

SB

125

<TARGET><BILL>SB 125</BILL><SUBJECT>SB
125</SUBJECT><COMM>STRA27</COMM></TARGET>



SENATE TRANSPORTATION
COMMITTEE

State C

Juneau

907-46

TO: Senate Transportation Committee

FROM: Senator Albert Kookesh, Chair *AKookesh*
Senate Transportation Committee

DATE: January 26, 2012

RE: Senate Transportation Schedule for the week of
January 30-February 3, 2012

Tuesday, January 31: 1pm to 3pm, Butrovich Room 205

There are no bills being heard.

Thursday, February 2: 1pm to 3pm, Butrovich Room 205

To be teleconferenced

SB 125: 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 service contracts, and motor vehicle sales financing. By Senator Kevin Meyer. Referred: Transportation, Labor and Commerce.

Bills previously heard or scheduled

Please contact Nancy Barnes in Senator Kookesh's Office at 465-6828 if you have any questions.

*Feb. 2, 2012
1:05 p.m.*

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 4/12/11

FURTHER: Labor and Commerce

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2/2/12

Transportation Committee considered SENATE BILL NO. 125

SB 125 MOTOR VEHICLE TRANSACTIONS

"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."

and recommends:

- be replaced with CS _____ (_____) Same Title New Title
- adopt previous CS _____ (_____) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

Dept Abbr.	
ADM	LEG
CED	LAW
COR	LWF
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
LAW			X	1

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	X			
	Menard	✓			
	Thomas	✓			
	EBAN	✓			
CHAIR:	Kookesh	X			

Alaska State Legislature



Interim:
716 West 4th Ave.
Anchorage, Alaska 99501
(907) 269-0199

Session:
State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-4945

Senator Kevin Meyer
Senate District O

SPONSOR STATEMENT FOR SB 125

"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."

SB 125 will assist consumers in understanding auto comparison pricing and assist dealers in following state law.

If enacted, SB 125 would update 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.

For new cars, the bill will allow dealers to inform consumers that the dealers' asking price is less than the manufacturer's suggested retail price, and that the dealers' price reflects a savings or discount to the consumer. It also will allow 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 and the "blue book" is available to customers when requested. Dealers will be able to inform consumers when a car is being offered at a discounted price and will allow consumers to better understand the true market value of the car they may be interested in buying.

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.

Finally, this bill clarifies the responsibilities of the dealer and the customer with regards to vehicle title, financing and contracts.

Sectional Analysis SB 125/HB 235

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. 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.

Section 8. Renumbering amendment so reference in 45.25.520 is consistent 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.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version SB 125
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) SB125-LAW-CIV-01-27-12 Dept. Affected Law
 Title An Act relating to certain motor vehicle transactions. Appropriation Civil
 Allocation Commercial and Fair Business
 Sponsor Senator Meyer
 Requester (S) Transportation OMB Component Number 2717

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1037	GF/MH (UGF)						
1178	temp code (UGF)						
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							
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Estimated **SUPPLEMENTAL (FY12) operating costs** _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated **CAPITAL (FY13) costs** _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by Eileen Donahue, Division Operations Manager
 Division Administrative Services
 Approved by Richard Svobodny, Acting Attorney General
Department of Law

Phone 465-5427
 Date/Time 1/27/12 5:00PM
 Date 1/27/2012

FISCAL NOTE

**STATE OF ALASKA
2012 LEGISLATIVE SESSION**

BILL NO. SB 125

Analysis

This bill amends Alaska's Auto Dealer Act to clarify certain provisions dealing with advertising of motor vehicles and when dealer fees are allowed. The Bill clarifies what the manufacturer's suggested retail price must include, and amends provisions that define an advertised price. A new section is added that will allow dealers the ability to run price comparison ads for used vehicles, and offer "free" merchandise with the purchase of a vehicle. The bill also addresses some other technical changes that will streamline some motor vehicle transactions. There should be no fiscal impact to the Department from this bill.



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

*Confidential & Deliberative
Process*

DEPARTMENT Administration	DIVISION Motor Vehicles	BILL NUMBER SB 125	SPONSOR Senator Meyer
SHORT TITLE OF BILL Motor Vehicle Transactions			
RECOMMENDED POSITION Neutral			
PREPARED BY Whitney Brewster	DATE 01/27/12	COMMISSIONER'S SIGNATURE Commissioner Becky Hultberg	DATE 1/27/12

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Department of Commerce, Community and Economic Development, Department of Law, Consumer Protection	CONSTITUENT GROUP(S) AFFECTED BY BILL Unknown
ORGANIZATIONAL SUPPORT FOR BILL Unknown	ORGANIZATIONAL OPPOSITION TO BILL Unknown

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT This legislation deals with motor vehicle dealers' advertising, sales, and financing of new and used vehicles.
ANALYSIS OF BILL/PROGRAM EFFECTS The Division of Motor Vehicles (DMV) does not oversee the process for advertising, selling or financing vehicles. The DMV's function is to title and register a vehicle after the sale has occurred. None of the provisions of the bill pertain to transactions conducted by DMV nor to any DMV activities; consequently, SB 125 has no fiscal or procedural impact on DMV.
AMENDMENTS PROPOSED

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.



ALASKA AUTO DEALERS ASSOCIATION

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

January 4, 2012

The Honorable Kevin Meyer
Alaska State Senate
Alaska State Capitol, Room 103
Juneau, Alaska 99801-1182

RE: Senate Bill 125 Motor Vehicle Transactions

Dear Senator Meyer:

On behalf of the Alaska Automobile Dealers Association, we wish to thank you for sponsoring Senate Bill 125 that updates AS 45.25.400- AS 45.25.990, commonly referred to as the "Alaska Auto Dealers Practices Act". SB 125 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.

SB 125 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.

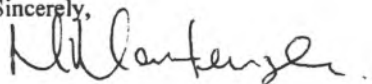
SB 125 provides that a dealer may display a vehicle for sale, but may not enter into a contract to sell a vehicle unless the dealer has title to the vehicle.

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 SB 125.

Sincerely,



Marten Martensen
President AADA