may not have dealt with Mr. Waldrop in a professional manner, and may have misled him about the nature of the warranty he does have. Lyberger's should also make it very clear to its customers that local dealers may not honor any warranty on current model vehicles. This should help avoid unreasonable expectations on behalf of the consumer.

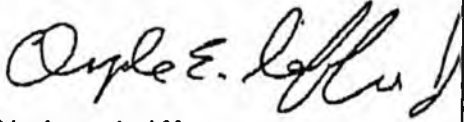
Lori Urban
NAATA

April 1, 2003
Page 3

Thank you again for bringing this to my attention. Please let me know if you have any questions.

Sincerely,

GREGG D. RENKES
ATTORNEY GENERAL

By: 

Clyde E. Sniffen, Jr.
Assistant Attorney General

CES/sjm

Subject: [Fwd: HB 272]
Date: Wed, 14 May 2003 07:14:34 -0800
From: Bruce Weyhrauch <Representative_Bruce_Weyhrauch@Legis.state.ak.us>
Organization: Alaska State Legislature
To: Ginny Austerman <Ginny_Austerman@legis.state.ak.us>

distributte this and attachment to committee

Subject: HB 272
Date: Tue, 13 May 2003 15:32:42 -0800
From: Diana Pfeiffer <diana@aksales.com>
To: Bruce Weyhrauch <Representative_Bruce_Weyhrauch@legis.state.ak.us>

Representative Weyrauch,

I was ravailable to testify this morning before the recess, however I have a conflict of meetings this afternoon when you reconvene so won't be able to testify. I fully support HB 272 as written. The Alaska Auto Dealers Association has worked with the Attorney General office to propose changes to existing law that will provide much clearer language pertaining to consumer protection as well as enforcement.


I am going to attach written testimony that I had sent to Representative Anderson, Chair, House Labor and Commerce Committee.

If you have any questions, please feel free to call me, and if unavailable, I will get back to you. My phone number is 907-265-7571.

Thank you for taking time to read my testimony.

Sincerely,

Diana Pfeiffer
President, Alaska Sales and Service, Inc - Anchorage and Wasilla
President, Alaska Automobile Dealers Association

 HB272 testimony.doc	Name: HB272 testimony.doc Type: WINWORD File (application/msword) Encoding: base64 Download Status: Not downloaded with message
---	--

**Total Vehicles Services:**

- Restyling
- Reconditioning
- Remarketing

Phone: 604-248-1700

Fax: 604-248-1704

Email: info@cnsvehicles.com

Website: www.cnsvehicles.com

May 13, 2003

Bruce Weyhrauch
Chairman – House Committee

Fax: (907) 465-2273

RE: Section 1 House Bill 272

CNS Vehicles wish to register its objection to section 1 of HB 272 and believe that this section should be removed from the proposed legislation.

CNS Vehicles, a registered importer for over twenty years, will be directly and dramatically affected by this bill. The Attorney General's office and the Alaska Motor Vehicle Dealers Association must be commended in proposing the above bill which is obviously intended to protect the Alaskan consumer. However, the vehicles being supplied by registered importers such as ourselves are supplying vehicles identical to those supplied by franchised dealers at competitive prices which gives the consumer a choice.

Both the profitability of CNS Vehicles and non-franchised dealers who are selling "current model" vehicles will be severally affected. Ultimately consumers will pay more for vehicles in Alaska if this bill is to be passed. Consumers bargaining power will basically be eliminated as they will be able to purchase current model vehicles only from the respective franchise dealer.

Therefore the original intention of protecting the Alaskan consumer results in the same consumer being financially penalized because of lack of choice.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Thomas Carter', is written over a horizontal line.

Thomas Carter - President

* 304 Stafford Drive N, Lethbridge AB T1H 2A6 * 4431 Vanguard Road, Richmond, B.C. V6X-2P6
* 100 Americana Way, Sweetgrass, MT 59484 * 3416 South Post Road, Indianapolis, IN 46239

Subject: HB272

Date: Tue, 13 May 2003 08:07:11 -0800

From: Diana Pfeiffer <diana@aksales.com>

To: Bruce Weyhrauch <Representative_Bruce_Weyhrauch@legis.state.ak.us>

MAY 13 2003

Dear Rep. Wayhrauch, Chairman, State Affairs;

Thank you for introducing HB272.

I am writing to express my support of HB 272, which is currently in your committee. After meeting and working with Ed Sniffen, Assistant Attorney General of the State of Alaska, the proposed changes will provide much clearer language pertaining to consumer protection as well as enforcement. The office is gave their full support.

Section 1, which deals with selling of new and current model automobiles being offered for sale. The proposed language will clarify the conditions under which a used vehicle dealer that doesn't hold a Sales and Service Agreement with the automobiles manufacturer can sell the automobile to be within the bounds of the law.

Over the past several years, the import of "manufactured used" automobiles from Canada has caused consumers as well as the franchised dealers a lot of grief. These vehicles may not have factory warranty; some have had excessive odometer rollback when the odometer/speedometers are changed from Kilometers to miles (fraud); they don't qualify for the Alaska Lemon law; there are safety notifications (including 'stop delivery' orders) that often cannot be made to the current dealer or consumer because the owner of record is not available. A "manufactured used car" is one that started out with a straw purchaser who was paid to take delivery from a franchised auto dealer in Canada. Often times they never see the automobile, which is then sold and titled several times before arriving on the lot in Alaska, therefore making it a "used" vehicle, sometimes with less than a few hundred miles on them. Dealers are currently selling these current model vehicles without a Sales and Service Agreement with the manufacturer which is in violation of the current law.

When these buyers have a problem with the automobile, their seller typically tells them to go see the franchised new car dealer. Franchised new automobile dealers have invested millions of dollars in facility, training, special tools and equipment and staff to handle the needs of the new vehicle buyers to the satisfaction of the manufacturer and the dealer. The dealer selling the current model "manufactured used" automobile has no obligation whatsoever to the buyer once the deal is consummated.

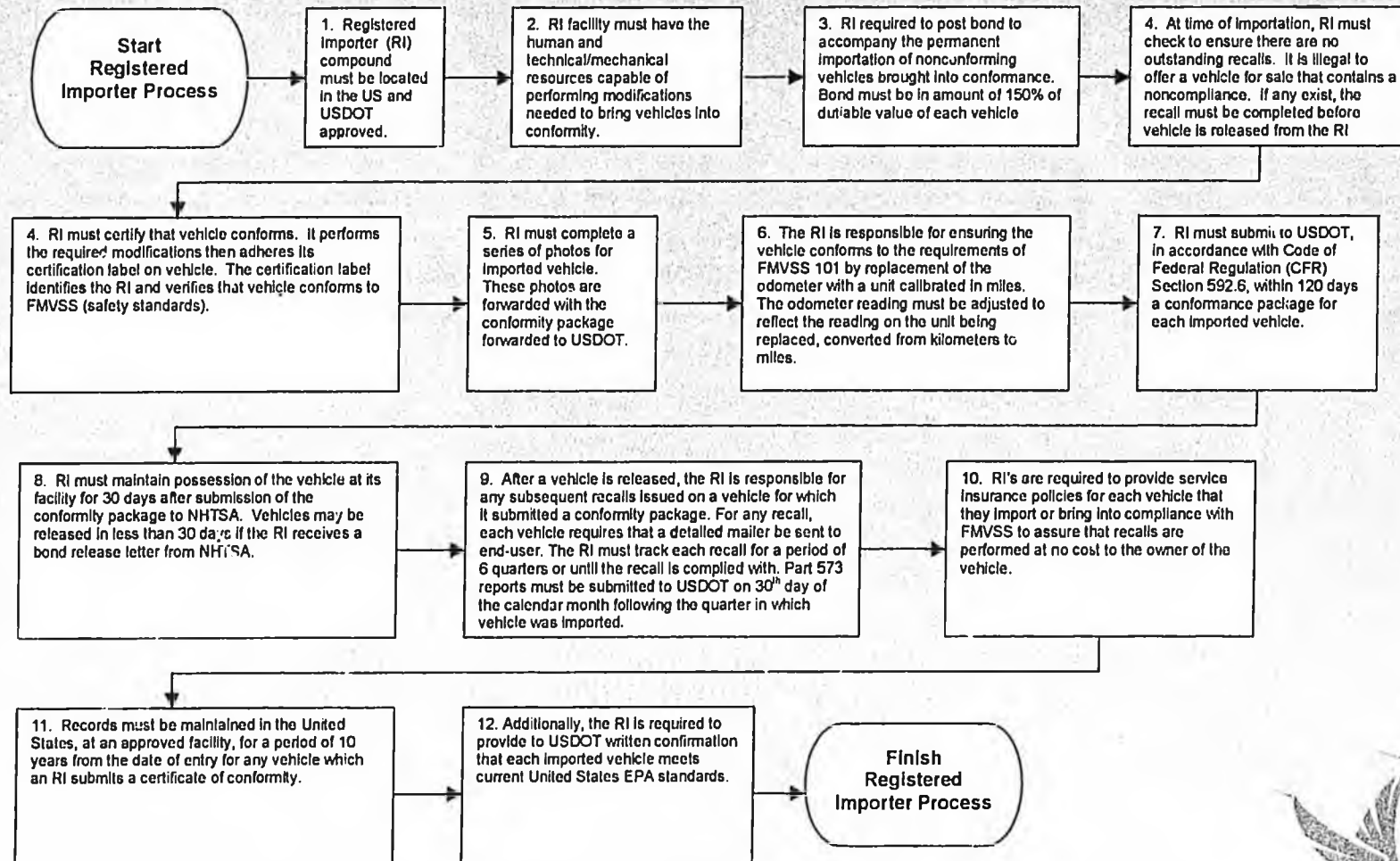
Section 2 deals with advertising of automobiles and again clarifies and makes more consumer friendly the guidelines under which they present to the consumer in their marketing representations.

Once again, We request your support in the passage of this bill.

Sincerely,

Diana L. Pfeiffer
President, Alaska Sales and Service, Inc. Anchorage and Wasilla
President, Alaska Automobile Dealers Association

The Detailed Registered Importer Process



ALASKA STATE LEGISLATURE

REPRESENTATIVE BRUCE WEYHRAUCH
HOUSE DISTRICT 4



ALASKA
STATE CAPITOL
JUNEAU, ALASKA
99801-1182

(907) 465-3744
FAX (907) 465-2273

Sponsor Statement

HB 272

Revisions to the Comprehensive Motor Vehicle Sales & Dealers Act

In 2002, the 22nd Legislature passed HB 182, which addressed the relationship between dealers and manufacturers of motor vehicles. Together with the Attorney General's office and others, the sponsor of HB 182 crafted a bill that leveled the playing field between dealers & manufacturers in terms of how franchises in the state are conducted. It established guidelines for dispute resolution, uniform processes for transferring and terminating franchise agreements and provided protections to dealers for placement of new dealerships within proximity of established ones.

A final benefit, HB 182 concerned itself with protections for consumers from deceptive advertising.

Since HB 182 became law in July 2002, it has become apparent that some technical amendments and the repeal of several unenforceable provisions related to advertising are necessary. As such, the Alaska Automobile Dealers Association (AADA) and the Attorney General's Office of Fair Business Practices collaborated once more to affect these changes to the Motor Vehicle Sales & Dealers Act.

Contact: Linda Sylvester
465-3744

Released: April 25, 2003

ALASKA STATE LEGISLATURE

REPRESENTATIVE BRUCE WEYHRAUCH
HOUSE DISTRICT 4



ALASKA
STATE CAPITOL
JUNEAU, ALASKA
99801-1182

(907) 465-3744
FAX (907) 465-2273

Sectional Analysis

HB 272

Revisions to the Comprehensive Motor Vehicle Sales & Dealers Act

Section 1. Prohibits a dealer from selling or offering to sell a motor vehicle as new unless the vehicle retains the manufacturer's certificate of origin. Prohibits a dealer from selling or offering to sell a motor vehicle as a current model motor vehicle unless one of two conditions are met:

1. The dealer has a current sales & service agreement with the manufacturer; or
2. The vehicle is a current model used vehicle received as a trade-in in the normal course of business.

Section 2. Prohibits a motor vehicle dealer, when using certain terms in an advertisement to sell a motor vehicle, from representing that a savings occurs at a lower price.

Section 3. Prohibits a dealer from advertising a new motor vehicle at a specified dealer price with the intent not to supply reasonably expected demand, unless the advertisement discloses the number of vehicles in stock at the advertised price.

Section 4. Requires dealer to include in an advertisement of a motor vehicle for sale all fees or charges, except fees or charges to be paid to a third party. Prohibits a dealer from advertising an offer for the sale, lease, or purchase of a motor vehicle that does not contain the name of the dealer. Repeals AS 45.25.460(a)(11) and (12). Makes conforming style changes.

Section 5. Adds an alternative criterion for determining when written disclosure is required where there has been damage and repair to a new motor vehicle.

Section 6. Removes language related to the repeal of AS 45.25.610(b) by sec. 8 of the bill.

Section 7. Removes a financing approval time limit related to the requirement that a down payment and any trade-in be returned to the buyer. Increases to 100 miles the mileage that may be accumulated on the trade-in before the required return.

Section 8. Repeals AS 45.25.460(b) and 45.25.610(b).

Released: April 25, 2003

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 272
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title An act relating to motor vehicle BRU Motor Vehicles
dealers. Component Motor Vehicles
 Sponsor Representative Weyhrauch
 Requester (H) L & C Component No. 2348

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill has no fiscal or operating impact on the Division of Motor Vehicles.

Prepared by: Charles R. Hosack Phone 269-5559
 Division Motor Vehicles Date/Time 4/28/03
 Approved by: Mike Miller, Commissioner Date 4/28/2003
 Agency Department of Administration

244-0829

THE LAW OFFICES OF
DAN K. COFFEY
A PROFESSIONAL CORPORATION
207 EAST NORTHERN LIGHTS BLVD.
SUITE 200
ANCHORAGE, ALASKA 99503

Telephone: (907) 274-3385

Facsimile: (907) 274-4258

Dan K. Coffey
dcoffey@coffey-law.net

W. Sherman Ernouf
sernouf@coffey-law.net

Woodrow W. Bean III
wbean@coffey-law.net

VIA U.S. MAIL /FACSIMILE #907-465-2273

May 15, 2003

Representative Bruce B. Weyhrauch
Chairman House State Affairs Committee
State Capitol
Juneau, Alaska 99801-1182

RE: HB 272

Dear Representative Weyhrauch:

I am writing to you on behalf of our client Lyberger Car and Truck Sales. We were just retained to assist Lyberger with regard to HB 272. We have filed our appropriate registration as lobbyists.

As you know, our client opposes this bill for several reasons, some of which have been stated on the record and others which have not. Please place this letter in the record of testimony for HB 272.

First, under United States law, the importation of vehicles from Canada is totally and completely legal. Canadian vehicles can be imported into the United States only by a registered importer. The registered importer must enter the vehicle under a bond that guarantees that it will bring the vehicle into compliance with U.S. law. The importer must then certify its compliance to the National Highway Traffic Safety Administration (NHTSA) within 120 days after entry. 49 U.S.C. 30141(d); 49 CFR 591.8.

Page 1 of 3

The registered importer must support its certification with the appropriate documentation. If the registered importer fails to comply with these and other strict requirements, forfeiture of the bond and civil and criminal penalties will result. The vehicle can be sold only after the bond has been cleared by NHTSA

These regulations are based on the North American Free Trade Agreement (NAFTA) which allows for unfettered trade between the United States and Canada. By operation of the United States Constitution, both NAFTA and the United States Code are superior to any laws of the State of Alaska. The State of Alaska cannot undo federal laws and trade agreements.

Once a Canadian vehicle is legally imported into the United States, it is legal to resell that vehicle in all 50 states by all automobile dealers. Alaska, if HB 272 passes in its current form, is about to create a special class of automobile dealers who can sell these vehicles and another, much larger, class that cannot. Currently, there are approximately 31 franchised dealers who would be favored over the roughly 230 or more independent dealers within this state.

The creation of a special class is unconstitutional as a violation of the Equal Protection Clause of the U.S. and Alaskan Constitutions. My client, in the face of losing a large portion of his livelihood will utilize all of these arguments in Court if HB 272 as currently drafted becomes law.

Second, some of the testimony offered in support of this Bill is replete with half-truths, misconceptions, and exaggerations. The supporters of this bill state that this bill will aid consumers. Yet, there is nothing in the bill which provides any protection for consumers, it only prevents a large class of licensed dealers from selling a certain type of vehicle. Further, there are federal and state laws already on the books which deal with dealer and odometer fraud.

According to our research, every single state in the United States allows for the resale of current model year vehicles which have been legally imported from Canada. However, as a consumer protection matter, several states (Utah for example), have enacted disclosure legislation which required dealer disclosure of the vehicle's origin and warranty status to the consumer prior to purchase. This is the appropriate solution here if the intent of the law is truly to protect the consumer. The sponsor statement says that consumer protection is the intent of the bill.

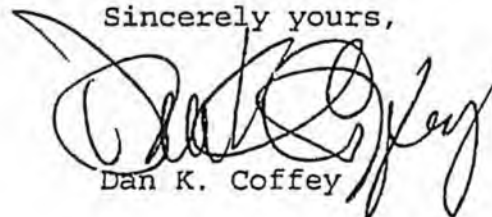
Finally, the franchised dealers, who are seeking to eliminate competition, claim that allowing others to sell these Canadian imports is unfair to them in that they have overhead and franchise costs which the non-franchise dealers do not have to bear. So what? How does the cost structure of doing business in one fashion require the legislature to exclude others from a lawful trade in order to protect the consumer? The argument is simply this: "My costs of doing business are higher. Therefore, the legislature should eliminate my competition." This is not consumer protection it is restraint of trade. In this regard, it violates the Commerce Clause of the U. S. Constitution.

We would support the passage of the bill with the Home Amendment which would require disclosure of a vehicle's origin and warranty status prior to sale provided the anti-competitive prohibitions are deleted. Then, the legislation would accomplish the intent of consumer protection.

I have called your office to request a position on teleconference and was informed by your staff that testimony was closed. This is unfortunate, however, I thank you for your time and consideration of this letter.

If you would like to discuss any aspect of this matter, we will be in Juneau tomorrow and will certainly come by your office.

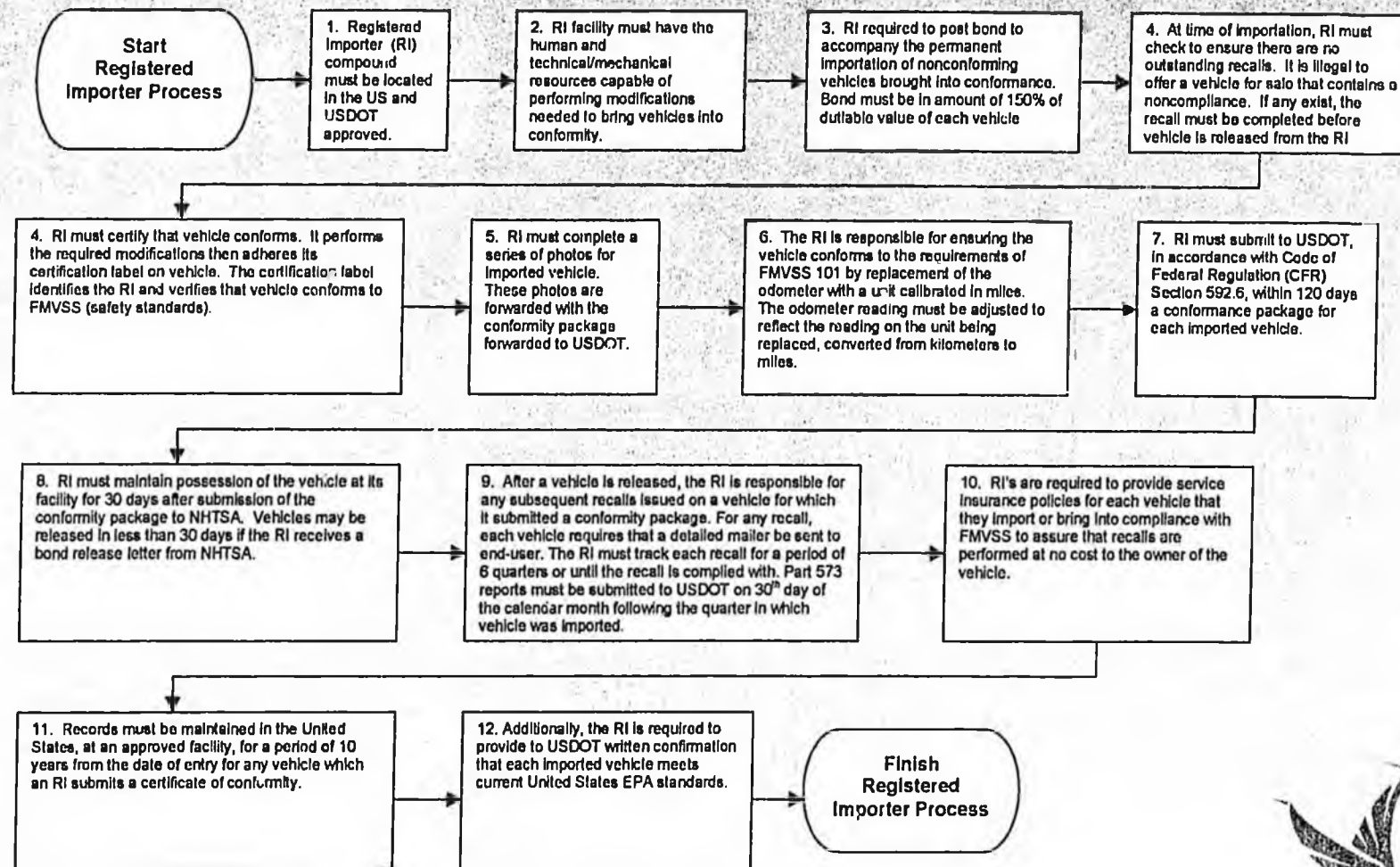
Sincerely yours,



Dan K. Coffey

cc: Members, House State Affairs Committee
Members, House Rules Committee
Client

The Detailed Registered Importer Process



Subject: HB272

Date: Tue, 13 May 2003 08:07:11 -0800

From: Diana Pfeiffer <diana@aksales.com>

To: Bruce Weyhrauch <Representative_Bruce_Weyhrauch@legis.state.ak.us>

MAY 13 2003

Dear Rep. Wayhrauch, Chairman, State Affairs;

Thank you for introducing HB272.

I am writing to express my support of HB 272, which is currently in your committee. After meeting and working with Ed Sniffen, Assistant Attorney General of the State of Alaska, the proposed changes will provide much clearer language pertaining to consumer protection as well as enforcement. The office is gave their full support.

Section 1, which deals with selling of new and current model automobiles being offered for sale. The proposed language will clarify the conditions under which a used vehicle dealer that doesn't hold a Sales and Service Agreement with the automobiles manufacturer can sell the automobile to be within the bounds of the law.

Over the past several years, the import of "manufactured used" automobiles from Canada has caused consumers as well as the franchised dealers a lot of grief. These vehicles may not have factory warranty; some have had excessive odometer rollback when the odometer/speedometers are changed from Kilometers to miles (fraud); they don't qualify for the Alaska Lemon law; there are safety notifications (including 'stop delivery' orders) that often cannot be made to the current dealer or consumer because the owner of record is not available. A "manufactured used car" is one that started out with a straw purchaser who was paid to take delivery from a franchised auto dealer in Canada. Often times they never see the automobile, which is then sold and titled several times before arriving on the lot in Alaska, therefore making it a "used" vehicle, sometimes with less than a few hundred miles on them. Dealers are currently selling these current model vehicles without a Sales and Service Agreement with the manufacturer which is in violation of the current law.

When these buyers have a problem with the automobile, their seller typically tells them to go see the franchised new car dealer. Franchised new automobile dealers have invested millions of dollars in facility, training, special tools and equipment and staff to handle the needs of the new vehicle buyers to the satisfaction of the manufacturer and the dealer. The dealer selling the current model "manufactured used" automobile has no obligation whatsoever to the buyer once the deal is consummated.

Section 2 deals with advertising of automobiles and again clarifies and makes more consumer friendly the guidelines under which they present to the consumer in their marketing representations.

Once again, We request your support in the passage of this bill.

Sincerely,

Diana L. Pfeiffer
President, Alaska Sales and Service, Inc. Anchorage and Wasilla
President, Alaska Automobile Dealers Association



Total Vehicles Services:

- *Restyling*
- *Reconditioning*
- *Remarketing*

Phone: 604-248-1700

Fax: 604-248-1704

Email: info@cnsvehicles.com

Website: www.cnsvehicles.com

May 8, 2003

Bruce Wehrauch
Committee Members – State Affair

Fax: (907) 465-2273

RE: Section 1 House Bill 272

CNS Vehicles wish to register its objection to section 1 of HB 272 and believe that this section should be removed from the proposed legislation.

CNS Vehicles, a registered importer for over twenty years, will be directly and dramatically affected by this bill. The Attorney General's office and the Alaska Motor Vehicle Dealers Association must be commended in proposing the above bill which is obviously intended to protect the Alaskan consumer. However, the vehicles being supplied by registered importers such as ourselves are supplying vehicles identical to those supplied by franchised dealers at competitive prices which gives the consumer a choice.

Both the profitability of CNS Vehicles and non-franchised dealers who are selling "current model" vehicles will be severally affected. Ultimately consumers will pay more for vehicles in Alaska if this bill is to be passed. Consumers bargaining power will basically be eliminated as they will be able to purchase current model vehicles only from the respective franchise dealer.

Therefore the original intention of protecting the Alaskan consumer results in the same consumer being financially penalized because of lack of choice.

Yours sincerely

A handwritten signature in black ink, appearing to read "Thomas Carter", is written over a horizontal line.

Thomas Carter - President

* 304 Stafford Drive N, Lethbridge AB T1H 2A6 * 4431 Vanguard Road, Richmond, B.C. V6X-2P6
* 100 Americana Way, Sweetgrass, MT 59484 * 3416 South Post Road, Indianapolis, IN 46239

[Fwd: HB 272]

Subject: [Fwd: HB 272]

Date: Wed, 14 May 2003 07:14:34 -0800

From: Bruce Weyhrauch <Representative_Bruce_Weyhrauch@Legis.state.ak.us>

Organization: Alaska State Legislature

To: Ginny Austerman <Ginn:y_Austerman@legis.state.ak.us>

distributte this and attachment to committee

Subject: HB 272

Date: Tue, 13 May 2003 15:32:42 -0800

From: Diana Pfeiffer <diana@aksales.com>

To: Bruce Weyhrauch <Representative_Bruce_Weyhrauch@legis.state.ak.us>

Representative Weyrauch,

I was available to testify this morning before the recess, however I have a conflict of meetings this afternoon when you reconvene so won't be able to testify. I fully support HB 272 as written. The Alaska Auto Dealers Association has worked with the Attorney General office to propose changes to existing law that will provide much clearer language pertaining to consumer protection as well as enforcement.

I am going to attach written testimony that I had sent to Representative Anderson, Chair, House Labor and Commerce Committee.


If you have any questions, please feel free to call me, and if unavailable, I will get back to you. My phone number is 907-265-7571.

Thank you for taking time to read my testimony.

Sincerely,

Diana Pfeiffer

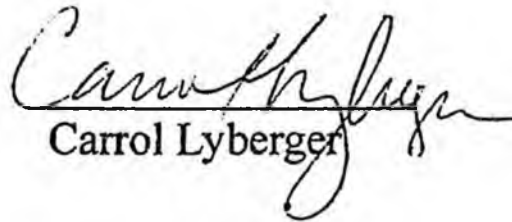
President, Alaska Sales and Service, Inc - Anchorage and Wasilla
President, Alaska Automobile Dealers Association

 <u>HB272 testimony.doc</u>	Name: HB272 testimony.doc Type: WINWORD File (application/msword) Encoding: base64 Download Status: Not downloaded with message
--	--

ATTN: Josh

Please give these documents to the committee. Our customers called Wehrauch office yesterday and was told that this bill issue was about a used car dealer selling Canadian vehicles illegal and not informing the customer.

Here are the documents that each customer signs when they purchase a Canadian vehicle from us.


Carrol Lyberger

To Whom This May Concern,

May 4th, 2003

I have worked at Lyberger's Car & Truck Sales in Anchorage since August 2000 as a finance manager. It is my responsibility to make sure all the appropriate state and federal paperwork is signed by each customer that buys a car.

When Lyberger's first opened for business the manufacturers of domestic vehicles (GM, Dodge, Ford, Lincoln, Chrysler, etc) all honored factory warranties on imported Canadian vehicles.

U.S. franchises obviously would prefer not to have competition from registered importers or other used car dealers. As a result they have put pressure on the manufacturers to allow them to legally not honor warranties on Canadian Imported vehicles.

Since August 2000, the rules on warranty coverage for imported vehicles have changed several times.

In the beginning we were told by local dealers that they would not honor the warranty on our imported vehicles. Then after several complaints were made to various Northwest Factory representatives the local dealers were told that they would have to honor the warranty since, after all, the factories were paid for warranty coverage when the vehicles were originally sold as long as the correct importation paperwork has been filed.

Several local franchised dealers have purchased many of these Canadian vehicles at the same local dealer auctions we attend. They may not disclose this to their customers but they do indeed buy and sell Canadian vehicles.

In January 2003, after much pressure from U.S. franchises, Dodge announced that their franchises would no longer honor warranty claims on any 2003 model or later imported vehicle. GM also announced that they would no longer cover warranties on vehicles imported with less than 7500 miles or less than 6 months old.

Fair enough, Lyberger's is currently paying to put a replacement warranty on each of these vehicles.

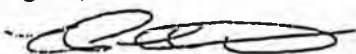
We are extremely careful with each customer and have them sign three different documents that disclose the above mentioned. I am faxing a copy of each for you to decide if we are being straight forward enough with our customers. We also provide them with a copy of a Carfax history on the vehicle and copies of any service receipts we may have. We have always done everything possible to make sure our customers are treated fairly and honestly. We are always in compliance with the laws regarding imported vehicles from Canada.

I would like to point out a few statements customers hear about us from the local new car dealers that are untrue:

- They sell flood vehicles.
- They roll the odometers back.
- They don't pass emissions.
- They are made in Mexico and aren't the same quality as ours.
- They have no factory warranty. (untrue on Ford's and older GM's or Dodges)

I would like to invite you to our dealership the see for yourself before allowing HB 272 section 1 to pass as proposed. I am also happy to answer any questions you may have regarding this issue.

Best Regards,



Teri Petram
(907) 227-8327 cell

Lyberger's Car and Truck Sales, LLC



9530 Old Seward ♦ Anchorage, Alaska 99515

The used vehicle you are purchasing was originally sold new in Canada and was imported into the USA by a registered importer. The odometer has been converted from kilometers to miles and certified to be correct. The instrument cluster may have been replaced with a new one with English rather than metric indicators. This is your acknowledgement that you have received this information.

Signature _____ Date _____

Signature _____ Date _____

Every Customer at Lyberger's
Signs this form.



LYBERGER'S CAR & TRUCK SALES, LLC

907-349-3343 PHONE

907-349-3686 FAX

The vehicle you are purchasing has no manufacturer's warranty. Lyberger's Car & Truck Sales has given you a Heritage Warranty that will cover your vehicle for 3 years or 36,000 miles form the original manufacturer's in service date.

Year: _____

Make: _____

Model: _____

Vin: _____

Date: _____

Customer's Signatory

All customers that buy a vehicle that would ordinarily have factory coverage but are Canadian therefore dont sign this.

This is the Replacement Warranty Form



New Vehicle Limited Warranty By Heritage

WARRANTY HOLDER (CUSTOMER INFORMATION)

This needs to be filed in when vehicle is sold.

Name:.....

Address:.....

City, ST, Zip:.....

Phone #:.....

APPLICATION/WARRANTY No: CLW 111574

Current Odometer:.....

Vehicle Purchase Date:.....

Standard \$0 Deductible

\$100 deductible option

COVERED VEHICLE

VIN:.....

Year:.....

Make:.....

Model:.....

DEALERSHIP

Name:.....

Address:.....

City, ST, Zip:.....

1-800-646-1008 ROADSIDE ASSISTANCE 1-800-646-1008

Your emergency road service begins on the effective date of this limited warranty, and will continue until the expiration or termination of this limited warranty, whichever occurs first. Your emergency road service is available throughout the United States 24 hours a day, 365 days a year.

Concierge Service — The customer is responsible for payment of any services arranged (i.e. The cost of the hotel room, rental car, etc.) directly to the provider of the service.

Emergency Roadside Towing Service — \$50 limit for such services as fuel delivery, tire changes (customer supplied), jump-starts, lockout, mechanical first-aid, and towing.

ASSISTANCE OBTAINED THROUGH ANY SOURCE OTHER THAN ROADSIDE ASSISTANCE IS NOT COVERED AND IS NOT REIMBURSABLE.

Additional Options: 4 Wheel/All Wheel Diesel / Super/Turbo 1 Ton Dual Wheel

Term: 36 months / 36,000 miles 48 months / 60,000 miles Other

TERMS MEAN DATE OF SALE OF WARRANTY AND WHEN ODOMETER REACHES THE MILEAGE CHOSEN.

I HAVE READ AND UNDERSTAND THIS LIMITED WARRANTY IN ITS ENTIRETY. I ACKNOWLEDGE MY UNDERSTANDING THAT IT IS ISSUED BY THE ISSUING DEALER FOR THE DURATION INDICATED ABOVE AND IS INCLUDED AS PART OF THE BASE PURCHASE PRICE OF THE VEHICLE WITHOUT ANY ADDITIONAL COST TO ME.

Customer Signature _____

Date _____

DEFINITIONS

- "Breakdown" or "Mechanical Breakdown" means the event caused by the total failure of any Covered Part to work as it was designed to work in normal service. Please refer to the wording under exclusions for a listing of conditions under which the failure of a Covered Part is not considered a Mechanical Breakdown.
- "Warranty Holder" means the holder of this limited warranty.
- "Covered Part" means any part of the vehicle not listed under the section of this limited warranty entitled *What Is Not Covered* and not excluded from coverage as per the section of this limited warranty entitled *Exclusions - What This Limited Warranty Does Not Cover*.
- "Repair Facility" means any automotive repair facility at which the Warranty Holder seeks to acquire service under this limited warranty.
- "Claim Administrator" means Heritage Administration Services, Inc., located at 8055 "O" Street, Lincoln, Nebraska 68510, and which can be reached at 1-800-753-5236.

NO CLAIMS WILL BE PAID WITHOUT PRIOR AUTHORIZATION

CLAIMS 1-800-753-5236

CLW-ULW-TP-081202

White - Dealer Pink - Administrator Goldenrod - Customer

TRANSFERABILITY

This warranty transfers with the Vehicle. Please notify Heritage Administration, in writing, whenever the warranty needs to be transferred.

WARRANTY HOLDER OBLIGATIONS

- The Warranty Holder and the Repair Facility are required to obtain the Claim Administrator's authorization number prior to beginning any repair covered by this limited warranty.
- Warranty Holder may be responsible for a deductible for each visit to the Repair Facility.
- The Warranty Holder is responsible for authorizing and paying for any tear down or diagnosis time needed to determine if the vehicle has a covered Breakdown. If it is subsequently determined that the repair is needed due to a covered Breakdown then the Claim Administrator will pay for such tear down or diagnosis. If the failure is not a covered Mechanical Breakdown then the Warranty Holder is responsible for payment of such tear down or diagnosis.

CLAIM ADMINISTRATOR OBLIGATIONS

If a covered Mechanical Breakdown of the vehicle occurs during the term of this limited warranty and within the United States or Canada the Claim Administrator will:

- Pay the Warranty Holder or the Repair Facility for repair or replacement, as the Claim Administrator deems appropriate, of the Covered Part(s) which caused the Mechanical Breakdown if the Warranty Holder has met his/her obligations as described in this limited warranty and if the Breakdown is not excluded under the exclusions section of this limited warranty. Replacement parts can be of like kind and quality. This may include the use of new, remanufactured or comparable parts as determined by the Claim Administrator.
- Reimburse the Warranty Holder for a rental car. Required labor time is determined by the national repair manual in use by the Repair Facility. Up to 2 additional days of rental (\$50 maximum) will be paid if an engine or transmission is being replaced due to a Mechanical Breakdown. If the Claim Administrator requests that the vehicle be inspected by an outside source, the Claim Administrator will reimburse the Warranty Holder for 1 additional day of rental. To receive rental benefits, Warranty Holder must supply the Claim Administrator with the receipt from a licensed rental agency. The limit on this reimbursement is up to \$25 per day for up to 6 days per Mechanical Breakdown or series of Breakdowns related in time or cause.
- Reimburse the Contract Holder for motel and restaurant expenses up to \$75 per day for a maximum of 3 days in the event of a Breakdown covered by the Contract, which occurs more than 100 miles from your home and results in a Repair Facility keeping the vehicle overnight. The maximum benefit per occurrence is \$225. TO RECEIVE MOTEL AND RESTAURANT REIMBURSEMENT, THE CONTRACT HOLDER MUST SUPPLY HERITAGE ADMINISTRATION SERVICES, INC. WITH HIS/HER RECEIPTS FROM THE PROVIDERS OF SUCH SERVICES.

WHAT TO DO IF YOU HAVE A BREAKDOWN

- (1) Use all reasonable means to protect the vehicle from further damage. This may require you to stop the vehicle, turn off the engine, and have the vehicle towed.
- (2) If you require emergency road service, call the toll-free telephone number listed above for Roadside Assistance.
- (3) Present this limited warranty to the Repair Facility, call the Claim Administrator, Heritage Administration Services, Inc. toll free at 1-800-753-5236, and fax any required maintenance receipts. Heritage Administration Services, Inc. can be reached through the mail at C055 "O" Street, Lincoln, Nebraska 68510.
- (4) Prior to proceeding with repairs, ensure the Repair Facility calls the Claim Administrator with an estimate of repairs and receives an authorization number from the Claim Administrator.

WHAT IS NOT COVERED

The following are not covered by this Warranty: PAINT/CARPETING; FRAME OR STRUCTURAL SEPARATION; MANUAL/HYDRAULIC CLUTCH ASSEMBLY; TRIM; HOSES AND RUBBER PARTS; FIBERGLASS TOP; ANY REPOSITIONING, REFITTING OR REALIGNING; MOLDINGS; DISTRIBUTOR CAP/ROTOR; TIRES/WHEELS; AIR BAG/SUPPLEMENTAL RESTRAINT SYSTEMS; LENSES; BATTERY AND CABLES; ALL MAINTENANCE SERVICE AND ITEMS SUCH AS ALIGNMENTS, WHEEL BALANCES, ENGINE TUNE-UPS, SPARK/GLOW PLUGS, PLUG WIRES, BRAKE PADS, LININGS & SHOES, FILTERS, LUBRICANTS, COOLANTS, HOSES AND BELTS; BRIGHT METAL; LIGHT BULBS/HEADLIGHTS; EXHAUST SYSTEM; WEATHER STRIPPING; BODY PANELS; BRAKE ROTOR/DRUMS; NORMAL FLUID/OIL LUBRICANT SEEPAGE; CANVAS, VINYL OR FABRIC TOPS; SHOP SUPPLIES, HAZARD WASTE REMOVAL; BODY ADJUSTMENTS; BUTTONS, HANDLES, DOOR HINGES, GLASS; SERVICE ADJUSTMENTS AND CLEANING; RETROFITS OR REPLACEMENTS OF ANY COMPONENTS CAUSED BY OR DUE TO COMPLIANCE WITH LAW OR LEGISLATION INCLUDING THE 1990 CLEAN AIR ACT, AND INCLUDING EMISSION CONTROL EQUIPMENT AND SENSORS.

EXCLUSIONS - WHAT THIS LIMITED WARRANTY DOES NOT COVER

- Any breakdown caused by sludge buildup. A Breakdown caused by contamination of or lack of proper fuels fluids coolants or lubricants, including a Breakdown caused by a failure to replace seals or gaskets in a timely manner.
- Repair of any parts during a covered repair which are not necessary to the completion of the covered repair or were not damaged by the failure of a Covered Part. Such replacement is considered betterment and is not covered by this limited warranty.
- Repair or replacement of a covered component/part to correct conditions that may reasonably be assumed to have existed at the inception date of the coverage provided by this warranty (Pre-existing conditions).
- Any cost covered by a repairer's or supplier's guarantee, or any cost which would normally be covered by a manufacturer's warranty.
- Costs or other damages caused by the failure of a part listed as an excluded part.
- Cost or other damages caused by continued vehicle operation after the failure of a Covered Part.
- Any liability, cost or damages Warranty Holder may incur to any third parties other than the Claim Administrator's approved repair or replacement of Covered Parts which caused a Mechanical Breakdown.
- Breakdown caused by overheating, rust or corrosion.
- A Breakdown caused by collision, fire, electrical fire or meltdown, theft, freezing, vandalism, flood, or for any hazard insurable under standard physical damage insurance policies whether or not such insurance is in force with respect to the vehicle.
- Loss of use, loss of time, lost profits or savings, inconvenience, commercial loss, or other incidental or consequential damages or loss that results from a Breakdown.
- Liability or damage to property, or for injury to or death of any person arising out of the operation, maintenance or use of the vehicle whether or not related to a Breakdown. Any costs or other benefit for which the manufacturer has announced its responsibility through any means including public recalls or factory service bulletins. Any part not covered by, or excluded by the original vehicle manufacturer's warranty.
- A gradual reduction in operating performance due to normal wear and tear, such as guides, valves, rings, transmission clutch pack discs and bands.
- Vehicles that have been modified which affect the breakdown.
- Incident or consequential damage or loss caused by Breakdown of Covered Parts (or otherwise) including property damage, personal injury, inconvenience, loss of vehicle use, and commercial loss. Punitive damages are also expressly excluded. Repairs covered by any original manufacturer's warranty, (whether or not transferred with the vehicle).
- Dealer and Claim Administrator reserve the right to cancel this limited warranty and will not pay for Mechanical Breakdown if the odometer fails, or for any reason does not record the actual mileage of the vehicle after purchase date and the actual mileage of the vehicle cannot be established.

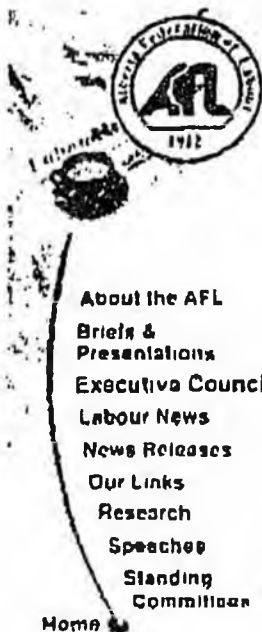
OTHER IMPORTANT WARRANTY PROVISIONS

The issuing dealer's obligation to perform under this limited warranty is insured by Heritage Warranty Mutual Insurance Risk Retention Group, Inc., 8055 "O" St., Lincoln, NE 68510 and reinsured by American Re®—a national A++ rated company and member of the Munich Re Group®. In the event the Claim Administrator fails to pay that which the Claim Administrator or issuing dealer are legally obligated to pay, the Warranty Holder may file a claim under the insurance policy by mailing a copy of the adjudication to Heritage Warranty Mutual Insurance Risk Retention Group, Inc. at their above address. The aggregate total of dealer's and Claim Administrator's liability for all benefits paid or payable during the term of this limited warranty shall not exceed the actual cash value of the vehicle according to current National Auto Dealers Association standards at the time of Breakdown.

NO CLAIMS WILL BE PAID WITHOUT PRIOR AUTHORIZATION
CLAIMS 1-800-753-5236

White - Dealer Pink - Administrator Goldenrod - Customer

CLW-ULW-TP-081202



Labour News

Government Humiliated in Free Trade Lawsuit

By Tom Fuller

July 1998 will be remembered by many as the month the free trade chickens finally came home to roost. Over the last decade, in debates over the Free Trade Agreement (FTA), the NAFTA, and the Multilateral Agreement on Investment (MAI), critics of "trade liberalization" have argued that such treaties seriously limit the government's ability to pass legislation designed to protect the the public interest in areas like environmental protection. These arguments were pooh-poohed as leftist paranoia by the wealthy and powerful free trade lobby. "What", they asked, "does Free Trade have to do with the environment?"

Well, last month gave us the answer -- and the MMT/Ethyl Corporation fiasco proves just how right the "paranoids" were.

MMT is an octane booster -- a gasoline additive designed to eliminate engine knocking. It was introduced in 1977 to replace tetraethyl lead, an earlier octane enhancer that had been shown to be a serious environmental toxin.

Unfortunately MMT soon proved to have problems of its own. Its critical ingredient -- manganese -- can also have health effects. High levels of airborne manganese are associated with some very serious neurological symptoms up to and including death.

In 1995 the Canadian government banned both the import and the interprovincial trading of MMT. Of course the threat to public health wasn't enough in itself to bring about this legislation: it took complaints from auto manufacturers to prod the government into action. Car makers reported that that MMT was damaging the catalytic converters in automotive pollution control systems

It seemed logical enough at the time. While the scientific evidence wasn't absolutely conclusive, there seemed to be sound reason to worry about the effects of MMT on public health and the environment. Rather than risk these effects, the government took the prudent course and banned the substance.

In the age of Free Trade however, prudence, logic and the public interest come a distant second to the rights of business. MMT's manufacturer, the Ethyl Corporation of Richmond, Virginia announced that it was suing the Government of Canada, claiming \$251 million in damages. The suit was filed under a provision of the North American Trade Agreement that allows corporations to sue governments -- before that treaty such a suit would have been impossible.

Ethyl Corp. claimed that the ban on MMT would reduce the value of its manufacturing plant, hurt its future profits, and damage its reputation. The

Government Humiliated in Free Trade Lawsuit

Page 2 of 2

federal government huffed and puffed and vowed to fight the suit until its own lawyers quietly informed it that Ethyl was right -- under NAFTA the right of an American Corporation to hypothetical future profits outweighs probable but unproven environmental damage and danger to public health.

The Government of Canada had to accept defeat and public humiliation. It has been forced to agree that it will withdraw the ban on MMT, compensate Ethyl Corp. to the tune of about \$19 million taxpayer dollars, and issue a statement that the additive is neither an environmental nor a health risk (a statement that defies both the evidence and common sense).

Of course the corporate press had to find a way to spin the story so that it didn't cast Free Trade in a negative light. The Globe and Mail tried to portray it as a power struggle between industries ("Ottawa loses in battle between Big Auto, Big Oil") while the Edmonton Journal played the story as yet another example of government inefficiency ("Ottawa bungled the MMT issue").

Unfortunately for them, no amount of media spin-doctoring can obscure the point of this sorry affair: under the rules of Free Trade the rights of an American corporation to make a profit outweigh the obligations of the government of Canada to take prudent precautions in the public interest. In the first major test of the effects of NAFTA on Canadian sovereignty and environmental protection, corporate power came out a clear winner.

(Note. Albertans who are tempted to agree with the Journal's account of the affair as "federal bungling" should consider this: it was an Alberta government court challenge to the ban on interprovincial trading of MMT that made the Ethyl Corporation victory certain. Of course it shouldn't surprise anyone that Alberta ended up on the side favoured by the petroleum industry. When it comes to defending the interests of "Big Oil," the Klein Tories have no shame; when it comes to the environment and public health, they have no policy.)

To Whom This May Concern,

May 5th, 2003

In various phone conversations with committee members and others involved in the rewording of HB272 section 1, I, or my colleagues have been told that the focus of that section is to address unfair trade practices. In each conversation we were never given concrete evidence that there are any importation laws broken or unfair trade issues.

Apparently there seems to be a sympathetic attitude towards local franchised dealers and the investment they have made in their respective franchises. It seems that the picture that is being painted is that they have no way of competing with the prices of imported Canadian vehicles.

I would like to point out that while the exchange rate from Canada to the US is favorable for those dealers who buy imported vehicles, franchised dealers have access to factory subsidized interest rates (try to beat 0%), factory rebates (in excess of \$3000), holdback and dealer only incentives for moving specific vehicles, and factory backed advertising. Once you compare the facts most times the new car franchises have as good a bottom line price as a used car dealer, but aren't willing to accept the same smaller profit per deal.

I would like to hear exactly what it is about importing a product from another country, **LEGALLY**, and with full disclosure that is considered to be an unfair trade practice.

Perhaps the focus of litigation should be between the franchises and their manufacturers. After all, the true injustice is that the manufacturers sell the same exact vehicle to franchises in Canada for less than a franchise in the U.S. Ask yourself, how does that involve your local used car dealer? We don't set the invoice price, incentives, rebates, etc.

Anxiously awaiting a reply,



Teri Petram
12921 Troy St
Anchorage, AK 99515
Used Car Consumer

Affordable USED CARS

HB272

SECTION 1. AS 08.66.015 Sale of motor vehicles

To Whom It May Concern:

Section 1 of this bill, the way it is written will give an unfair monopoly to franchised auto dealers with regards to used vehicles in the state of Alaska.

The current draft states that a dealer may not offer to sell a current model year vehicle unless. (1) that dealer has a sales and service agreement with the manufacturer or (2) the vehicle is current model used vehicle received as a trade in in the normal course of business.

A vehicle is considered used when it is titled to an owner. If that person or business wishes to sell that vehicle on the open market they should have every option open to them. HB272 limits the selling options to these people. Their choice would be to sell it back to the dealer they bought it from.(assuming they were buying) or selling it themselves in the newspaper.(not appealing to a lot of people) This time frame would be for approximately 15 to 16 months depending on when the model was released in the previous year. (2004 vehicles will be out in SEPT. or OCT. 2003)

HB272 would limit fair trade to Alaskan Used Car Dealers if passed. The Alaskan consumer of used vehicles would see their list of potential dealers shrink. In some towns in Alaska they would have only one option. This bill is a bill about monopolizing a segment of the used car market. Nothing more.

HB272 will put Alaskan used car dealers at a disadvantage when purchasing vehicles at auctions in the lower 48. Alaskan dealers would have to stand aside as thousands of good current model year vehicles went by. Alaskan dealers would be the only ones not able to purchase these vehicles if HB272 passes. Is this in the best interest of our Alaskan customers and dealers?

HB272 as written, states that dealers can take a current model vehicle (used vehicle) on trade in the normal course of business. What about the other ways we obtain used vehicles in our normal course of business? Would these vehicles be illegal? How would you ever be able to prove or enforce this?

929 East 8th Avenue • Anchorage, Alaska 99501 • (907) 274-2277 • Fax (907) 274-2278

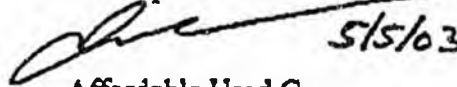
2525 B. Cushman • Fairbanks, Alaska 99701 • (907) 452-5707 • Fax 452-5241

Section 1 of HB272 should be removed. This would be in the best interest of the consumers of used vehicles in the State of Alaska. It would also benefit the fair trade of used vehicles among dealers. And not create a monopoly to one segment of dealers.

In closing I would like to state that not one used car dealer was contacted to help draft any part of HB272. As a current member of the Alaska Auto Dealers Association since 1994 and a current board member, I strongly oppose section 1. of HB272.

I would be happy to answer questions regarding this matter any time. 452-5707

Jim Arpino G.M.

A handwritten signature in black ink, appearing to read "Jim Arpino", with the date "5/5/03" written to its right.

Affordable Used Cars
Fairbanks and Anchorage.

Subject: HB272

Date: Sun, 04 May 2003 21:15:20 -0800

From: kurt <l13@gci.net>

To: Representative_Tom_Anderson@legis.state.ak.us,
Representative_Nancy_Dahlstrom@legis.state.ak.us,
Representative_Harry_Crawford@legis.state.ak.us,
Representative_Carl_Gatto@legis.state.ak.us, Representative_Bob_Lynn@legis.state.ak.us,
Representative_David_Guttenberg@legis.state.ak.us,
Representative_Norman_Rokeberg@legis.state.ak.us
CC: Representative_Bruce_Weyhrauch@legis.state.ak.us

I would appreciate a moment of your time to read this e-mail. I am NOT in the new or used car industry.

I am concerned that HB272 is unreasonably restrictive and would prevent small businesses from fair competition with larger dealerships. Failure to protect small dealerships allows the possibility of the larger dealerships (as distributors of "new" vehicles) to dictate how the used car business should be run. Franchise dealerships could effectively monopolize the market for their brand by ensuring that no aftermarket support was available for a specific brand's products. Used car dealerships should simply be able to identify who can repair their cars if a local dealership refuses to repair cars sold on their lot. As a consumer, I would not purchase a vehicle from a major dealership such as Cal Worthington, or Alaska Sales and Service if I believed that they would not repair my car if I had purchased it from a smaller dealership.

I also would not support anyone who believes that passing this bill without the exclusion of the amendment to section 1b is in the best interests of any one individual, or group of individuals in the community. While I support much of the bill, the people who gain the most from the passing of this bill are the large dealerships who I assume have donated to have this bill sponsored.

Please do not pass this bill until the amendment to Sec. 08.66.015 1b is excluded.

Kurt Loutzenheiser

Subject: Re HB272

Date: Sun, 04 May 2003 16:00:17 -0800

From: liz <lizl@gci.net>

To: josh_applebee@legis.state.ak.us

I was just informed of the bill #HB272, and am appalled that someone would even consider this to be acceptable. Section 1 alone would put many people out of work, and I can only assume that someone must be getting a large contribution to an election campaign from a major dealership to have even agreed to present this ridiculous idea in the first place. Competition is one of the things that has helped this country become what it is today, and to allow such a drastic upheaval in the car sales market would affect many individuals. I, for one, would not like to have to go and see Cal, and only Cal, if I want a Ford. Limiting peoples' choices is not a way to win votes.

I would ask that you please pass this message onto Representative Tom Anderson, as he is the chairperson of the Labor & Commerce committee which should be hearing this bill tomorrow. I am currently pursuing citizenship of this country and would hope that most representatives are wiser and more reasonable than Bruce Weyhrauch, the author of this bill that seems to violate the rights of Americans, in particular: that of Alaskans.

Thank you for your time.

Sincerely,

Liz Loutzenheiser.

Subject: HB272, Section 1

Date: Sun, 4 May 2003 17:41:26 -0800

From: "Teri" <teri.petram@wccip.com>

To: <Representative_Tom_Anderson@legis.state.ak.us>

CC: <Representative_Bob_Lynn@legis.state.ak.us>, <Representative_Bruce_Weyhrauch@legis.state.ak.us>, <Representative_Carl_Gatto@legis.state.ak.us>, <Representative_Nancy_Dahlstrom@legis.state.ak.us>, <Representative_Norman_Rokeberg@legis.state.ak.us>, <Representative_Harry_Crawford@legis.state.ak.us>, <mailto@legis.state.ak.us>

To Whom This May Concern,

May 4th, 2003

I have worked at Lyberger's Car & Truck Sales in Anchorage since August 2000 as a finance manager. It is my responsibility to make sure all the appropriate state and federal paperwork is signed by each customer that buys a car.

When Lyberger's first opened for business the manufacturers of domestic vehicles (GM, Dodge, Ford, Lincoln, Chrysler, etc) all honored factory warranties on imported Canadian vehicles.

U.S. franchises obviously would prefer not to have competition from registered importers or other used car dealers. As a result they have put pressure on the manufacturers to allow them to legally not honor warranties on Canadian Imported vehicles.

Since August 2000, the rules on warranty coverage for imported vehicles have changed several times.

In the beginning we were told by local dealers that they would not honor the warranty on our imported vehicles. Then after several complaints were made to various Northwest Factory representatives the local dealers were told that they would have to honor the warranty since, after all, the *factories were paid for warranty coverage* when the vehicles were originally sold as long as the correct importation paperwork has been filed.

Several local franchised dealers have purchased many of these Canadian vehicles at the same local dealer auctions we attend. They may not disclose this to their customers but they do indeed buy and sell Canadian vehicles.

In January 2003, after much pressure from U.S. franchises, Dodge announced that their franchises would no longer honor warranty claims on any 2003 model or later imported vehicle. GM also announced that they would no longer cover warranties on vehicles imported with less than 7500 miles or less than 6 months old.

Fair enough, Lyberger's is currently paying to put a replacement warranty on each of these vehicles.

We are extremely careful with each customer and have them sign three different documents that disclose the above mentioned. I

and faxing a copy of each for you to decide if we are being straight forward enough with our customers. We also provide them with a copy of a Carfax history on the vehicle and copies of any service receipts we may have. We have always done everything possible to make sure our customers are treated fairly and honestly. We are always in compliance with the laws regarding imported vehicles from Canada.

I would like to point out a few statements customers hear about us from the local new car dealers that are untrue:

They sell flood vehicles.

They roll the odometers back.

They don't pass emissions.

They are made in Mexico and aren't the same quality as ours.

They have no factory warranty. (untrue on Ford's and older GM's or Dodges)

I would like to invite you to our dealership to see for yourself before allowing HB 272 section 1 to pass as proposed. I am also happy to answer any questions you may have regarding this issue.

Best Regards,

Teri Petram

(907) 227-8327 cell

To The Chairman or Cochairman,

I am concerned about the motives behind HB272 section 1. Not only I but also my family and friends have been long and loyal customers of used car dealers, particularly Lyberger's Car & Truck Sales.

Lyberger's has always been more than fair with us when we are looking for slightly used vehicles. They have been thorough and honest on where they get their vehicles, how the English metric changeover of the odometers are disclosed and we love how much money we can save by purchasing a vehicle with a few thousand miles on it. I will never go pay the new car dealers price for the same vehicle with a fewer miles. The new car dealers have no right to mark up their prices two to ten thousand dollars, it is absurd!

So to avoid any miscommunication I and my family are strongly against HB272 Section 1 and it should be eliminated after realizing we as consumers should have a choice on where we will spend our money!

Ben Smith

A handwritten signature in black ink, appearing to read 'Ben Smith', written in a cursive style.

When you buy in Alaska today, a current year model, new or nearly-new vehicle, you have a choice.

You can buy that automobile from a franchised dealer with a comfortable showroom, full service and mechanical repair garage and auto body repair facility. These franchised dealers offer full warranty coverage on vehicles they or other franchised dealers sell. And most have auto body repair capability at the dealership or a nearby location. They offer in a word, convenience.

Or, you can shop at a non-franchised dealer. There, most will show you their vehicles on an outdoor lot, regardless of the prevailing weather. Many of them offer no service or repair facilities at all. Even if you buy a current year model, you will want to buy an after-market warranty to ensure you can get common after-sale problems fixed at an independent mechanic's shop. And you will have to visit an independent auto body repair shop to get a ding or fender-bender fixed.

So why do so many folks shop at non-franchised automobile dealerships? They do it to save a few dollars they feel can be better spent elsewhere. And they're willing to tolerate some inconvenience as a result of exercising this choice.

Up 'till now, there has been a quiet truce between the franchised and non-franchised dealers. This truce was only interrupted occasionally when the buyer of a vehicle from a non-franchised dealer attempted to take it to a franchised dealer for mechanical repair under warranty. Occasionally, the owner would be told to take the vehicle elsewhere, as that dealer only repaired vehicles that were sold at franchised dealerships.

Fair enough! After all, the non-franchised dealer that sold the vehicle was under obligation by current State law, to explain all this to the buyer at the time of sale.

But Alaska's franchised dealers persuaded the recently (2002) elected District 4 Republican Representative Bruce Weyhrauch to introduce a bill to change all that. They did so by convincing him that the Alaska Automobile Dealers Association (AADA) had collaborated with the Attorney General's Office of Fair Business Practices to create what is now known as HB 272. HB 272 is meant to change once again, the Motor Vehicle Sales & Dealers Act. If enacted, your choice of where to purchase a current year model vehicle will be limited to:

- 1) a dealer that "has a current sales and service agreement with the manufacturer" (a franchised dealer), or
- 2) a dealer selling "a current model used vehicle received as a trade-in in the normal course of business."

The truth is, the AADA never held a general membership meeting, at least not one to which non-franchised dealers were invited, to vote on or even discuss this matter.

What is the aim of HB 272 - It's aimed squarely at NAFTA! That's right, the North American Free Trade Act is the target of HB 272. You see enterprising, non-franchised, Alaskan auto dealers have found a niche they can fill and make money doing it. As you well know, the Alaskan auto buyer is not able to roam from state to state as freely as their lower-48 counterpart, in search

of the best deal or the lowest tax. So these enterprising dealers were traveling to Canada, where the exchange rate and other variables enabled them to purchase Canadian vehicles for resale to Alaskans at a competitive price. I say competitive because, although thousands less than the price offered by most franchised dealers, as said earlier the purchase of one of these Canadian vehicles is not without sacrificing convenience.

But then, isn't that what free enterprise is all about? And wasn't our nation's free enterprise system meant to stimulate competition? And isn't every consumer the beneficiary? Whether or not you have bought and intend to buy from a franchised dealer, every vehicle you have or will ever own, you cannot afford to let HB 272 pass. For if you do, you create a non-competitive climate for Alaska's automobile dealers. And in that environment, every consumer loses.

Contact your legislator today and urge that HB 272 be defeated.

1068827 Ontario Inc. o/a Grace Motors
11211 Longwoods Rd.
Delaware, ON N0L 1E0

May 2, 2003

Tom Anderson Office
Attn: Josh Applebee

Re. House Bill #272

To Whom It May Concern:

We are a Canadian company currently exporting late model vehicles to all parts of the United States, including Alaska. We are opposed to Bill 272 and we believe that it would restrict trade of automobiles between our company and the state of Alaska. We are operating under the North American Free Trade Agreement, and we understand that it is illegal for a government to impose restrictions of trade against foreign companies based in Canada. We can't help but think that this would find the state of Alaska liable to a possible lawsuit under NAFTA. Also, this kind of regulation usually results in increase of prices for the consumer. We hope that you would consider this matter very carefully and we look forward to a favorable decision.

Best regards,



John Vink
President

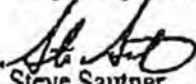
Phone: (519) 652-9766 Fax: (519) 652-1381

Thousands, if not millions, of current model year U.S. vehicles need to be remarketed every year throughout the country. Rental cars, short-term leases, repossessions, and trade-ins are just a few types of vehicles that have to be sold through auto auctions, wholesalers, franchised dealers, and independent dealers. House bill NO 272 does not take these issues into consideration. I know of no other legislation of this kind in the Lower-48 states. If this bill passes in its present form, where does future legislation stop? What other current model year products do we have to produce legislation for: household appliances, machinery, recreational equipment, products sold on E-Bay?

Warranty issues and disputes are nothing new to the automobile business. Warranty issues on imported vehicles can be addressed by proper disclosure to the consumer by the selling dealer. In cases where manufacturers have voided warranties on imported vehicles, many dealers offer quality aftermarket warranties at time of purchase.

In summary, I believe that leaving the market free to compete is fair and is in the best interest of the consumer and the automobile dealer body as a whole.

Very Truly Yours,



Steve Sautner

President

Dealers Auto Auction of Alaska, Inc.

Lyberger's Car and Truck Sales, LLC



9530 Old Seward Hwy ♦ Anchorage, Alaska 99515.

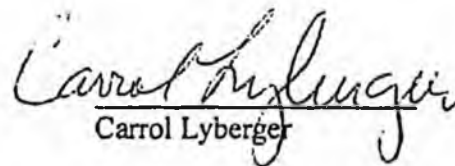
HB272

Representative Weyhrauch,

I believe the issue here needs to be simplified. We need to use common sense. There is a new car and a used car. Since the beginning of time when a automobile came off the assembly line and shipped to the franchised dealer that vehicle was a new vehicle. When a customer(consumer) purchased that vehicle it became used. The manufacturer was paid for their vehicle at the price they were asking. The franchised dealer was paid for their vehicle from the customer at the price they were asking. This vehicle is now a used vehicle. The MCO from manufacture to dealer was turned into a state for a title in the customers name.

The customer could not resale that vehicle as a new nor could a used car dealer sell it as new because it is not new, it is a current model.

My point is that there is a difference between a new and used vehicle, the word CURRENT can not distinguish between new and used. With this HB272 the word current is being the bad word, and this is why.


Carrol Lyberger



6324 Nielson Way
Anchorage, AK 99518
Phone: 907-563-8343
Fax: 907-563-8307

May 1, 2003

Senator John J. Cowdery
State Capitol, Suite 101
Juneau, AK 99801

RE: House Bill No. 272
Regarding motor vehicle sales

Dear Senator Cowdery,

I would like to bring to your attention the above referenced house bill that is currently being debated. Section 1 of the bill is short, but is a very controversial section within the automobile dealer community. As a vendor of auction services to the dealer community, I would like to offer my views on this issue.

Let me start off by stating that our auction provides services for both new and used car dealers. We strive to be fair to all dealers and we often arbitrate disputes regarding purchases and sales between these dealers. Section 1 of this bill addresses the current practice of used car dealerships selling new or current model year vehicles. I am sure that the real intent of this section is not necessarily to protect consumers, but to protect the product exclusivity of franchised auto dealerships. While I certainly understand that new car dealerships have paid large sums of money for new car franchises and the right to exclusively market a product line in their territory, I do not believe government legislation limiting free market factors is the way this controversy should be handled.

Automobile franchises arise from agreements between the auto manufacturers and their respective franchised dealerships. The manufacturers have the ability, through wholesale pricing and policing of their franchisees, to limit the availability of new products that enter the market through non-traditional channels. Current model year products are sold through various channels throughout the U.S. every year. The surge in recent years of new Canadian vehicles being imported into the U.S. has arisen due to free trade legislation, manufacturers that discount their wholesale prices to Canadian dealers, and fluctuations in currency exchange rates. Manufacturers have the ability to adjust wholesale pricing to Canadian dealers and to police Canadian dealers who violate their franchise agreements by selling new vehicles to exporters.

may face charges

publish 1992

The Associated Press

JUNEAU — Criminal charges may be filed against a Seattle-based car and truck broker who closed shop recently, leaving some customers without cars or cash, a state investigator said Friday.

A lawyer for United Auto Exchange contacted the Alaska attorney general's office Thursday to say he and a bankrupt attorney had been retained by broker William Edmondson.

"The attorney said he wasn't optimistic anyone who's lost (money) as a result of these dealings is going to recover anything," said Jerry Williams, an investigator for the attorney general's office in Anchorage.

Alaska and Washington authorities and the FBI launched investigations this week after customers complained they had paid Edmondson for vehicles but had not received them yet.

Jim Forbes, an assistant Alaska attorney general, said his office has received dozens of calls from Alaskans worried about their recent dealings with United Auto Exchange.

"It appears to be mainly a criminal case by the sheer number of people that seem to have been defrauded in such a short period," Forbes said.

Seattle car dealers reported there were cars and trucks on their lots, promised to Alaska customers, but that nobody had paid for the vehicles. Some Alaskans had received the cars they had ordered from Edmondson, but not the titles and other legal paperwork.

The company had offices in Seattle, Ketchikan and Juneau. Edmondson had done business in Alaska since 1989 with few problems. Only transactions performed within about the last three months seem to be at issue, Williams said.

Williams said the broker's lawyer told him customers of United Auto Exchange would be informed, in writing, of their status by Monday.

Alaska USA Federal Credit Union, meanwhile, said anyone who got a loan for a United Auto Exchange vehicle and who has not received the car may not have to repay the loan.

"We are not going to require people to repay those loans; we're going to deal with the auto exchange ourselves through attorneys we've retained in Seattle," said Tom Greene, vice president for consumer lending.

Chuck Hosack, deputy director of the Alaska Division of Motor Vehicles, said DMV offices are issuing temporary permits to those who have bought cars through the broker but have not received their titles.



BOB HALLGREN / Anchorage Daily News

Bob Hallgren, vice president and chief financial officer of GCI, answers questions at a news conference to announce the purchase of GCI stock by MCI. Executive vice president of GCI, is at right.

to buy stake in GCI

The company hopes to bolster finances

more viable competitor by allaying potential customers' fears about the company's staying power and by allowing it to offer new services.

Under the tentative agreement announced Friday, GCI customers will be able to sign up for at least some of MCI's service plans, which allow people to save money by customizing their service. MCI is one of the nation's largest long-distance phone companies.

Since GCI began operating in Alaska about 10 years ago, the company has been struggling — first to get permission to enter the state's long-distance markets, then to gain a foothold against well-heeled Alascom Inc. Before the smaller company initiated its challenge, Alascom had a monopoly, and rates were higher.

The battle has been costly, with GCI spending millions on legal and regulatory fights. It was that drain on resources, plus a bad year in 1991, that pushed the company over the edge and into technical

would make GCI

NEWSPAPER ARTICLES

Alaska State Legislature

Senate Majority Leader
Chair, Judiciary Committee
Vice Chair, Community &
Regional Affairs

Member, State Affairs Committee
Committee on Committees
Western States Legislative Forestry Task Force
Legislative Council



Senator Robin L. Taylor

S
Juneau, Alaska
90
Fax: 907
352 1
Ketchikan, A
907
Fax: 907

FOR IMMEDIATE RELEASE

February 10, 1993

Contact: Joe Ambrose
465-4906

TAYLOR PROPOSES CONSUMER PROTECTION BILL

Senator Robin L. Taylor this week introduced legislation aimed at regulating the activities of auto brokers and insuring they do not misrepresent the nature of their transactions.

Senate Bill 105 was introduced February 8 and referred to the Senate Labor and Commerce Committee and the Judiciary Committee.

Taylor said the bill was prompted by horror stories he has heard from constituents left holding the bag when a Seattle-based auto broker abruptly ceased business in January.

"SB 105 would prohibit a broker, defined as a buyer's agent, from doing business in the state unless that person has a written contract with the buyer", Taylor said. "That contract would have to have a description of the specific services to be provided by the buyer's agent, including a description of any fee the buyer is to pay before a motor vehicle is delivered"

"The most important provision, however, is that a buyer's agent would have to hold any fees in a trust account until the vehicle is delivered", Taylor said.

The new law would clearly define the difference between a motor vehicle dealer and a buyer's agent.

"Its the dealer who must have a current sales and services agreement with the manufacturer of new cars", Taylor said. "That should serve as a warning



Taylor News Release -SB 105
2/10/93
Page Two

to consumers who are told that the "new" car they buy from an agent is covered by a warranty."

Taylor said there was nothing in his bill that would restrict Alaskans from buying a new vehicle outside Alaska from an authorized dealer and shipping it north.

"Sales and service agreements cross state lines", Taylor said. "A purchase from an authorized dealer down south would still be honored by dealers in Alaska.

Anyone violating the new provisions could be charged with a Class B misdemeanor and subject to a fine of \$1,000.

Taylor said he expects a companion bill to be introduced in the House soon.

(1)

445709

DAIMLERCHRYSLER MOTORS CORPORATION INVOICE

3951-AA PLANT ZONE DEALER VEHICLE ID NO. INVOICE NO. INVOICE DT
ST LOUIS SOUTH 72 43710 1D4GP25313B104663 3-RSK-64598561 09/1/02

BUYER: MENDENHALL AUTO CENTER
8725 MALLARD STREET
JUNEAU AK 99801-

IGN KEY M2240
TRK KEY 2200
ACC KEY 1290
4088-01-9111

SELLER: MENDENHALL AUTO CENTER
8725 MALLARD STREET
JUNEAU AK 99801-

SHIPPING 3807

PAID FOR BY: CHRYSLER FINANCIAL CORPORATION
CREDIT SALE XX CASH SALE

SAE HP 32.2
000-2222-2-75

BODY & EQUIP.

DESCRIPTION

INSK152 Dodge Caravan SE FWD
BR4 Satin Jade Pearl Coat
KST5 Seats - Cloth High-Back Bucket
AAA Climate Group II
ATK Deluxe Convenience Group
ATP Power Convenience Group
BGE Brakes - Anti-Lock
BGL Transmission - 4-Spd. Auto
EGM Engine - 3.3L V6 OHV FFV
GXR Keyless Entry Sys. w/2 Transmitters
RAZ Radio - AM/FM Cassette, Compact Disc
WDH DaimlerChrysler Owner Loyalty Mail
2DC Customer Preferred Package 2DC
25C Customer Preferred Package 25C
MSRP RETAIL TOTAL 24,240.00

ORIGINAL INVOICE

THIS VEHICLE IS MANUFACTURED TO MEET SPECIFIC UNITED STATES REQUIREMENTS. THIS VEHICLE IS NOT MANUFACTURED FOR SALE OR REGISTRATION OUTSIDE OF THE UNITED STATES.

ODOMETER FRAUD KEEPS ON ROLLING

by Steve Finlay

Ward's Dealer Business, May 1, 2002

MILD-MANNERED RICHARD MORSE LEADS A LAW enforcement crusade against odometer rollbacks.

Sometimes he wonders if he's making inroads as manager of the U.S. Department of Transportation's odometer fraud enforcement program. He's headed it since it began in 1978.

"Things haven't changed much," says Morse, whose low-key demeanor belies his federal crime fighting job as well as a 20-year stint as an Army intelligence officer.

He's busted major rollback artists, and sent hundreds to prison.

"And you know what? It's still a problem," he says. "Why? Money. Too much is made on this crime."

In 1979, the average rollback garnered about \$700 in illicit profits. Twenty years later that rose to \$3,800, according to Morse.

Odometer rollbacks aren't as rampant as they were before the federal government stepped in 24 years ago — through a door the auto retailing industry willingly held open.

"Congress passed the odometer law at the insistence of the industry which was saying, 'This is killing us,'" says Morse.

It was deadly, especially for the industry's image.

The public's accurate perception that some shady characters were rolling back odometers was widening to an inaccurate public perception that just about the entire used-car industry was in on it.

The industry's reputation suffered, as did the reputations of car dealers — some of whom were aiding and abetting, but many of whom were crime victims themselves.

Says Morse, "Dealers take it hard. Their reputations are at stake. They've got to buy the car back when odometer fraud is uncovered. They can get caught up in lawsuits that become public information.

"My advice to dealers is to know who you buy from. I can't believe some stories involving dealerships. Like the guy driving a transport who shows up at a dealership. They buy three cars off the truck. From someone they never saw before in their lives."

Odometer tampering just keeps rolling along. But these days, violators are going up the river on felony convictions.

For instance, Morse's office put away 18 people in a big rollback ring in little Boaz, AL, pop. 7,000.

5/2/2003

Fifty-five felons went to prison for similar criminal behavior in a Springfield, MA, case, and a bunch more in Cleveland, TN.

"In Cleveland, every car coming out of the local auction was a rollback," says Morse. "Forty people went to prison, and there are only five used-car lots in the city."

Morse describes the major auction houses as his best friends.

"We work closely with them," he says. "I'm still trying to convince them to let me in their data bases."

As a federal officer, Morse hesitates to criticize state governments. But he sees them as a big part of the problem.

"You can't roll back the odometer if you can't get the mileage changed on the title, and a lot of states have poor titling procedures," he tells the 2002 Conference of Automotive Remarketing.

In some states, the con artists easily obtain duplicate titles by claiming they lost the originals. "They'll give you a new title without requiring identification," says Morse.

In a New England case, a rogue posing as a dealer readily got a dealer's license so he could better sell cars with tampered odometers.

Says Morse, "Do you know who licenses dealers in Massachusetts? The township clerks. I asked one, 'Does anyone go out to see if an address on a license application is valid?' She said, 'The only time we leave the office is for lunch.'"

Conversely, Florida Department of Motor Vehicles agents have traveled the country investigating title and odometer fraud. The Florida DMV is also certifying its clerks and paying them more in the hopes they'll be more vigilant and stick around longer.

New Jersey historically was a problem state for vehicle title washing. Morse criticized that in a local newspaper interview. He was on the hot seat when the story came out. But the state legislature now is tightening up on titles.

"I embarrassed them into doing something," says Morse.

Today's rollback artists use the latest technology to beat the system.

"Most odometers are now digital, but you can buy digital rollback equipment on the Internet for \$1,800-\$2,000," says Morse.

His father was a car dealer for 30 years, back when odometer tampering was widespread.

"He was involved in all this stuff," says Morse.

Many of today's dealers still don't consider it a serious offense.

"Dealers will say, 'Oh, we had a clocked car, bought it back, and everyone was happy.' I ask, 'What would you do if you discovered the car was stolen? Buy it back? No. So why do it when rolling back odometers is a felony punishable by prison time?'"

Even the guys doctoring the odometers don't seem to think they're doing anything terribly wrong.

"They consider themselves businessmen, rather than criminals," says Morse. "Until they go to prison."

Steve Finlay is editor of Ward's Dealer Business. His e-mail address is: sfinlay@primediabusiness.com

© 2003, PRIMEDIA Business Magazines & Media Inc. All rights reserved. This article is protected by United States copyright and other intellectual property laws and may not be reproduced, rewritten, distributed, disseminated, transmitted, displayed, published or broadcast, directly or indirectly, in any medium without the prior written permission of PRIMEDIA Business Magazines & Media Inc.

Sponsored by:

5/2/2003

10 Honda Pilot EX
#2787 1 another
Loaded. Only \$24,995*
Leather, Sunroof,
LTZ, #5754, 7 miles,
03 Chevy Trailblazer

HEMI, 250,000 WAT,
#5774, 03 Good Cop
SLT, 20 miles, all
Power Options, Alloy
Wheels! Only \$28,995

SALE NOW BIG \$1
Holding & Priced to
SUIT YOUR NEEDS

(3)

COMMITMENT FORM

4



You have already accepted your Crossfire allocation. If you wish to change your commitment, please contact your District Manager for additional information.

If you need technical assistance, please e-mail CrossfireHQ@carlson.com.

Dealer Code	43710	
Dealer Name	MENDENHALL AUTO CENTER	
Dealer Address	8725 MALLARD STREET JUNEAU , AK 998018052	
2003 CY Vehicle Allocation	1	(Additionally, all participating dealers will be allocated a minimum of one Crossfire in the 2004 CY.)
Special Tools	\$6,600.00	Special tools will be required to service the 2004 MY coupe and serve as the foundation of tools required for future model years and the convertible. The special tool package will be billed to the dealer's parts account in the sum of \$6,600.
Parts Package	\$1,200.00	A maximum of \$1,200 worth of parts will be shipped to each dealer to support Crossfire. Upon shipment, the cost of the parts will be charged to the dealer's parts account.
Technical Training	\$150.00	Technical Training consists of an interactive disc (\$150) and two days of live training (free). Dealers must complete Technical Training prior to receiving their first vehicle.
Sales Training	\$150.00	One Crossfire interactive CD-ROM training disc will be supplied to all dealers. This CD will be timed to arrive at dealerships to coincide with the official launch of the Crossfire in July. Dealers must complete Sales Training prior to receiving their first vehicle.

11:52 AM 03 08:13P

Tony Chevrolet of Anchorage



Exhibit P-4 4

9100 Old Seward Highway
Anchorage, Alaska 99515
(907) 365-8500
Fax (907) 365-8660

November 10, 1999

Dear Mr. Lyberger,

Effective upon your receipt of this letter, Tony Chevrolet of Anchorage, will take the position that new vehicles acquired for the purpose of resale by a broker in direct competition with this dealership will not be eligible for warranty repairs at our shop.

To save your customers from any unnecessary inconvenience please inform them of our position. A copy of this letter will be shown to all of your customers attempting to have their vehicle serviced at our shop.

The following vehicle identification numbers, which represent your current GM inventory, will be flagged in our computer system as vehicles that are not eligible for warranty repairs by our company. We will continue to add to this list as your inventory changes.

Sincerely,

Tony Marlerto
Dealer/President

1GTGK23J9YF402620 1GCGK23J3YF410616 1GCGK29U9YZ112796
1GCEK19T0Y3104358 1GCGK29U5YZ122340 2GCEK19T7Y1109459
1GCGK29U6YE102931 1GCGK29U4YZ122815 1GCGK23J4YF409376
1GCGK29U1YZ110475 1GTGK29U4YE110610



Alaska Sales and Service

SERVING ALASKANS SINCE 1944

1300 E. 5th Avenue
Anchorage, Alaska 99501
Phone (907) 279-9641

November 8, 1999

*Not New
Used*

*We are not a
Baker, we have a
dealer license*

Dear Mr. Lyberger,

*Reason
in Sect. 1
HB 272*

Effective upon your receipt of this letter, Alaska Sales & Service will take the position that new vehicles acquired for the purpose of resale by al broker in direct competition with this dealership will not be eligible for warranty repairs at our shop.

To save your customers from any unnecessary inconvenience please inform them of our position. A copy of this letter will be shown to all of your customers attempting to have their vehicle serviced at our shop.

The following vehicle identification numbers, which represent your current GM inventory, will be flagged in our computer system as vehicles that are not eligible for warranty repairs by our company. We will continue to add to this list as your inventory changes.

Sincerely,

[Signature]
Leonard G. Bryant
Dealer/President

Alaska Sales & Service sent an employee over @ around 6:00 AM on a cold day to get VIN #'s

1GTGK23J9YF402620	1GCGK23J3YF410616	1GCGK29U9YZ112796
1GCEK19T0YE104358	1GCGK29U5YZ122340	2GCEK19T7Y1109459
1GCGK29U6YE102931	1GCGK29U4YZ122815	1GCGK23J4YF405376
1GCGK29U1YZ110475	1GTGK29U4YE110610	

VIA FAX to Tony Marletto at Tony Chevrolet
VIA FAX to Chuck Singletary at Valley Motors

Exhibit 6



General Motors

March 15, 1999

Nelusha Ediriweera, Esq.
Director of Public and Regulatory Affairs
NAATA
3190 Ridgeway Drive, Unit 7
Mississauga, Ontario L5L 5S8

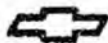
Re: February 17, 1999 Letter

Dear Nelusha:

I am in receipt of your letter in which you allege possible illegal actions by GM regarding "gray market" vehicles from Canada. We are investigating the matters raised. I am glad that your letter shows your understanding that GM can take certain legal actions to maintain an appropriate distribution system and increase customer satisfaction. To that end, you might be interested to know that GM is considering changing its policy and not automatically denying warranty coverage to vehicles imported for resale in the United States.

Very truly yours,

Douglas J. Herberger
General Manager - Western Region



GMC

General Motors Corporation

Vehicle Sales, Service and Marketing
Western Region

515 Marlin St., Suite 101
Thousand Oaks, CA 91360

Honors warranties on gray-market cars

ulled down a market March honor the fac- GM gray-mar- imported by a from another Canada, and States. not endorsing will continue ers in Canada ling new vehi- and brokers the vehicles in

is a welcome M dealers who product but market GM ve- one Chevrolet nadian border M improve its tem and send

ves American nc. as the only pany that does

not honor the Canadian factory warranties on gray-market vehicles.

RISE IN IMPORTS

A booming U.S. car market and a weak Canadian dollar caused imports of gray-market vehicles from Canada to rise to about 78,000 units in 1990, more than triple the 1987 figure. The majority of the vehicles were light trucks, said the U.S. National Highway Traffic Safety Administration, which oversees registered vehicle im- porters.

During the first two months of 1991, about 21,000 Canadian vehicles were imported into the United States, NHTSA said.

Although automakers discourage their franchised Canadian dealers from selling new vehicles to known import/export companies, a growing number of new vehicles have come to the United States — where most states require they be sold as used — through wholesalers, brokers and fleet companies

The vehicles must go through a registered U.S. vehicle importer that verifies the vehicles meet U.S. regulations and insures the vehicles against past and future recalls. Typically, the importer installs a new odometer that reads miles instead of kilometers.

Ford Motor Co., DaimlerChrysler, Nissan North America Inc. and Toyota Motor Sales U.S.A. Inc. say they honor the factory warranties on their vehicles imported from Canada.

American Honda has said otherwise. American Honda sent a letter to its dealers this month stating that Honda vehicles imported from any country are not eligible for warranty coverage from American Honda.

Art Garner, an American Honda spokesman, said U.S. Honda and Acura dealers who resell Canadian vehicles typically buy extended warranties from independent companies to replace the factory warranties.

Until now, GM stuck by its ser-



vice policy manual, which stated that the customer must be charged for warranty repairs if the GM vehicle was allocated originally to a Canadian dealer and resold in the United States.

The exception was Canadian citizens who had relocated to the United States with a GM vehicle.

CUSTOMER FIRST

In its new policy, GM has softened the language by saying that the warranty "may be void" on im-

ported vehicles, and that GM reserves the right to address each warranty on a case-by-case basis.

Despite the caveat, Brian Hoglund, director of warranty operations at GM, said GM will honor the factory warranty whether or not the consumer knew the vehicle originally was sold in Canada. The policy change is "purely for customer satisfaction," Hoglund said.

Even before GM changed the policy, some GM dealers risked buying Canadian vehicles to fulfill demand and to compete with non-GM dealers who also were buying gray market GM vehicles.

A Chevrolet dealer near the Canadian border, who asked not to be named, said several independent used-car dealers and the local Dodge dealership have nearly new 1999 Chevrolet Silverado light trucks on their lots from Canada.

If GM cannot get him vehicles, he said, he has no choice but to buy gray-market cars and light trucks.

outside executives

and Ford Motor change Ford's new ideas. His to transform the the world's pre- posing corpora- nonautomotive. an carries risks initives. Already, es are uncertain s of promotion. when Nasser ew team, seven

Fresh Blood

Executive appointments at Ford Motor Co.

John J. Chirba, 42 Title: Director of design, small- and medium-car vehicle center Previous job: Chief designer, Ford	Ann O. Wolff, 40 Title: Ford customer service division director of vehicle service and programs Previous job: Vice president of quality and continuous improvement, United Technologies Automotive
Janet Klug, 39 Title: Marketing communications manager, Ford Division Previous job: Senior vice president, Leo Burnett USA	Philippe Pallant, 47 Title: Ford Financial Services Group president, Ford Motor Credit Co. chairman Previous job: Group executive

More fresh blood

Executive appointments at Ford Motor Co.

Chris Bird, 42 Title: Director of design, small- and medium-car vehicle center Previous job: Chief designer, Ford	Ann O. Wolff, 40 Title: Ford customer service division director of vehicle service and programs Previous job: Vice president of quality and continuous improvement, United Technologies Automotive
Janet Klug, 39 Title: Marketing communications manager, Ford Division Previous job: Senior vice president, Leo Burnett USA	Philippe Pallant, 47 Title: Ford Financial Services Group president, Ford Motor Credit Co. chairman Previous job: Group executive

LRP 11/11/91

Exhibit 6(b)

USA: Independent extended warranty cover better for dealers than
OEMs' - survey

14 Mar 2003

Source: just-auto.com editorial team

In the highly-profitable area of extended warranty programmes, automotive dealerships are significantly more satisfied with independent service contract providers than OEM providers, according to the Inaugural JD Power and Associates 2003 Dealer Service Contract Satisfaction Study (DSCS).

The study measures dealer experience with the service, products and financial administration and fees of their primary service contract provider and is based on more than 5,000 responses from more than 3,300 US car dealers.

The study finds that independent providers score significantly higher than OEM providers in all measures of satisfaction, and do so with more competitive rates than traditional service contract products offered by manufacturers. Independent providers receive an overall satisfaction index score of 791 - 72 points higher than the overall OEM provider score.

#125-6080 Russ Baker Way
Richmond, B.C.
Canada V7B 1B4

Toll Free 1-800-291-6971
Tel: (604) 278-4551
Fax: (604) 278-3292



Exhibit 1

www.orcaimports.com



May 9, 2003

To Labour & Commerce Committee members
Alaska Capitol

ATT: Tom Anderson

From: Callum J.M. Herdson
ORCA AUTO SALES LTD.
Richmond, B.C., Canada

Gentlemen; RE: House Bill 272 "An Act relating to motor vehicle dealers"

We ask that the members of this committee remove section 1 of HB 272, on the basis that this section is harmful to the interest of consumers and competition and is an illegal trade restriction that exposes the State government to liability under the North American Free Trade Agreement.

Orca Auto Sales Ltd. is an independent car dealer and international wholesaler of quality used vehicles. We feel that this House Bill will have a serious negative impact on our ability to supply the quality vehicles requested by our Alaskan customers, and their ability to supply their customers with vehicles at more reasonable cost. As a matter of fact Orca Auto Sales Ltd. provides vehicles to franchised car dealers throughout the U.S.A. We also receive ex-rental vehicles after 4 months of service and supply these to dealers in Alaska and elsewhere.

We would think that the elected officials in Alaska would be dedicated to the principle of fair trade and competitive prices for all the consumers (their constituents).

Please reconsider section 1 of HB 272 and remove it from the legislation. Stand up for fair trade and competitiveness.

Yours truly,
Orca Auto Sales Ltd.

Callum J. Herdson
President



Exhibit 2

Ford Motor Company of Canada, Limited
Ford du Canada Limitée

John D. Radford
Vice President
General Sales

The Canadian Road
Oakville, Ontario
L6J 5E4
July 26, 1999

To: All Ford of Canada Dealers

Attention: Dealer Principal

SUBJECT: Application of paragraphs 6(m) and 6(n) of your Dealer Sales and Service Agreement (D.S.S.A.)

- Definition of Irregular and Export Sales outside Canada (Used Vehicles)
- Fleet Definition of Used Vehicles

In order to improve your competitiveness in the marketplace, we are revising the application of paragraphs 6(m) and 6(n) to used vehicles.

Definition of Irregular and Export Sales outside Canada

Effective immediately, the provisions of paragraphs 6(m) and 6(n) will no longer apply to the resale or offer for sale or lease of used vehicles outside Canada which meet both of the following conditions:

- 1) A minimum of six months has elapsed from the original retail delivery date or first use in Canada, whichever occurs first; and
- 2) The used vehicle has travelled a minimum distance of 15,000 kilometers in Canada.

These revised terms will continue to apply until further notice.

Fleet Definition of Used Vehicles

Effective immediately, Fleet Department policy is being revised. The following vehicles will not be eligible for the Fleet Incentive Program:

- 1) any vehicle that is not retained in Canada for a minimum in-service period of 6 months and 15,000 kilometers (previously was 8 months or 25,000 kilometers),
- 2) any vehicle exported from Canada within 6 months from the date of original purchase and 15,000 kilometers use (previously was one year).

We trust you will find that these revisions provide a more competitive and consistent policy.

Yours very truly,

Exhibit 3



HOME OFFICE LETTER

Number: 2002-124

Date: 10/09/2002

**Subject: WARRANTY AND ODOMETER POLICY ON CANADIAN VEHICLES
EXPORTED TO THE U.S.**

To: ALL GENERAL MOTORS OF CANADA DEALERS AND SSI RETAILERS

As you know, on many occasions General Motors of Canada Limited ("GMCL") has advised Dealers/Retailers of our policy with respect to vehicle exports to the U.S. On June 11, 2002 Home Office Letter (HOL) 2002-050 was issued to restate our policy. HOL 2002-102 dated September 16, 2002 was issued to provide Dealers/Retailers with the details of the allocation curtailment process. On July 18, GMCL first aired Marc Comeau's HIDL broadcast on the subject of exports which included GM's policy regarding warranty on vehicles exported to the U.S. The purpose of today's HOL is to provide Dealers/Retailers with the details of GMCL's policy on warranty and odometer conversions, repairs, and replacement. GM Dealers in the US, were advised of these policies on September 23, 2002.

The policy is as follows:

- New vehicles originally sold in Canada with an in-service date on or after September 1, 2002 must have been in service in Canada for at least six months and must have at least 12,000 kilometers (7,500 miles) before a GM Dealer/Retailer in the U.S. is authorized to perform warranty work. Exceptions apply to Canadian owners touring in the U.S., Canadians legitimately relocating to the U.S., and work required by a GM Product Recall.
- GM's Policy and Procedure Manuals, both in Canada and the U.S., have long stated in Article 1.2.2 that Warranty "coverages do not apply if the odometer has been disconnected, its reading has been altered, or the mileage/kilometrage cannot be determined". Each warranty and owner assistance manual in both Canada and U.S. contains the same language.
- If the odometer needs to be repaired, replaced or converted from kilometers to miles (or vice versa), it is critical that such work be performed properly and only when necessary. Therefore, unless otherwise specifically authorized in writing by GM/GMCL, the customer must go to an authorized GM/GMCL Dealer/Retailer who in turn will arrange to have such odometer replacement, repairs or conversion performed by a GM authorized Electronic Service Center in the U.S. or Electronic Instrument Cluster Service Centre in Canada. If the odometer has not

unless otherwise specifically authorized in writing by GM/GMCL, the customer must go to an authorized GM/GMCL Dealer/Retailer who in turn will arrange to have such odometer replacement, repairs or conversion performed by a GM authorized Electronic Service Center in the U.S. or Electronic Instrument Cluster Service Centre in Canada. If the odometer has not been repaired, replaced, or converted according to GM/GMCL's approved process the vehicle warranty will be denied on an ongoing basis.

- When odometers are repaired, replaced or converted using the approved process the vehicle's history file will be updated with a claim code. It will be the responsibility of Dealers/Retailers to check each vehicle's history using GMVIS to determine the original country of sale, the in-service date, and if the odometer conversion was authorized. If the vehicle is not eligible for warranty, the Dealer/Retailer must advise the customer accordingly. GM/GMCL reserves the right to debit Dealers/Retailers for any warranty claims submitted on ineligible vehicles.
- New vehicles originally sold in Canada with an in-service date before September 1, 2002 will not have the warranty restricted in the U.S. solely because (a) the vehicle has less than 12,000 kilometers (7,500 miles) and less than six months of service in Canada or (b) the odometer replacement, repair, or conversion is not completed by an approved GM/GMCL source, provided the replacement, repair or conversion is completed properly.
- It is important to note that neither GM nor GMCL are responsible to determine whether an odometer conversion is required by any applicable law in Canada or the U.S., or if conversions performed in Canada are acceptable to U.S. authorities or vice versa.
- For vehicles with an in-service date of September 1, 2002 or later, General Motors Protection Plan vehicle service contracts will not be honoured if the odometer has not been converted according to this policy.
- The list of twenty-five (25) GM authorized Electronic Service Centers in the U.S. and three (3) Electronic Instrument Cluster Service Centres in Canada are attached for your reference.

Both GM and GMCL want to emphasize that these actions are not meant to encourage exportation of new vehicles from Canada into the U.S. for resale. Such actions remain contrary to GM and GMCL policies.

Please contact your Zone Office if you have any questions regarding this policy.

M.J. Comeau
Vice President -- Sales, Service & Marketing

URGENT
HB 272

To: Representative
Ethan BERKOWITZ
Bruce Weyrauch & State Affairs
Committee Members

We ask that the members of the committee remove section 1 of HB 272, on the basis that this section is harmful to the interests of consumers and competition.

In Response to House Bill 272, the North American Automobile Trade Association and its Alaskan members are opposed to section 1 of House Bill 272 "An Act relating to motor vehicle dealers"

Section 1 of HB 272 was crafted for the sole benefit of franchised vehicle dealers who are trying to prevent competition from independent dealers. Section 1 of HB 272, empowers Franchised dealers with uninterrupted control of product sales and service of a current model year vehicles for at least 16 months, including the sale of Canadian vehicles. Document provided stating that Orca sales provides Canadian vehicles to Franchised dealers **Exhibit 1**
Competition will be completely eliminated. Consumer choice will be effectively removed.

Not even the manufacturers of these products want these types of restrictions imposed. Ford and General Motors stipulate that if the vehicles have been in service for at least six months and have a certain mileage, after that anyone can sell the vehicle. All manufacturers regardless stipulate that the dealer must perform the safety recall work to the consumer free of charge. See attached **Exhibit 2 & 3**

Ultimately Section 1 of HB 272 does not provide protection to the consumer, as they are being forced to purchase from the franchised dealer. Consumer bargaining power will be eliminated. Independent dealers will be forced to lay off employees and eventually shut down their business. Independent dealers have also have made large investments. Starting their business from scratch, and growing to as many as 39 employees. They invest in commercial property, pay taxes, and they are committed to their employees, and the community. Franchised dealers want the competition removed for them by this bill. There should be an even playing field for all. Section 1 of HB 272 eliminates the independent dealers. Warranties are denied, after market warranties provided have been attacked. **Exhibit 4 & 5 & 6**

Surveys show that independent warranty coverage is better for dealers than OEM's. Documents will show that Franchised dealers were denying warranty coverage due the competition even when the manufacturer was honoring the warranty. **Exhibit 7 & 8**

State Attorney General Gregg Renkes wrote in a letter to NAATA dated April 1, 2003,

"Motor vehicle manufacturers, such as Chrysler, have seen a tremendous increase in the sale of newer, current model Canadian vehicles by non-franchised used car dealers because of the favorable exchange rates between Canada and the U.S. Some of these vehicles have fewer than 100 miles on them, and show up on used car lots before the franchised dealers can get them from the manufacturer. Used car dealers sell these vehicles for thousands less than the identical U.S. counterpart. This has significantly impaired the ability of franchised dealers to compete with dealers selling Canadian imports.

... Nonetheless, it is clear that the Alaska Legislature does not favor the practice of used car dealers selling low-mileage, current model Canadian vehicles that are imported for the sole purpose of undercutting the local franchised dealers. As I'm sure you know, this becomes particularly troublesome for franchised dealers who invest substantial sums of money to acquire and maintain their dealerships, including repair facilities, sometimes elaborate showrooms, and other expenses not incurred by other used car dealers."

If Alaskan consumers are able to save thousands of dollars and receive better product selection by buying Canadian vehicles from independent dealers, the Alaska legislature should allow these sales. Renkes' concern is that franchised dealers have invested substantial sums of money on fancy showrooms. Many independent dealers also have fancy showrooms. If the legislature wants to keep car prices inflated to protect these dealers, section 1 of Bill 272 should limit sales of current model year vehicles to dealers (both franchised and independent) who spent \$500,000 on building their showrooms. Moreover, consumers are not interested in the amounts dealers paid for the showrooms. They are only concerned about good quality cars at the lowest possible price. Further, franchised dealers are free to compete with independent dealers by also selling Canadian cars.

Long term, the franchised dealer will be hurt by section 1 of HB 272. Current model year product that dealers cannot move off of their lots is taken to the auction to be sold. Who can purchase them and can the auction even sell them? With section 1 of HB 272 current wording, a Ford dealer will not be able to purchase a GM current year product, nor would a Chrysler dealer be able to purchase a Ford current year product.

Dealer propaganda and scare tactics are being used to prevent the sale of Canadian vehicles.

Odometer Fraud has been mentioned. Odometer fraud is not unique to Canadian vehicles; it is a North American problem, one that we are all concerned about. There are laws in place that protect consumers from rouge dealers who perform illegal actions such as odometer fraud.

Another false statement is that consumers will not be provided with safety recall information on Canadian vehicles. This is far from the truth. NHTSA Vehicle Compliance Division has very strict and enforceable laws that the Registered Importer who brings a Canadian vehicle into the United States for the purpose of resale must comply with. The Tread Act has extended the reporting time on recalls from 8 years to 10 years, a \$20,000 bond, \$2,000 per year X 10 years, is attached to every vehicle imported into the United States through the Registered Importer program and the RI must submit quarterly reports to NHTSA. It should also be noted that the manufacture does perform the safety recall work to the consumer free of charge, if for any reason that does not happen then the bond provided by the Registered importer is in place.

Polk and Experium (who provide the same data to the manufacturer) also provide data base information and mailings to the current titled owner notifying them on behalf of the Registered importer that there is a safety recall on their vehicle. Registered importers must file a quarterly report that is received from Polk or Experium, with NHTSA. Penalties are stiff and enforceable for non-compliance of safety recall reporting.

Exhibit 9

A Registered importer must provide a dealer printout that the Canadian vehicle being imported, does not have a Canadian recall prior to importation, or if it has a work-order indicating that the recall has been satisfied. The Canadian vehicle also will show the mileage in Kilometers, once the odometer has been changed to miles, the RI must take a photograph of the odometer to be submitted to NHTSA. An odometer statement is also submitted with the compliance package to be inspected by NHTSA before the vehicle can be released for resale. The registered importer must also attach a label with their name and address, vehicle weight, tire specifications similar to an OEM label. NHTSA also retains import information.

These are legitimate business people conducting legitimate businesses. When a Registered importer imports Canadian vehicles they also take on 10 years of liability for safety recalls.

Currently there are antitrust lawsuits taking place in several states, as well as a FTC investigation due to complaints against dealers, and manufacturers. I ask the committee to allow the courts to decide whether or not the manufacturers and dealers are right or wrong. Don't allow the dealers manipulate your government into removing their competition for them. It appears that manufacturers and their dealers are using the Alaska legislature as part of their scheme to wipe out competition. Section 1 of Bill 272 should be removed to prevent the Alaska government from being part of this scheme.

Documents to support our claims and statements are attached.

Thank you for your attention.

Warning Alaska Automobile Consumers. The Alaska Legislature is attempting to increase the cost of your next vehicle purchase. House Bill 272 will give new car dealers Exclusive Sole Source rights to sell all new and USED current model year vehicles. This Bill will infringe upon your rights to purchase a high quality USED current model vehicle from an authorized used car dealer. I encourage you to join me and express your outrage against HB 272 which will restrict free trade and eliminate competition in the automobile industry in Alaska. The end result will be higher prices to you the consumer.

House Bill No. 272 Overview

- House Bill No. 272 has been deliberately fast tracked to avoid public comment and the public outcry due to egregious infringement upon the rights of used car dealers to purchase and sell their inventory of used cars
- This Bill, as currently written, restricts fair trade in the open and free market system of the United States of America
 - The purpose and effect of section 1 (b) of HB 272 is to restrict free enterprise and wrongfully prevent the used car dealers from selling USED cars that are a current model vehicles. This legislation is deliberately intended to provide New cars dealers a sole source market which will have a profound adverse effect on the consumer by restricting competition. The lack of competition in the market place will result in higher prices for used "current" model vehicles which pursuant to HB 272 can only be sold by new car dealers
 - Heretofore there have always been only two types of car dealers - new and used. All financial institutions recognize this distinction and provide financing rates based upon these categories
 - New car dealers are factory franchised dealer that sell new vehicles - vehicles that have never been sold or titled
 - Used car dealer (the vast majority of car dealers in Alaska) sell vehicles that have previously been sold and titled
 - Currently there are 31 New car dealers in the State and over 230 used car dealers

House Bill No. 272

- House Bill No. 272 has been deliberately fast tracked to avoid public comment and the public outcry due to egregious infringement upon the rights of used car dealers to purchase and sell their inventory of used cars
- This Bill, as currently written, restricts fair trade in the open and free market system of the United States of America
 - The purpose and effect of section 1 (b) of HB 272 is to restrict free enterprise and wrongfully prevent the used car dealers from selling USED cars that are a current model vehicles. This legislation is deliberately intended to provide New cars dealers a sole source market which will have a profound adverse effect on the consumer by restricting competition. The lack of competition in the market place will result in higher prices for used "current" model vehicles which pursuant to HB 272 can only be sold by new car dealers
 - Heretofore there have always been only two types of car dealers - new and used. All financial institutions recognize this distinction and provide financing rates based upon these categories
 - New car dealers are factory franchised dealer that sell new vehicles - vehicles that have never been sold or titled
 - Used car dealer (the vast majority of car dealers in Alaska) sell vehicles that have previously been sold and titled
 - Currently there are 31 New car dealers in the State and over 230 used car dealers
- HB 272 as currently written will provide the New Car Dealers an exclusive SOLE SOURCE market on all new and used cars in the current model year
- This Bill is targeted at the small business car dealers that are providing high quality, affordable used cars to the public consumer
- This bill is illadvised -- it inappropriately restricts trade and establishes a sole source market for new car dealers which will result in higher prices for consumers
- In a troubled Alaska economy Bill 272 will have the net effect of loss revenue in Alaska

- HB 272 as currently written will provide the New Car Dealers an exclusive SOLE SOURCE market on all new and used cars in the current model year
- This Bill is targeted at the small bussiness car dealers that are providing high quality, affordable used cars to the public consumer
- This bill is illadvised -- it inappropriately restricts trade and establishes a sole source market for new car dealers which will result in higher prices for consumers
- In a troubled Alaska economy Bill 272 will have the net effect of loss revenue in Alaska
- This Bill will effectively reduce the number of high quality USED "current" model vehicles available and sold in the State
- HB 272 will have a profound negative impact upon Alaska's lending institutions. New cars dealers typically finance vehicles sold through their franchise owner (GMAC financing and Chrysler financial for example). These financing revenues will be lost to Alaska's lending institutions
- In addition, the lending institutions will be impacted advesely because the Alaska lending institutions are carrying the mortgages for many of these used car dealers. When the used cars dealers business revenues decline due to the restrictive legislation imposed by HB 272 they will not be able to pay the banks the money that has been loaned. In many cases these loans are for millions of dollars. When this restrictive legislation forces used cars dealers out of business the financial institutions will be left holding the bag
- Many buyers will not pay these exorbitantly high sole source auto prices and many will travel to Seattle Washington to purchase their vehicle -- more revenue lost to the troubled State economy.
- When the President and Governor Murkowski are reaching out and encourging small businesses as a major initative to get our economy back on its feet the Alaska Legistlature is attempting to pass House Bill No.272 which unfairly and unreasonable retricts free interprise in an open market economy
- I have been an Alaskan resident since 1976 and I am not involved in the new or used car business
- I am alarmed at the restraint of trade and delibert attempt by the Alaska legislature to

- to create a sole source vehicle market in Alaska through the passage of HB 272
- To the best of my knowledge in the USA we encourage a free, open and competitive market place. In fact State Procurement laws requires full and open competition where ever possible
 - As a consumer I am requesting you to ask why this legislation is so unduely restrictive

Recommended Solution:

- I am requesting your support to modify HB 272 as follows:
 - Section 1.(b) leave the word "new" in HB 272 and delete the word "current". This minor correction will allow both new and used car dealers to sell used vehicles.
 - Failing this minor correction to section 1 (b) I am requesting that you protect the rights of all consumers in Alaska, the financial institutions of Alaska, and the used car dealers by voting down HB 272 so that it can get a full and proper public hearing where it will be very clear that HB 272 restrict free interprise and will have an adverse impact on our economy

Kathleen F. Johnson
Anchorage Ak
(907)244-3344

[Fwd: HB 272]

Subject: [Fwd: HB 272]

Date: Wed, 14 May 2003 07:14:34 -0800

From: Bruce Weyhrauch <Representative_Bruce_Weyhrauch@Legis.state.ak.us>

Organization: Alaska State Legislature

To: Ginny Austerman <Ginny_Austerman@legis.state.ak.us>

distributte this and attachment to committee

Subject: HB 272

Date: Tue, 13 May 2003 15:32:42 -0800

From: Diana Pfeiffer <diana@aksales.com>

To: Bruce Weyhrauch <Representative_Bruce_Weyhrauch@legis.state.ak.us>

Representative Weyrauch,

I was available to testify this morning before the recess, however I have a conflict of meetings this afternoon when you reconvene so won't be able to testify. I fully support HB 272 as written. The Alaska Auto Dealers Association has worked with the Attorney General office to propose changes to existing law that will provide much clearer language pertaining to consumer protection as well as enforcement.

I am going to attach written testimony that I had sent to Representative Anderson, Chair, House Labor and Commerce Committee.

If you have any questions, please feel free to call me, and if unavailable, I will get back to you. My phone number is 907-265-7571.

Thank you for taking time to read my testimony.

Sincerely,

Diana Pfeiffer

President, Alaska Sales and Service, Inc - Anchorage and Wasilla

President, Alaska Automobile Dealers Association



HB272 testimony.doc

Name: HB272 testimony.doc

Type: WINWORD File (application/msword)

Encoding: base64

Download Status: Not downloaded with message