

HB

235

<TARGET><BILL>HB 235</BILL><SUBJECT>HB
235</SUBJECT><COMM>HTRA27</COMM></TARGET>

ALASKA STATE LEGISLATURE

Session:
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Juneau, Alaska 99801-2186
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REPRESENTATIVE STEVE THOMPSON DISTRICT 10

MEMORANDUM

To: Representative Peggy Wilson, Chair
House Transportation Committee

From: Representative Steve Thompson

Date: January 17, 2012

Re: Hearing request for HB 235

"An Act relating to certain vehicles, including trailers; and relating to motor vehicle dealer advertising, motor vehicle dealer sales of used motor vehicles, motor vehicle sales contracts, motor vehicle service contracts, and motor vehicle sales financing."

Please consider this memo as a request for the House Transportation Committee to hear HB 235.

The following documents are attached and will also be provided via email:

HB 235 Sponsor Statement version A
HB 235 Sectional version A
HB 235 version A
Alaska Auto Dealers Association Letter of Support

Thank you.

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REPRESENTATIVE STEVE THOMPSON DISTRICT 10

House Bill 235 – Sponsor Statement

"An Act relating to certain vehicles, including trailers; and relating to motor vehicle dealer advertising, motor vehicle dealer sales of used motor vehicles, motor vehicle sales contracts, motor vehicle service contracts, and motor vehicle sales financing."

HB 235 updates AS 45.25.400 - AS 45.25.990 (commonly referred to as the "Alaska Auto Dealers Practices Act") by clarifying several provisions concerning the advertising of new and used automobiles. The revisions will assist consumers in understanding auto comparison pricing, and will eliminate ambiguities contained in the current statute, assisting dealers in following state law.

This bill allows dealers to advertise price reductions on used cars, provided the comparison price is taken from a national valuation pricing publication such as Kelly Blue Book or N.A.D.A. Official Used Car Guide. The bill also requires that dealers make the "blue book" available to customers upon their request. This will allow dealers to inform consumers when a used car is being offered at a discounted price, and will also allow consumers to better understand the true market value of a used car they may be interested in buying.

For new cars, the bill will allow dealers to inform consumers that the dealer's asking price is less than the manufacturer's suggested retail price, and that the dealer's price reflects a savings or discount to the consumer.

In all advertising, the dealers advertised price must include all fees to be charged by the dealer other than fees charged by government agencies such as licensing fees and taxes.

Furthermore, HB 235 provides that a dealer may display a vehicle for sale, but may not enter into a contract to sell a vehicle unless the dealer has title to the vehicle

Finally, this bill establishes the responsibilities of the dealer and customer when the dealer accepts a trade-in and the customer takes possession of a vehicle prior to final approval of financing.

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REPRESENTATIVE STEVE THOMPSON DISTRICT 10

House Bill 235 – Sectional Analysis

"An Act relating to certain vehicles, including trailers; and relating to motor vehicle dealer advertising, motor vehicle dealer sales of used motor vehicles, motor vehicle sales contracts, motor vehicle service contracts, and motor vehicle sales financing."

Section 1. Clarifies the "MSRP" shown on the federal Monroney sticker is the manufacturer's suggested retail price, and not the dealer's advertised price. Also clarifies what items are included by the manufacturer in arriving at MSRP as shown on the Monroney sticker, and allows dealers to advertise a savings or discount from the MSRP.

Section 2. Requires that the dealer's advertised price must include all dealer fees and costs except fees paid to a governmental agency such as taxes and licensing fees.

Section 3. Removes disclosure requirement regarding use of MSRP in advertising, and removes subsection dealing with price advertising that is covered in Section 1 to amendment to AS 45.25.400(b).

Section 4. Requires dealers use nationally recognized valuation publications (such as Kelly Blue Book or N.A.D.A. Official Used Car Guide) as the retail value when advertising comparative pricing for used cars. HB 235 requires that this pricing information be provided to consumers upon request.

Section 5. Removes section now covered in Section 2 amendment to 45.25.440; allows dealer to make vehicle identification information available in the advertisement or at the dealership – this resolves the problem of impossible to read small print on television advertising; and renumbers sections of 45.25.460(a). (This renumbering requires the amendment in Section 8)

Section 6. Changes the word "verified" to "signed" so the information provided by an individual to a dealer need not be notarized.

Section 7. Allows a dealer to have a vehicle on the sales lot and show it to customers prior to having all required paper work, but prohibits sale of the vehicle until the dealer has all required paperwork in its possession.

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Section 8. Conforms AS 45.25.520 with renumbering in Section 5.

Section 9. Clarifies that the sales contract will be void if the dealer or the financing institution changes terms of a separate agreement relative to financing.

Section 10. Provides for responsibility of a buyer to return a vehicle if financing is not approved and the responsibility of dealer to return a trade-in delivered to the dealer.

Section 11. Establishes responsibility of a buyer to return a vehicle if the financing is denied as a result of intentional misrepresentation in the credit application, including mileage fee if over 100 miles are put on the vehicle and responsibility for damage to the vehicle, parking tickets, towing fees, storage fees, impound fees, and other similar charges incurred by the buyer while the vehicle was in possession of buyer.

Section 12. Removes unnecessary and impractical obligation imposed on dealers relating to service contracts.

Section 13. Provides that changes affect contracts entered into on or after the effective date of the act and provides definitions for terms used in several sections.

For Section 7 - Motor vehicle is defined in 45.25.590(3) "motor vehicle," notwithstanding the definition of "motor vehicle" in AS 45.25.990, means a vehicle, including a trailer, that is required to be registered under AS 28.10, but does not include a motorcycle.

For Section 12, Service contract is defined in 45.25.990 (18) "service contract" means an optional agreement that is separate from a contract for the sale of a motor vehicle and that covers certain repair or maintenance functions beyond coverage provided by a warranty.

For Section Sections 9, 10, 11, and 12, Motor vehicle is defined in 45.25.990 (12) "motor vehicle" means a motor vehicle that is required to be registered under AS 28.10, but does not include a motor home, a recreational vehicle, or a motorcycle; in this paragraph,

(A) "all-terrain vehicle" has the meaning given in AS 45.27.390;

(B) "recreational vehicle" includes an all-terrain vehicle and a snow machine;

(C) "snow machine" has the meaning given in AS 45.27.390.



ALASKA AUTO DEALERS ASSOCIATION

P.O. Box 201305, Anchorage, Alaska 99520-1305

The Honorable Steve Thompson
Alaska State House of Representatives
Alaska State Capitol, Room 428
Juneau, Alaska 99801-1182

RE: House Bill 235 Motor Vehicle Transactions

Dear Representative Thompson:

On behalf of the Alaska Automobile Dealers Association, we wish to thank you for sponsoring House Bill 235 that updates AS 45.25.400- AS 45.25.990, commonly referred to as the "Alaska Auto Dealers Practices Act". HB 235 assists consumers in understanding auto comparison pricing and assist dealers in following state law. It clarifies allowable automobile advertising practices and clarifies responsibilities of dealers and customers in the financing of automobiles.

HB 235 requires in all advertising, the dealers advertised price must include all fees to be charged by the dealer other than fees charged by government agencies such as licensing fees and taxes. For new cars, the bill will allow dealers to inform consumers if the dealer's asking price is less than the manufacturer's suggested retail price, and that the dealers price reflects a savings or discount to the consumer.

This bill allows dealers to advertise price reductions on used cars, provided the comparison price is taken from a national valuation pricing publication dealers must make available to consumers, such as Kelly Blue Book or N.A.D.A. Official Used Car Guide. This will allow dealers to inform consumers when a used car is being offered at a discounted price, and will also allow consumers to better understand the true market value of a used car.

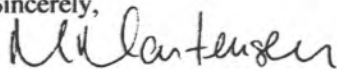
HB 235 provides that a dealer may display a vehicle for sale, but may not enter into a contract to sell a vehicle unless the dealer has title to the vehicle.

Finally, this bill establishes responsibilities of the dealer and customer when the dealer accepts a trade-in and the customer takes possession of a vehicle prior to final approval of financing.

This bill is the product of an extended process examining the current law, developing language that protects consumers and clarifying statutory language to reflect the original intent of the law.

This association and its membership are in full support of HB 235.

Sincerely,



Marten Martensen
President AADA