SB

47

<TARGET><BILL>SB 47</BILL><SUBJECT>SB
47</SUBJECT><COMM>SJUD30</COMM></TARGET>

ALASKA STATE LEGISLATURE

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SENATOR KEVIN MEYER
SENATE DISTRICT M

SPONSOR STATEMENT FOR CSSB 47 (L&C)

"An Act relating to motor vehicle franchises, motor vehicle transactions, motor vehicle dealers, motor vehicle manufacturers, and motor vehicle distributors."

The Senate Labor & Commerce CSSB 47 provides guidelines to the repairs made by new motor vehicle dealers. Repairs that are covered under a manufacturer's warranty, policy or service contract require the manufacturer to pay the new motor vehicle dealer retail rates for parts and labor.

CSSB 47 would add seven new sections under AS 45.25 that would outline this payment for repairs: submission of information, calculation of retail rates, manufacturer approval of retail rate, exclusions from calculations, effective dates of rates, retail rate prohibitions, and an audit of retail rate. There is also a section that provides definitions as well as defining the applicability on or after the effective date of the bill.

30-LS0090\U

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SENATOR KEVIN MEYER

SECTIONAL SUMMARY
SENATE BILL 47

An Act relating to motor vehicle franchises, motor vehicle transactions, motor vehicle dealers, motor vehicle manufacturers, and motor vehicle distributors.

Section 1
Amends AS 45.25 by adding several new sections to article 2

Sec. 45.25.200. Payment for repairs.
States that manufacturers shall pay new motor vehicle dealers for repairs covered under a manufacturer's warranty, policy or service contract. Those repairs made by new motor vehicle dealers will be paid according to the retail rates for parts determined by the subsequent new sections.

Sec. 45.25.210. Submission of information.
Outlines what a new motor vehicle dealer shall first submit to the manufacturer in order to establish the retail rate for parts and labor.

Sec. 45.25.220. Calculation of retail rates.
Provides for a calculation for the retail rates.

Sec. 45.25.230. Manufacturer approval of retail rate.
Establishes 30 days for a manufacturer to approve or disapprove a proposed retail rate. Requires manufacturers to provide reasonable substantiation if a proposed retail rate is disapproved.

Sec. 45.25.240. Exclusions from calculations.
States that the calculation of the retail rate may not include: certain promotions that manufacturers require, parts sold wholesale, routine maintenance not covered under warranty, nuts bolds, fasteners that do not have individual part numbers.

Sec. 45.25.250. Effective date of rates.
If approved, the proposed retail rate takes effect 30 days following the approval.

Sec. 45.25.260. Retail rate prohibitions.
There can be no more than one new retail rate in one calendar year. A new motor vehicle dealer may use a previous rate not more than one time in a one year period.

Sec. 45.25.270 Audit of retail rate.
Each year the manufacturer may audit new motor vehicle dealer records to verify and determine that the retail rate has not decreased, if it has, the manufacturer may reduce the rate prospectively.

Section 2
Amends AS 45.25.990
Defines "line or make" and "retail rate"

Section 3
Adds a new section to uncodified law.
This is an applicability section, this bill would apply only to franchise agreements entered into on or after the effective date. Provides definitions for "franchise," "manufacturer," and "new motor vehicle dealer."

Alaska Automobile Dealers Association

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Update Alaska's of Auto Dealer Franchise Act – SB 47

SB 47 updates Alaska's Statutes dealing with franchise agreements between Alaska's auto dealers and outside auto manufacturers. The bill includes provisions dealing with manufacturer policies on warranty service, which will positively impact Alaska consumers and workers.

This legislation brings to Alaska much-needed updates that level the playing field by providing protections to Alaskan businesses and consumers. These protections exist in most other states, however Alaska is behind in updating its laws. Specifically it:

1. Addresses what constitutes good cause for termination or nonrenewal of franchise agreements by adopting good faith standards for the manufacturers, including reasonable performance goals and supplying inventory.

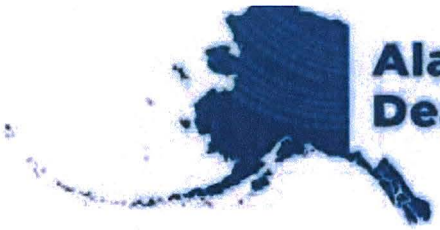
2. Updates notice requirements in cases of termination or nonrenewal of franchise agreements and sets procedures for returning inventory to the manufacturer, including vehicles, parts, and signage previously required by the manufacturer.

3. Establishes procedures determining fair compensation to dealers for warranty work, governing manufacturer audits, and allowing dealers to provide warranty work for consumers over 100 miles from the dealer or not accessible by road.

4. Establishes procedures governing succession planning for dealerships.

5. Provides terms appropriate for rural states rather than large urban centers governing the establishment of new and relocated dealerships.

6. Addresses the sale, transfer or exchange of franchises.



Alaska Automobile Dealers Association

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Affordable Used Cars, Anchorage
Alaska Sales and Service – Anchorage, Chevrolet
Alaska Sales and Service – Anchorage, Cadillac
Alaska Sales and Service – Anchorage Buick
Alaska Sales and Service – Anchorage GMC
Alaska Sales and Service – Valley Buick
Alaska Sales and Service – Valley GMC
Anchorage Chrysler
Anchorage Dodge
Anchorage Ram
Anchorage Jeep
Chevrolet of South Anchorage
Chevrolet of Wasilla
Continental Acura, Anchorage
Continental Honda, Anchorage
Continental Mazda, Anchorage
Continental Nissan, Anchorage
Continental Subaru, Anchorage
Continental Volvo, Anchorage
Dependable Used Cars, Anchorage
Fairbanks Nissan
Gene's Chrysler, Fairbanks
Gene's Dodge, Fairbanks
Gene's Jeep, Fairbanks
Gene's Ram, Fairbanks
Kendall Ford, Anchorage
Kendall Ford, Kenai
Kendall Ford, Wasilla
Kendall Lincoln, Anchorage
Kendall Audi, Anchorage
Kendall Lexus, Anchorage
Kendall Mercedes, Anchorage
Kendall Porsche, Anchorage
Kendall Toyota, Anchorage
Kendall Volkswagen, Anchorage
Lithia BMW of Anchorage
Lithia Chrysler, Anchorage
Lithia Dodge, Anchorage
Lithia Jeep, Anchorage
Lithia Ram, Anchorage
Lithia Fiat, Anchorage
Lithia Hyundai, Anchorage
Lithia Kia, Anchorage
Lithia Mini of Anchorage
Lithia Chevrolet of Fairbanks
Lithia Buick of Fairbanks
Lithia GMC of Fairbanks
Lithia Chrysler, Wasilla
Lithia Dodge, Wasilla
Lithia Jeep, Wasilla
Lithia Ram, Wasilla
Lyberger Car & Truck Sales, Anc
McGee Auto Sales, Anchorage
Mendenhall Auto Chevrolet, Juneau
Mendenhall Auto Chrysler, Juneau
Mendenhall Auto Dodge, Juneau
Mendenhall Auto Jeep, Juneau
Mendenhall Auto Ram, Juneau
Mendenhall Auto Honda, Juneau
Mendenhall Auto Subaru, Juneau
Mendenhall Auto Toyota, Juneau
Quality Auto Sales, Anchorage
Red White and Blue Auto Sales, Anc
Seekins Ford, Fairbanks
Seekins Lincoln, Fairbanks

Alaska Automobile Dealers Association

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Why do Alaska and 49 other states have Auto Dealer Franchise Laws?

In 1978, the United States Supreme Court recognized the need for motor vehicle dealer franchise laws:

> **"Dealers are, with few exceptions, completely dependent on the manufacturer for their supply of cars.** When the dealer has invested to the extent required to secure a franchise, he becomes, in a real sense, the economic captive of his manufacturer. The substantial investment of his own personal funds by the dealer in the business, the inability to convert easily the facilities to other uses, the dependence upon a single manufacturer for supply of automobiles, and the difficulty of obtaining a franchise from another manufacturer **all contribute toward making the dealer an easy prey for domination by the factory**. On the other hand, from the standpoint of the automobile manufacturer, any single dealer is expendable. The faults of the factory-dealer system are directly attributable to the superior market position of the manufacturer."

The National Automobile Dealers Association also explained the compelling need for state franchise laws in its recent comments to the FTC:

> "the simple fact is that auto manufacturers retain to this day a massive economic power advantage over their franchised dealers, resulting from market structure, manufacturer behavior, and intrusion in the market by the federal antitrust statutes. And manufacturers often use this excess power to overreach and act opportunistically in their relationships with their dealers, to the detriment of dealers and ultimately consumers. **The state franchise laws that have been enacted operate to counteract these anomalies and to afford the dealers a reasonable opportunity to negotiate their economic relationships."**

Driving Alaska's Economy

Annual Contribution of Alaska's New-Car Dealers

Numbers reflect annual economic activity during 2015.

29
DEALERSHIPS
(new car)

6,609
TOTAL JOBS
(created by dealerships)
Includes 2,968 direct jobs and 3,641 indirect and induced jobs.

76
EMPLOYEES
(average per dealership)

$125M
PAYROLL

$56,775
Average Annual Earnings

$47M
State and Federal Income Taxes Paid

Includes income taxes paid for direct, indirect and induced jobs.

$1.4B
TOTAL SALES

12.6%
Share of Total Retail Sales in State

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Alaska Automobile Dealers Association

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February 6, 2017

The Honorable Kevin Meyer
Alaska State Senate
State Capitol Building
Juneau Alaska 99801-1182

Dear Senator Meyer:

I am the President of the Alaska Automobile Dealers Association (the "Association"), an association including seventeen (17) Alaska new automobile dealerships, and additional related companies doing business in Alaska. I am writing in support of Senate Bill 47, which is introduced in the 30th Alaska Legislature. SB 47 (the "Bill") contains long overdue and much-needed revisions to existing Alaska law governing franchise agreements between automobile dealers and automobile manufactures.

In 1978, the United States Supreme Court recognized the need for motor vehicle dealer franchise laws:

> Dealers are, with few exceptions, completely dependent on the manufacturer for their supply of cars. When the dealer has invested to the extent required to secure a franchise, he becomes, in a real sense, the economic captive of his manufacturer. The substantial investment of his own personal funds by the dealer in the business, the inability to convert easily the facilities to other uses, the dependence upon a single manufacturer for supply of automobiles, and the difficulty of obtaining a franchise from another manufacturer all contribute toward making the dealer an easy prey for domination by the factory. On the other hand, from the standpoint of the automobile manufacturer, any single dealer is expendable. The faults of the factory-dealer system are directly attributable to the superior market position of the manufacturer.[1]

[1] *New Motor Vehicle Bd. v. Orrin W. Fox Co.*, 439 U.S. 96 (1978).

The National Automobile Dealers Association also explained the compelling need for state franchise laws in its recent comments to the FTC:

> In addition to benefitting consumers, the franchise laws that the state legislatures have enacted level what is otherwise a very imbalanced economic playing field between auto dealers and manufacturers. Despite a number of assertions at the Workshop to the contrary, the simple fact is that auto manufacturers retain to this day a massive economic power advantage over their franchised dealers, resulting from market structure, manufacturer behavior, and intrusion in the market by the federal antitrust statutes. And manufacturers often use this excess power to overreach and act opportunistically in their relationships with their dealers, to the detriment of dealers and ultimately consumers. The state franchise laws that have been enacted operate to counteract these anomalies and to afford the dealers a reasonable opportunity to negotiate their economic relationships.
>
> The structural economic imbalance between auto manufacturers and dealers is extensive. One key manifestation of the uneven relationship between manufacturers and dealers can be seen in the various franchise contracts. These agreements are not negotiated; they are contracts of adhesion that are presented to the dealer on a "take it or leave it" basis. And any movement to change those terms emanates from the manufacturer in the form of either unilateral amendments to existing agreements or replacement agreements, both of which almost always contain terms that are more onerous from the dealer perspective then what existed before. Frequently supplementing these agreements are controversial programs designed to control dealer behavior, often developed with little or no meaningful dealer input.[2]
>
> There is also a significant existing asymmetry of information between dealers and manufacturers. This exists not only during the exploratory and purchase phase but also during the operational life of the dealership. The manufacturer knows the full details of a dealer's operations, including its customer information, its finances, the disposition of its assets, and its succession plans. Conversely, a dealer has no such insight into its manufacturer beyond public documents and SEC filings. Meanwhile, the manufacturer heavily vets any dealer principal and has minimum requirements for assets and investment and continuing access to the dealer's books and records.

[2] Footnote omitted.

Alaska adopted its motor vehicle dealer franchise law in 2002. This law, while helpful, is seriously deficient when compared with the automobile dealer franchise laws adopted by the other 49 States. In fact, since the Alaska law was adopted, hundreds of state motor vehicle dealer franchise laws and refinements have been passed throughout the country. Many of these laws were enacted to address changes in the business climate and because manufacturers have continued to exercise their inherent ability to dominate their smaller and weaker dealers.

Now, the Alaska Automobile Dealers Association is proposing much-needed updates to Alaska's franchise law. Some of these modifications are intended to clarify provisions that are already in state law. Others address concerns which are addressed by the franchise laws of other states, but which until now have not been addressed in Alaska. Finally, some of the proposed amendments are tailored to address unique situations found in the State of Alaska.

In preparing the proposed legislation, the Alaska Automobile Dealers Association consulted with the legal staff of the National Automobile Dealers Association, and determined that the State of Washington's franchise law could serve as a good model for Alaska. Consequently, many of the proposed amendments are identical to or closely track Washington franchise law. What is also important to remember is that despite any claims the auto manufacturers may make, Alaska's proposed franchise law amendments do not represent any sort of a radical departure from the franchise laws currently existing in most other states. To assist the Legislature in making this comparison, the Alaska Automobile Dealers Association has prepared a comparison of the proposed amendments to the franchise laws of other states, which is attached to this response.

The Auto Alliance, a trade organization consisting of twelve (12) large automobile manufacturers[3] based in both the United States and abroad (the "Alliance") opposed passage of almost identical legislation introduced in the 29 Legislature (HB 318 and SB

[3] Including, for example, BMW Group, DaimlerChrysler Corp., Ford Motor Co., General Motors Corp., Mazda North American Operations, Mitsubishi Motors North America, Inc., Porsche Cars North America, Inc., Toyota Motor North America, Inc., and Volkswagen of America, Inc.

197). This is not surprising, since by its own admission the Alliance has opposed more than 250 automobile franchise bills over the last decade. To support its opposition, the Alliance prepared "comments" on those bills, which the Association understands has been provided to members of the Legislature.

I am writing on behalf of the Association to respond to the Alliance comments, and to offer you Alaska automobile dealers' perspective on why existing Alaska franchise law is in dire need of updating and revision. For ease of reference, I will set out excerpts from the Alliance's comments on the bills proposed in 2016, followed by the Association's response.

SECTION 1: APPLICABILITY

> Section 1. This section would make this bill retroactive to previously existing contracts, it would make the entire existing franchise code retroactive as well. That is extraordinary. When two parties enter into a contract, they do so based on the law as it is when they sign the contract. (SB 47 Sec 20)

If enacted, the Bill would apply to existing franchise agreements, to franchise agreements that are renewed, and franchise agreements that are entered into after passage of the law. With respect to retroactive application, the Alliance claims this is "extraordinary,"[4] and that passage of the Bill would in effect rewrite existing franchise agreements. This statement is both a gross oversimplification of the issue, and implies the Legislature may never pass a law that impacts existing contracts. This is simply not true. In fact, as explained below, the manufacturers have repeatedly made the same arguments in various forums, and have had these arguments rejected by the courts.

Article 1, Section 15 of the Alaska Constitution provides: "No law impairing the obligation of contracts . . . shall be passed." The Alaska Supreme Court (as well as courts throughout the United States) has adopted a two-prong test to determine whether a

[4] At least fifteen (15) other states have *explicit* retroactivity clauses that apply the franchise law to existing contracts, including Alabama, California, Colorado, Florida, Hawaii, Michigan, Minnesota, North Carolina, North Dakota, Ohio, Oklahoma, South Dakota, Vermont, Washington, and West Virginia. See attached maps, at page 2.

retroactive change in the law is permissible. The court must first determine whether the change in the law "has operated as a substantial impairment of a contractual relationship." If there is a substantial impairment, the court then examines whether the impairment "is reasonable and necessary to serve an important public purpose."[5]

The first prong of the test is the most important: With respect to dealer franchise laws, the court must determine whether the new law substantially impairs an existing contractual relationship between the automobile manufacturers and automobile dealers. In answering this question, courts have routinely held that where, as in Alaska, manufacturers are already regulated under existing franchise law, modifying franchise law to provide additional dealer protections does not constitute substantial impairment. For example, in *Chrysler Corporation v. Kolosso Auto Sales, Inc.*,[6] the court held that amendments to the Wisconsin dealer franchise law could be applied retroactively to existing franchise agreements because when the manufacturer entered into the franchise agreement it should have anticipated that the state's franchise law would be amended from time to time. In other words, where manufacturers are already subject to existing franchise laws, amending those laws does not substantially impair the parties' contractual rights because it was reasonably foreseeable to both parties that existing law may be changed by future amendments.

The Alliance recently challenged a Connecticut amendment to its dealer franchise law, which, like this Bill, revised the method used to determine rates for reimbursing dealers for warranty work. As here, the Alliance claimed that retroactive application of the new law would impair contract rights. Ultimately, the Second Circuit Court of Appeals held that the manufacturers' contract rights were not substantially impaired by the new law because "the relationship between automobile manufacturers and Connecticut dealers has long been the subject of close state regulation, including of warranty reimbursement rates. Although the [amendment changed existing law] it was

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[5] *Simpson v. Murkowski*, 129 P.3d 437, 444 (Alaska 2006).

[6] 148 F.3d 892, 894–95 (7th Cir. 1998).

eminently foreseeable that the legislature could seek to close a loophole in its regulatory scheme."[7] The court went on to hold that a foreseeable change in the regulatory scheme does not impair existing contract rights.

To illustrate this rule and how it may be applied, it is helpful to compare existing Alaska law with one of the proposed amendments. Under A.S. § 45.25.140, when a manufacturer terminates a dealer's franchise, the manufacturer is required to purchase certain unsold motor vehicles, parts, signs, equipment, tools, etc. Section 7 of the Bill would amend the law to, among other things, require that manufacturers also pay for loaner vehicles, computers, printers, and software. Since automobile manufacturers already have repurchase obligations under existing law, applying Section 7 retroactively to provide additional dealer protections does not constitute an impairment of contracts.

SECTIONS 3–4: TERMINATIONS

These sections interact with each other and are most easily addressed together. They seek to make it harder for a manufacturer to terminate a poorly performing dealer.

The proposed amendment does not constitute a radical departure from existing law. Under A.S. § 45.25.110, a manufacturer may terminate a franchise with a motor vehicle dealer upon a showing of "good cause." However, as it is currently written, the statute does not contain any standards for determining what constitutes "good cause." The existing statute also does not contain any express requirement that manufacturers act in "good faith" when terminating a franchise. The proposed Section 2 requires that terminations be in good faith, and Section 4 contains a detailed description of what constitutes "good cause" for terminating a franchise.

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[7] *Alliance of Auto. Mfrs., Inc. v. Currey*, cv. no. 13-4890 (2d Cir. April 7, 2015) (citations omitted). The Supreme Court has denied review of the case. 136 S. Ct. 1374 (2016). The First Circuit similarly held that a recoupment bar was a necessary means to effectuate the state's warranty reimbursement scheme, was a reasonably foreseeable addition to the statute, and was permissible under the Contracts Clause. *Alliance of Auto. Mfrs. v. Gwadosky*, 430 F.3d 30, 42 (1st Cir. 2005).

The proposed amendment adds clarity to existing law, and allows both automobile dealers and manufacturers to understand the standards that will be applied in determining whether good cause exists to terminate a franchise. Alaska automobile dealers, like dealers throughout the nation, make substantial investments in building their dealerships. "Dealerships require sizeable investments; millions of dollars are needed to fund working capital, inventory financing, and investment in facilities and other property. In addition, most capital lenders, especially when dealing with smaller dealerships, require some form of personal guarantees for their investments."[8] It is only fair that dealers be able to know in advance on what grounds their franchise agreement may be terminated given the sizeable investment that must be made to secure a franchise agreement. A dealer should not be required to guess or speculate as to what constitutes "good cause." Instead, it should be able to look to the law, as Sections 2 and 4 propose, and clearly identify its obligations and rights.

Sections 2 and 4 are nearly identical to Washington law, which also clearly defines "good cause" so that there is little room for ambiguity. Washington is not alone in that regard, as several other states have adopted similar statutes that define what constitutes "good cause" for a termination.[9]

One of the most surprising aspects of Section 4 is that it requires the manufacturer to notify the dealer within 180 days of when the manufacturer first becomes aware of the dealer's failure to comply with a provision of the contract. It would appear to not be in either the dealer or the manufacturer's interest to need to force the issue of a termination.

Under existing law, a manufacturer is required to provide notice of termination at least 90 days before the effective date of a termination, except for a termination as a result of the dealer's insolvency, fraud, etc. The proposed 180-day notice provision protects both the manufacturer and the dealer. It allows the manufacturer 180 days to

[8] Nat'l Auto Dealers Ass'n, Letter to the Fed. Trade Comm'n, at 12 (March 4, 2016), *available at* http://www.tada.org/web/Images/NADA2016ResponseToFTCWithAttachmentA.pdf.

[9] For example, HAW. REV. STAT. § 437-58, MICH. COMP. LAWS § 445.1567 and .1568, and OR. REV. STAT. § 650.140 all define "good cause."

investigate a dealer's alleged noncompliance before it is required to give notice of termination. It also allows a dealer additional time to correct any perceived deficiencies before the manufacturer issues a notice of termination. This right to cure provision only applies if the ground for termination is noncompliance with a material term of the franchise agreement.

In addition to requiring 180-day notice, the proposed amendment requires manufacturers to provide the notice within 180 days of first discovering the alleged noncompliance. This operates to create a limitation on the notice period, so that manufacturer's cannot seek to arbitrarily terminate contracts based on stale or irrelevant complaints. It is, in essence, akin to a statute of limitations. If adopted, Alaska would join numerous other states that have very similar 180-day notice provisions.[10]

Section 4 also allows a dealer to challenge a performance termination by relying on market analysis based upon not only that dealer's vehicle allocation, but also the allocation of that dealer's competitors. That data is confidential yet the bill would force the manufacturer to disclose it.

Section 4 provides that if a manufacturer seeks to terminate a franchise because the dealer has not met sales performance standards, the dealer is permitted to present evidence that the manufacturer has not supplied the dealer with an adequate supply of vehicles to meet sales performance goals. Obtaining adequate inventory is a particular problem for Alaska dealers, since manufacturers tend to supply their best selling vehicles to larger, out of state dealers, or to dealers located closer to the distribution point. For example, after Chevrolet introduced the Spark, the vehicle was provided to outside

[10] DEL. CODE ANN. § 4906 (substantially the same); Fla. Stat. § 320.641 (180-day period to correct when noncompliance with contract alleged before notice of termination provided); GA. CODE ANN. § 10-1-651 (substantially the same); HAW. REV. STAT. § 437-58 (substantially the same); IDAHO CODE § 49-1614 (substantially the same); KY. REV. STAT. ANN. § 190.045 (requiring notice of termination within 180 days of first discovery of noncompliance); ME. STAT. titl. 10, § 1174 (requiring notice of termination within 180 days of discovery); MINN. STAT. § 80E.06 (requiring that the dealer "has been notified in writing of the failure within 180 days after the manufacturer first acquired knowledge of the failure"); VT. STAT. ANN. TIL 9, § 4089 (requiring notice be given within 180 days of actual or constructive knowledge of noncompliance).

dealers a full year before the first Spark was delivered to an Alaska dealer. By the time the Spark was delivered, it was "old news." If manufacturers do not supply Alaska dealers with an adequate supply of desirable vehicles on a timely basis, manufacturers should not be able to terminate Alaska franchises by pointing to lower sales by Alaska dealers than outside dealers.[11]

Furthermore, dealer allocation information is already provided to dealers, and is not treated as confidential.[12] The proposed amendment would not create any new allocation disclosure requirements.

SECTIONS 6–9: TERMINATION ASSISTANCE

These Sections spell out a manufacturers obligations to pay a dealer various forms of severance fees upon termination. Many of these obligations are simply forms of "risk shifting." When a franchisee in any industry goes into business, he or she is accepting a certain amount of risk that the business will either succeed or fail.

Alaska law currently provides that upon termination of an automobile dealer franchise, the manufacturer must purchase unsold motor vehicles, parts, signs, equipment, etc. In fact, so called "termination assistance" is required in virtually every state,[13] primarily because manufacturers *require* that dealers purchase certain amounts of inventory, equipment, signs, special tools, and other items. When a manufacturer chooses to terminate a franchise, it is only fair and appropriate that the manufacturer repurchase those items it required the dealer to purchase as a condition to holding the franchise.

The proposed amendments merely expand on the manufacturer's already existing repurchase requirements. For example, the proposed amendment would require that

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[11] In *Beck Chevrolet Co. v. General Motors, LLC*, No.48 (N.Y. May 3, 2016), New York's highest court recognized that "performance benchmarks that reflect a market different from the dealer's sales area cannot be reasonable or fair." The court went on to find a manufacturer's performance standards unreasonable and unfair because market challenges like brand popularity and import bias vary from area to area. The court was answering two questions certified by the Second Circuit Court of Appeals.

[12] In fact, some states require disclosure in writing of the basis for allocation, including how vehicles, parts and accessories are allocated, scheduled, and delivered. *See* WIS. STAT. § 218.0123.

[13] For example, *see* MICH. COMP. LAWS § 445.1571; WASH. REV. CODE § 46.96.080.

manufacturers repurchase "loaner" vehicles that manufacturers require that dealers purchase and make available to their customers. The amendments would also require that the manufacturers purchase software, printers, computers, and other items which dealers were required to purchase. The proposed amendment also contains criteria for establishing the purchase price of the items. The proposed amendment does not provide a golden parachute; rather, it provides a reimbursement mechanism if a manufacturer terminates for a reason other than good cause.

The bills also require payment for early lease terminations and payment for remodeling or relocation costs from the previous three years.

Under existing law, manufacturers are required to pay rent for eighteen (18) months following termination of the franchise, so the proposed amendment is not a radical departure from existing law. However, current law does not require manufacturers to reimburse dealers for the cost of relocating their dealership or for the cost of making improvements to the dealership facility, even when the manufacturer mandated the relocation or improvements within the three years preceding the manufacturer's termination of the franchise. Laws requiring termination assistance recognize that once facilities are purchased, built, or remodeled for use as a dealer facility, the market for resale is extremely limited, especially in Alaska. Requiring reasonable termination assistance addresses this injustice.[14]

Even more astounding is that HB 318/SB 197 would require the manufacturer to pay these generous benefits to a dealer even if it was the dealer that decided to terminate the franchise agreement and quit the business. … But there is certainly no reason that a *dealer* who voluntarily quits the business should receive the same severance benefits as a dealer who was terminated by the manufacturer. Dealers should not be rewarded for quitting. (Section 6 in SB 47)

[14] *See* MICH. COMP. LAWS § 445.1572; WASH. REV. CODE § 46.96.090 (allowing three years for remodeling or alterations and the shorter of the unexpired term of the lease or one year).

Rarely if ever do Alaska automobile dealers "voluntarily" terminate their franchise agreement with manufacturers. More commonly, dealers are forced to terminate the franchise because of problems created by the manufacturer, like failing to provide Alaska dealers with sufficient, desirable inventory needed by dealers to operate profitably. This operates as a *de facto* termination by the manufacturer. It is also important to note the proposed amendment specifically provides that dealers who are terminated for good cause (as set forth in proposed Section 4) or who voluntarily sell their dealership are not entitled to termination assistance. Moreover, under Section 11 of the Bill, all dealers are required to mitigate any damages they incur as a result of the termination.

SECTION 10: SALE OR TRANSFER OF THE DEALERSHIP

> . . . . it is very important for manufacturers to be able to exercise a "right of first refusal" when a dealer wants to sell his or her franchise to someone else. That means the manufacturer has the option to match the buyer's price and then assign the dealership to someone that the manufacturer thinks would be a better dealer. That way a manufacturer can avoid an under qualified candidate from taking the franchise.

Current law provides a manufacturer may not unreasonably refuse to approve the transfer of a franchise to a new franchisee. The proposed amendment provides additional clarity by setting out the conditions a dealer must satisfy before it can transfer the dealership to a new franchisee. Most importantly, the amendments make it clear the proposed franchisee *must* be qualified to hold the franchise, including being able to meet the "normal, reasonable and uniformly applied standards, *established by the manufacturer*"[15]

The Alliance complains the amendment would eliminate manufacturer's rights of first refusal. This is incorrect. Manufacturers may still exercise this right, if the prospective buyer is not qualified to operate a dealership. The Bill also provides a mechanism for manufacturers to acquire the information necessary to determine if a buyer is qualified and requires proposed franchisees to provide this information upon

[15] Emphasis added.

request. And while a right of first refusal may seem innocuous on its face, in practice manufacturers use this right to control the sale of dealerships without good cause and to limit Alaskan's ability to acquire dealerships in favor of offering dealerships to outsiders. An Alaska automobile dealer should be able to sell its business to whomever it chooses, provided the buyer is in all ways qualified to own and operate the dealership.

SECTION 12: SUCCESSION

Dealers oftentimes seek to leave their franchise to their heirs as part of a succession plan. Manufacturers typically work with dealers to accommodate these plans. However, both manufacturers and local consumers have an interest in making sure that whoever does take control of a dealership has the experience, qualifications, and moral character to run a dealership.

The proposed amendment specifically provides that a dealer may only transfer a franchise to a designated successor who is in all ways qualified to own and operate an automobile dealership. In fact, the proposed section specifically provides that a proposed transferee must be "qualified and experienced in the business of being a new motor vehicle dealer" and must meet the "normal, reasonable, and uniformly applied standards of a manufacturer . . ."

Section 12 would prohibit a right of first refusal in an instance where a dealer is simply selling the business to a person who is related in the second degree, or is the husband or wife of a relative of the second degree. This is simply too expansive.

If allowed to exercise a right of first refusal, a manufacturer may prevent an Alaska dealer from transferring the franchise to a family member. The Association believes a dealer should be able to "hand down" the business to a member of the dealer's family,[16] so long as the family member is in all ways qualified to own and run the

[16] Other states recognize the right of succession to a family member, including, for example: ARIZ. REV. STAT. ANN. § 28-4461; COLO. REV. STAT. § 12-6-120.7; CONN. GEN. STAT. § 42-133y; DEL. CODE. ANN. tit. 6, § 4906; GA. CODE ANN. § 10-1-663.1 (specifically providing no right of refusal if the succession is to a designated family member); IDAHO CODE § 49-1615; IND. CODE § 9-32-152; VA. CODE ANN. § 46.2-1569.1; VT. STAT. ANN. tit. 9, § 4093; WASH. REV. CODE § 46.96.220.

business. The proposed amendment specifically provides the family member must be qualified and experienced in the business of being a motor vehicle dealer and must comply with the standards established by the manufacturer or must employ an individual who is qualified and experienced in the business of being a new motor vehicle dealer.

SECTION 13: ADDING OR RELOCATING DEALERSHIPS

> Situations may arise when a manufacturer may seek to add new dealerships to meet consumer demand, or the manufacturer may seek to relocate an existing dealership. . . . Section 13 of HB 318/SB 197 would add extremely high hurdles for a manufacturer that seeks to add or relocate a dealership. The result will be less competition and underserved consumers. (Section 13 in SB 47)

Currently, before a manufacturer may open a new dealership, or relocate an existing dealership in a dealer's relevant market area, the manufacturer must establish "good cause" for doing so. Current law imposes this requirement to prevent manufacturers from "flooding" the existing dealer's market, threatening the viability of the dealer's business, and jeopardizing the dealer's substantial investment.

The proposed amendment expands this protection and provides clarity by including a description of the relevant factors a manufacturer and ultimately a reviewing court should consider when determining whether good cause exists to add a new dealer or relocate an existing dealer. Other states have similar provisions requiring consideration of certain factors in determining good cause for adding a dealer or relocating an existing dealer.[17]

While Alliance claims that establishing multiple dealerships in the same area is good for consumers ("intra-brand competition"), the opposite is true. Manufacturers like to flood the market with new dealerships since manufacturers believe this helps them sell more cars overall. However, too many dealers for a given market area makes it harder for

[17] For example, *see* CONN. GEN. STAT. 42-133dd; GA. CODE ANN. § 10-1-664; HAW. REV. STAT. § 437-55; R.I. GEN. LAWS § 31-5.1-4.2; WASH. REV. CODE § 46.96.160.

all dealers to survive, which drives dealers out of business, leads to less competition, and creates "mega-dealers" who dominate the market.

The proposed amendment does not prevent manufacturers from opening a new dealership in a given market area. Furthermore, the proposed amendment *specifically* requires that the manufacturer and ultimately the reviewing court consider the effect a new or relocated dealership will have on consumers in the market area. Section 13(c) requires that the court consider, among other things, the following:

> (3) the effect on the consuming public in the relevant market area;
>
> (5) the reasonably expected or anticipated motor vehicle market for the relevant market area, including the age of the population, income, education, size class preference, product popularity, retail lease transactions, other demographic factors, and other factors affecting sales to consumers in the relevant market area;
>
> (6) whether establishing an additional new motor vehicle dealer would injure or benefit the public welfare;
>
> (7) whether the new motor vehicle dealer of the same line make in the relevant market area is providing adequate competition and convenient customer care for the new motor vehicles of the same line make in the relevant market area . . .;
>
> (8) whether the establishment of an additional new motor vehicle dealer would increase competition and be in the public interest.

The quoted provisions dramatically refute the manufacturers' claims that the proposed amendment will result in less competition and "underserved consumers."

The Alliance claims it seeks to foster "intra-brand" competition in the interests of consumers. In reality, manufacturers are not so interested in "intra-brand" competition as they are in having as many of their dealers in a market area as possible since manufacturers believe this results in increased overall sales of their vehicles. The amendments proposed by the Association assist dealers from having to try and survive in a "flooded" market, while at the same time the amendments protect consumers from

limited competition. It is for this reason that the Association anticipates that the State of Alaska Consumer Protection Section will have no objection to the proposed amendment.

SECTION 14: COURT ACTIONS

Section 14 also creates "automatic stays" when a protest is filed in a case involving closing, opening or relocating a dealership. Rule 65 of the Alaska Rules of Civil Procedure already covers preliminary injunctions and courts have a wealth of experience in applying it.

Section 14 applies when a manufacturer has given a dealer notice that its franchise agreement is being terminated. This Section provides that if the dealer files an action to protest the termination, the status quo must be maintained until the court has issued a decision on the matter.[18] This type of provision is not unique at all, as there are many provisions in Alaska law which require the maintenance of the status quo until a court or administrative agency has ruled on the matter. The proposed amendment does not favor either the manufacturer or the dealer, nor does it create any competitive advantage, since it simply requires the status quo be maintained until the issue is decided by the court. This results in less expense to both the manufacturer and the dealer and places less burden on the judicial system.

SECTION 15: WARRANTY REIMBURSEMENT

Manufacturers and dealers already have agreements in place that provide compensation for both parts and labor. This bill would allow dealers to ignore those agreements and require the manufacturer to pay the dealer the same retail rates that it charges to the public.

[18] Other states have enacted similar laws, *see*, for example N.J. STAT. ANN. § 56:10-30.

This Section is modeled after Washington law. It is not at all unique, in that many, many states now require that manufacturers reimburse dealerships for warranty work at retail rates.[19]

Also, while it is true that the manufacturers have warranty agreements with their dealers, the Alliance fails to note that these agreements are not arrived at through negotiation with the dealers. Rather they are contracts of adhesion, forced upon the dealers by the manufacturers. As a result, dealers currently have no say in the amount they will be reimbursed for performing warranty work the manufacturers require that dealers provide. The proposed amendments attempt to level the playing field by allowing dealers to charge for parts and service at the same rates charged by dealers to all of their customers. Additionally, manufacturers' refusal to pay standard retail rates ultimately results in Alaskan customers subsidizing the cost of dealer service work. Meanwhile, manufacturers spend that money in other states, where manufacturers *are* required to pay retail rates.

And while it is also true that manufacturers do provide dealers with substantial service work, it is not true, in Alaska at least, that manufacturers supply dealers with the majority of their service work. In Alaska, the ratio is approximately 50% warranty work and 50% non-warranty work. The Alliance also fails to recognize that while 50% of the service work is warranty, those customers who require warranty work often feel inconvenienced and unsatisfied from the outset because they are having to bring their vehicle in because of a manufacturer recall or equipment failure, rather than for routine service work or a failure caused by the customer.

The Alliance also fails to recognize how extremely expensive it is for Alaska dealers to perform warranty work. The manufacturers require that dealers provide extensive training to service personnel, who for the most part must be sent to the Lower

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[19] Including, for example: Alabama, Arkansas, California, Florida, Georgia, Hawaii, Idaho, Illinois, Kentucky, Louisiana, Maryland, Michigan, Missouri, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Utah, Vermont, Virginia, Washington, Wisconsin, and West Virginia.

48 for training, at the expense of dealers. Manufacturers also require that dealers purchase expensive special tools, keep and maintain mountains of paperwork, consult with manufacturers' representatives before performing repairs (without being compensated for this time) and impose additional requirements which make it extremely expensive to provide customers with warranty service. And yet manufacturers typically pay Alaska dealers approximately 70% of their standard retail rates for warranty work. The proposed amendments allow Alaska dealers to be paid fairly for the work they are required to perform—fixing manufacturing defects.

Furthermore, the Alaska parts and service business is highly competitive. In fact, independent, third-party servicers can purchase wholesale parts from warehouse distributors like MOPAR or AC Delco for a price less than charged by the manufacturer. Consequently, dealers do not have unfettered discretion to arbitrarily raise retail rates, as this would only cause service customers to take their business to independent service facilities. There is no risk that dealers will raise their retail rates if the proposed amendment is enacted. This is supported by the fact that at least 31 other states require that manufacturers pay retail rates for warranty work.

The bill seeks to establish a higher cost for the manufacturer in doing business in Alaska. It then goes on to say that despite an Alaska-specific law that raises costs, the manufacturer must distribute that cost across the country rather than having the option to have a surcharge for cars sold into Alaska. State should not pass laws that benefit in-state interests and then pass the costs for them onto other states.

Section 45.25.200(i) simply prevents a manufacturer from trying to recoup from the dealer the cost of paying for warranty repairs at retail rates by "making a separate charge, surcharge or other imposition" against the dealer. Obviously, as a general matter, manufacturers' cost of paying dealers for warranty work is included in the price of their vehicles, so this cost is spread throughout the nation. Subsection (i) would not change this expense allocation.

Another problem can be found in (u), which would allow noncertified technicians to perform a repair, yet the dealer can still bill the manufacturer as if they were certified technicians if they are under the supervision of a certified technician. (SB 47 45.25.220(a))

In many Alaska markets, there is a shortage of certified technicians. This can lead to a delay in performing repairs, which adversely impacts consumers. The revision represents a common sense solution to this problem, since it allows a noncertified technician to perform the repair, provided the noncertified technician is supervised by a certified technician or a service manager. This approach is not a radical departure from the norm, and in fact, some manufacturers already allow noncertified technicians to perform repairs, if necessary and if supervised by a certified technician. This provision benefits consumers rather than dealers, since having to use both a noncertified technician and a certified technician on the same repair is more costly to the dealer, and the dealer does not get reimbursed for this additional expense by the manufacturers. Additionally, allowing this practice often results in higher customer satisfaction since there is no delay in servicing the vehicle. Otherwise, customers must wait until a certified technician is available.

Section 15 incentivizes abuse and sloppiness in other ways. For example, (s) would require manufacturers to pay dealer warranty claims even if the dealer did not follow proper procedures for repairing the vehicle or filling out the claim. (SB XX 45.25.200(h))

Section 15 does not create a license for Alaska dealers to charge for repairs that are improperly performed. Rather, the subsection specifically provides that a motor vehicle dealer is entitled to payment for warranty work only if the dealer can demonstrate that the repair was needed and that the repair was properly performed. Since the repair must be properly performed before the dealer gets paid, it is not at all overreaching to require that the manufacturer pay for the cost of the repair. Additionally, there is no incentive for the dealer to perform anything less than excellent work due to reputation risk and the emphasis manufacturers place on customer service and retention. What the

proposed amendment *does* do is prevent manufacturers from raising "technicalities" (such as where a technician inadvertently forgets to initial a repair order) as an excuse for not paying a dealer for a properly performed warranty repair.

> Finally, Section 15 addresses how consumers that are more than 100 miles from the closest dealership can receive warranty work on their vehicle. (v) would allow a dealer to arrange for an independent technician to perform the warranty work, and then the manufacturer must pay the dealer. Section 16 of this bill would actually prohibit the manufacturer from doing this function, which would give the dealer total discretion in choosing the third party repairer. (SB 45 45.25.220(b))

This provision is intended to address a problem which is somewhat unique to Alaska. There are many, many locations in Alaska, both on and off the road system, where a manufacturer-authorized service facility is not available. So if an Audi breaks down in Tok, the consumer must have the vehicle towed to Anchorage or Fairbanks for warranty service, even if there is a technician in Tok who is qualified to perform the repair. In fact, some manufacturers only provide for one-way towing, which means that the customer is responsible for the cost of getting their vehicle back to their home. Other manufacturers, for example GM, require that if a dealer provides a replacement vehicle during service, the dealer rent a GM vehicle to the customer, or the dealer will not be reimbursed for the cost of providing the rental. Again, in Alaska, this is particularly troublesome in that in some locations there may not be a sufficient quantity of vehicles to meet demand, especially during the tourist season.

The proposed amendment would allow a franchised dealer to make arrangements to have the repairs performed locally, eliminating the need for a long tow, and preventing a long delay in getting the vehicle repaired. Additionally, the proposed amendment saves manufacturers money on towing costs, shipping costs, and rental car reimbursements. If the local technician can properly perform the repairs, there is no reason why the customer

should be inconvenienced, nor is there any reason why the manufacturer should not pay for the cost of performing the warranty repair.[20]

Section 15 also adds a new section to the code, 45.25.200. This section would allow a dealer to consider itself constructively terminated based upon a reduction in the selection of vehicle lines. Whether a manufacturer has discontinued a line make should not be a question of fact for courts to consider. There are clearer ways for states to address compensation in the event of a line make discontinuation. (SB 47, 45.25.230)

In order to open a franchised automobile dealership, dealers are required by manufacturers to build or provide facilities meeting manufacturer standards, purchase special tools, special equipment, and much more. This lifetime worth of investment can vanish in a moment should a manufacturer decide to eliminate a product line (such as GM did with Oldsmobile, Pontiac, and Hummer; Chrysler with Plymouth; Lincoln with Mercury; and Toyota with Scion).[21] Since manufacturers expressly dictate what their dealers must purchase in order to operate a franchised dealership, it is only fair that a manufacturer who chooses to eliminate a product line should be required to provide termination assistance to the effected dealer.

SECTION 16: UNFAIR PRACTICES

(1-3) These subsections seek [to] prohibit a manufacturer from selling to dealers at different prices. The problem is that this prohibits various incentive programs such as those for sales performance or inventory. These three subsections harm good dealers.

Subsections 1 and 2 have to do with the initial sale of the motor vehicle, parts, accessories, equipment or other items. The price charged by the manufacturer must be the

[20] It should be noted that when the dealer chooses the remote repair facility, it is still the dealer who carries the risk on repairs. Thus, the dealer has a vested interested in choosing a competent repair facility.

[21] At least one dealer in Alaska lost all 5 of the discontinued GM lines after investing heavily in the business to support those lines.

same for each franchised dealer. This is fair and is routinely required by most state franchise laws.[22]

Subsection 3 prevents manufacturers from unreasonably excluding Alaska dealers from participating in incentive programs available to other dealers, by imposing economically burdensome participation requirements. As an example, Lincoln requires that Alaska dealers sell a certain number of returned, leased Lincolns in order to participate in a very valuable dealer incentive program. This requirement is imposed even though there are virtually no leased Lincolns in Alaska. So, in order to participate in the incentive program, Alaska dealers have to buy a returned leased Lincoln in the Lower 48, ship it to Alaska, and then sell it. Obviously, it is not always financially feasible to do this, and as a result Alaska dealers are excluded, due solely to geography, from participating in incentive programs which are available to other dealers nationwide.

(4) These subsection seeks to allow dealers to know more about a manufacturer's method for allocating vehicles. The state should be concerned that this language could be used to force disclosure of trade secrets simply because the dealer would like to know more about the manufacturer's allocation strategy.

Subsection 4 prohibits a manufacturer from engaging in an arbitrary allocation process. For example, manufacturers sometimes require that a dealer buy a certain number of one model of vehicle in order to obtain an allocation of more desirable vehicles. This can require, for example, that an Alaska dealer buy a certain number of rear wheel drive convertibles, in order to obtain a reasonable allocation of four-wheel drive SUVs. And, as previously noted, allocation information is already provided to dealers.

(5) This subsection would prohibit manufacturers from limiting document preparation fees in these programs. It would allow dealers to charge higher fees to members of the military, employees, and recent graduates.

[22] For example, *see* attached maps, at page 28.

The Alliance is fully aware that Subsection 5 would not affect military or recent college graduate programs. The subsection is intended to address other types of manufacturer sales programs, such as the "friends and family" program offered by Ford. This program requires that dealers sell particular vehicles at a set price that is established by the manufacturer. However, the price established by the manufacturer does not generally take into consideration the additional cost of doing business in Alaska. Yet Ford will not allow its dealers to charge any additional fee to assist dealers in recouping the additional cost of doing business in Alaska.[23] The proposed amendment addresses this problem.

(6): This subsection requires manufacturers to deliver parts of vehicles to the dealer if other dealers are receiving the same item. This subsection is more inflexible then it should be. It does not account for situations beyond the manufacturer's control.

This subsection simply prevents a manufacturer from refusing to deliver a reasonable quantity of vehicles, parts, and accessories to the dealer unless the dealer meets the manufacturer's unreasonable demand that it purchase advertising displays or remodels or renovates existing facilities.

(7): This subsection would require manufacturers to offer all models to the dealer. This subsection is also too broad. (SB 47 - (9))

This subsection does not apply to limited edition models. It requires that manufacturers offer all of its motor vehicle dealers an equal opportunity to purchase all models generally offered by the manufacturer.

(10): This subsection would prohibit manufacturers from allowing anyone other than a dealer to do warranty repairs. (SB 47 - (12))

[23] Some manufacturers, such as Ford, do allow a minimum documentation fee, but this fee is approximately half of the fees typically charged in Alaska, and does not cover all costs.

This provision does not prohibit manufacturers from establishing a service facility to perform repairs for fleet customers, such as rental car companies. Rather, the provision simply requires the consent of the dealer in the particular relevant market area. This provision is necessary because manufacturers may otherwise establish manufacturer-owned repair facilities, which directly compete with local dealers. This is unfair to the local dealers, since manufacturers require that the local dealers send their service technicians Outside for training at dealer expense, require that the dealers purchase special tools, and impose other financial burdens on the dealer. Manufacturers should not be permitted to insist that dealers incur these substantial costs and then compete with dealers in their market area.

> (14): This subsection seeks to protect dealers from manufacturers requirements to upgrade their facilities unless the same requirement is imposed on all dealers. . . .It should also allow the manufacturer to incentivize dealers to use a manufacturer's preferred vendors. (SB 47 - (15))

Manufacturers should not be allowed to require dealers to perform hundreds of thousands of dollars' worth of renovations and alterations to a dealership unless the requirement is both reasonable and imposed on similarly situated dealers. Nearly every state has some type of restriction on a manufacturer's ability to require renovations or alterations. The proposed amendments do the same. Similarly, a manufacturer should not be allowed to require a dealer to use particular vendors to perform the renovations or alterations. This is particularly true in Alaska where no manufacturers have a factory or corporate locations. Manufacturers have absolutely no familiarity with local vendors, and dealers should be allowed to use local qualified vendors who offer the lowest price. This allows dealers to make renovations or alterations without a substantial, unnecessary financial hardship.

(18): This subsection restricts the manufacturer's ability to seek conditions on site control agreements and required improvements to facilities. This section is needlessly restrictive and takes away a valuable tool that the manufacturers have to ensure that their brands are adequately represented and that customers have pleasant stores to shop in. (SB 47 - (19))

This provision is in harmony with other clauses of the statute that prohibit manufacturers from withholding their consent to sale, transfer, relocation, or renewal without meeting certain statutory requirements. Like many other states, this provision prohibits manufacturers from effectively mandating that a dealer enter into site agreements or that a dealer their remodel its facilities. Instead, site control agreements must be negotiated, and cannot be required as a condition of the manufacturer consenting to the transfer, relocation or renewal of a franchise.

(19): This would prohibit manufacturers from conditioning a dealer's new or renewed franchise agreement on a commitment by that dealer to not protest an additional or relocating dealership. This is another example of this bill seeking to make dealer networks unreasonably rigid. (SB 47 - (20))

Given the unequal bargaining power between local dealers and national/international manufacturers, many manufacturers condition renewal of franchise agreements on the dealer's waiving their right to protest relocation or addition of new dealers and/or remodeling the existing dealership. This places the dealers in the situation of losing their lifetime investment or concede to the manufacturer's demands. The Bill seeks to resolve this inequity and is in accordance with the laws of many other states, as evidenced by the attached maps.[24]

(20): This subsection seeks to limit the manufacturer's ability to change the capital structure of dealerships. Manufacturers must rely on their dealerships being stable and able to borrow effectively. Manufacturers should have input into the capital structure and financing in their dealer network. (SB 45 - (21))

[24] See maps, at page _____.

If the dealer is at all times meeting reasonable capital requirements, there is no reason why manufacturers should be allowed to arbitrarily and without reason, require a dealer to change its capital structure. The proposed amendment still allows a manufacturer to require change when the dealer is not meeting reasonable capital requirements and does not hinder manufacturer's ability to have reasonable input and oversight of the capital structure of dealerships. Many states have substantially similar provisions.

(23) [sic:21]: This subsection very unusual and, if read literally, it would create serious constitutional takings clause issues. . . . It is entirely unreasonable for this bill to say that manufacturers may never raise the price of the products. (SB 47 - (22))

This provision does not prohibit manufacturers from ever raising the price of products. Instead, this Bill, similar to the majority of other states, prohibits a manufacturer from raising a vehicle's price *after* a dealer places an order for the vehicle based on a sale to a retail or fleet customer. Another limitation is that the order must be made *before* the manufacturer provides the dealer with a written price increase notification. This provision, instead of prohibiting price increases across the board, only prohibits a price increase in one very narrow situation—after the dealer has placed the order based on a sale to a customer and before the dealer received notification of the increase.

(23): This subsection seeks to define when manufacturers must indemnify dealers. This is unnecessary because franchise contracts already have well-defined indemnification clauses. SB 47 (24))

This provision does not lead to an unreasonable expansion of indemnification, as the Alliance suggests. Instead, it clearly codifies for all dealers the two situations in which the manufacturer must indemnify a dealer—(1) from a court judgment for damages or a settlement *if the manufacturer approves the settlement* and (2) where applicable law

or the franchise agreement so requires. Many states have codified indemnification provisions and this codification recognizes the unequal bargaining power of the parties. Because franchise agreements are adhesion contracts ("take it or leave it") dealers may be forced to waive indemnification or have no ability to negotiate for indemnification. This Bill seeks to protect dealers from waiving all their indemnification rights.

SECTION 21: SCHEDULE OF COMPENSATION

This section sets a price floor in perpetuity for the dealer's compensation. It says that the schedule of compensation may not be less than it was on the day before the effective date of this bill.

This provision seeks to prohibit manufacturers from rushing to reduce existing compensation schedules before the Bill gets enacted.

CONCLUSION

I would appreciate the opportunity to discuss these matters with you, and I look forward to constructive engagement and a helpful dialogue on these issues. Please feel free to contact me at alaskatim@mac.com.

Respectfully submitted,

Tim Toth

President, Alaska Auto Dealers Association

Ralph C. Seekins
President

1625 Seekins Ford Drive
Fairbanks, Alaska 99701

February 20, 2017

The Honorable Senator Kevin Meyer
ALASKA STATE SENATE
State Capitol, Room 103
Juneau, Alaska 99801

Re: Senate Bill 47

Dear Senator Meyer:

Thank you for introducing Senate Bill 47. Please be assured that our 120 employees, their families, and I recognize the importance of this bill and unequivocally support it as introduced.

During my tenure in the Senate – particularly while serving as Vice Chair of Senate Labor and Commerce and as Judiciary Committee Chair - a thoroughly researched and supportable bill was very appreciated. This bill falls securely in the spirit of what we were looking for at that time.

I have personally read and re-read (several times) the current draft of the bill and, in that process, carefully and exhaustively compared it to dealer franchise laws in place across the country in other states. Clearly, the final product you introduced deals with concerns that have been addressed in various forms in other states – sometimes in many years past and sometimes not so long ago. That research re-confirmed my opinion that Alaska has lagged far behind the other states in addressing the vital matters contained in the bill.

This bill clarifies the relationships between manufacturers and dealers in many ways. For example, this bill requires a manufacturer to pay the dealer for covered repairs if either the owner or the dealer discovers the defect. There is a history of some manufacturers denying payment for dealer discovered repairs, i.e., if the owner didn't complain, the dealer shouldn't fix the concern.

It also requires manufacturers to compensate dealerships for the time it takes to diagnose a concern and for the time it takes to forward information for approval prior to beginning the repair. Currently, there are manufacturers that refuse to pay for diagnostic time or for the time to document concerns or to speak with factory representatives prior to repair. Hence, this bill provides fair compensation to the technician and the dealership for manufacturer required processes. The owner is the eventual beneficiary of this provision.

The bill also provides that a dealership can allow a technician without certain certifications to perform repairs under supervision of a certified technician or service management when the owner would be

delayed more than one business day before a certified technician is available. The owner benefits because the vehicle is repaired more timely than otherwise.

There are more, and I am willing to step through the provisions and their clear benefits during any hearings you have on the bill.

Then, as an elder dealer in the state of Alaska that is looking forward to handing down our family business to the "boys" in the family, I appreciate Alaska adopting clear and fair succession provisions.

Again, Senator, I really appreciate your efforts on this bill and unequivocally support its passage.

Sincerely,

Ralph C. Seekins

Ralph Seekins
President
SEEKINS FORD-LINCOLN, INC.

CHEVROLET
OF SOUTH ANCHORAGE
A LITHIA STORE

February 18, 2017

The Honorable Kevin Meyer
Alaska, State Capitol
Juneau, Alaska 99801

RE: Senate Bill No. 47

Dear Senator Meyer:

My name is Jamie Turner and I am a general manager for Lithia Motors who serves as the executive manager at Chevrolet of South Anchorage and reside in Anchorage, Alaska. I'm writing this letter in support of SB No. 47. This is a comprehensive bill that fairly expands legislative protections for automobile dealers, consumers and dealership employees.

Representing a dealership owned by a publicly held and traded company (NYSE: LAD), there are sections that do not relate to my day to day business. However, I fully support the language in the bill that gives family owned dealerships the protections they deserve, specifically related to unwarranted terminations and succession plans. My business, consumers and employees will benefit most from the provisions related to fair compensation, reasonable warranty terms related to Alaska conditions and audit limitations.

Alaska is one of the last remaining states to pass a bill like SB No. 47, which creates a fair playing field between the manufacturer and automobile dealers. There are two sections which will affect my business the most:

- Section 15:
  - Will allow dealers to charge and collect labor and parts at retail for all warranty work performed, as well as limit the consumer's responsibility. This will allow me to pay my most skilled technicians a better wage and limit the expenses forced onto the consumer to transport the vehicle to and from the dealership for warranty repairs.
  - Will limits the time that a manufacturer may initiate a claims audit.
- Section 16: Will prohibit the manufacturer from selling parts to a third party distributor for a lower price than offered to a dealer. This will allow me to stock more parts inventory and become less dependent on third party providers, which makes repairs more efficient for the consumer.

I appreciate your time and hope you have successful Thirteenth Legislative Session.

Sincerely,

Jamie Turner
16751 Carl Street
Anchorage, AK 99516

LITHIA CHRYSLER JEEP DODGE OF ANCHORAGE

February 20, 2017

Dear Senator Meyer,

The wording contained in SB47 is very important to protecting local companies, Alaskan jobs, and our community. The manufacturers are concerned with global forces and Wall Street. They know very little about Alaska's economy, Alaska's people. The local franchisees, the local dealers, are the ones supporting thousands of families, contributing to local schools and charities, and who have invested their livelihoods in support of long term positive growth for our state.

In the past, our laws have sought a level the playing field, address local needs and to protect the lesser party, and that is exactly what this bill seeks to do. The manufacturers have almost unlimited resources and without legislative protections, local businesses and the livelihoods of the Alaskans rest with the decisions of the manufacturers. This bill provides regulations protecting consumers and local businesses which are standard in most states and which have yet to be addressed in our state.

The industry regulations which this bill addresses and for good reason. We have had a manufacturer charged us back more than $120,000 for rebates which the customers received, because we didn't cross our T's or Dot our I's as a example we have invoices showing the customer purchased signage on their vehicles and received the appropriate rebate to account for the signage but we did not have proof of payment the manufacturer charged us back, not the consumer and nowhere in the rules does it state we needed to provide such proof. Under these conditions, dealers are uncertain what work or rebates they will be paid for, and if they are paid, they don't know if the manufacturer will construct an arbitrary reason to charge the dealer back.

Manufacturers do not treat dealers the same. They can provide additional inventory to the dealer of they choose, subsidizing that dealer by paying them hundreds of thousands of dollars in extra incentives for the additional sales the dealer made using their own allocation process. The competing dealers could have their franchise terminated for not attaining their market share of vehicles which they did not receive or allocated. Without this bill,

auto dealers which have been employee local Alaskans and serving the community since statehood, can be eliminated by the manufacturer without cause.

In closing these manufactures self-interests have too much control over our local businesses. When the manufacturers are allowed to have this much legal control without oversite, dealers are in jeopardy, the consumer will pay the end cost, local businesses lose. We are asking for your support, and with this bill, you can bring fairness back to the market and ensure local jobs and a stable economy we desperately need now in Alaska.

As a lifelong Alaskan I am asking for your support of this bill and on behalf of the Auto dealers of Alaska and all the employees our future depends on it. Thank you for your support.

Troy Jarvis

General Manager

Lithia Chrysler Jeep Dodge Ram Fiat of Anchorage

FAIRBANKS NISSAN

2610 S Cushman Street
Fairbanks, AK 99701
(907) 452-1701

February 20, 2017

The Honorable Senator Kevin Meyer

Alaska State Senate

State Capitol, Room 103

Juneau, Alaska 99801

RE: Senate Bill 47

Dear Senator Meyer,

I am writing to express my support and solicit your support for Senate Bill 47. This bill addresses many of the inequities in the relationship between dealers and manufacturers in the automotive industry, in Alaska. Our state is behind the majority of the country in the passing of this type of legislation. Our late arrival, as a state, to pass similar legislation should have provided ample examples of the value of this bill across the country and lend to the validity of its content and value for the people of Alaska. This bill provides protections and remedies that will allow us, as new car auto dealers, to better care for our customers in our state, provide stable footing to pass on the efforts of our work to our successors or heirs, and give us a level playing field against unfair practices.

I am a new owner of a small Nissan store in Fairbanks. I am proud to be one of only 7 remaining Alaskan owned new car dealerships. I will labor to succeed as a dealer and hope that my efforts may be passed on to my children (4th generation Alaskans) should they show the interest and aptitude to succeed me in my business. If I am successful with my store and see an opportunity to grow my company, manufacturers may obstruct my efforts to purchase additional brands. They may also obstruct my desire to pass those stores on to my heirs. I believe that it is worth noting that most manufactures own multiple brands. (Ex. Chevy/GMC, Toyota/Lexus, Ford/Lincoln, Chrysler/Dodge.) Clearly manufactures see the benefits of owning multiple brands. This bill would give us greater protections in the event that we as dealers, follow suit.

Manufactures can require upgrades, that if not completed, decrease my ability to compete with larger more liquid stores. Currently I am being asked to paint my shop floors. This enhancement to the shop would quickly be destroyed by studded tires. The floors are to be inspected twice per year to maintain eligibility for additional funds from the manufacturer. The cost for this work exceeds the amount of money produced by my service department in a single year and will not last a year. Even if I were to repaint the floors twice per year, it is not financially viable to heat the shop to a temperature that would allow for timely curing of the application in our cold winters without shutting down our shop for and excessive period of time. All of these things put my franchise at risk.

I strive to provide world class care for our customers here in Fairbanks. Our arctic winter temperatures provide significant challenges. Our winter temperatures create large amounts of warranty work. When the cold weather strikes and my garage is full of vehicles needing warranty work. I am dictated to by the manufacturer as to what they will pay, and how much diagnostic time they will pay for, if they will pay for any diagnostic time at all. The capacity of my shop to

turn a profit is materially challenged by the decreased rate we are forced to accept. This provides a management challenge. The challenge is to remain profitable while suffering some of the highest energy costs in the country and balancing the need to properly diagnose a problem to correctly fix a customer's vehicle with the lost revenue to do so resulting from the manufactures discounted rates and policies.

I can provide examples of how each section of this bill is needed by the dealers in our state. In the interest of time I will simply state that this bill, as it is written, is in the best interest of the people of Alaska, both dealers and consumers. It is my hope and request that you and your colleagues vote to pass this bill.

My sincere thanks.

Lester Nichols

Member Manager

Fairbanks Nissan LLC

MENDENHALL AUTO CENTER

8725 Mallard Street • Juneau, AK 99801 • (907) 789-1386

February 6, 2017

The Honorable Kevin Meyer

State Capital Room 103

Juneau, Alaska 99801

Dear Senator Meyer,

I am an automotive retailer in Juneau, Alaska. I have over 40 years' of both retail and manufacturer experience and I am writing in support of SB 47. I have been a member of the board of directors for the Alaska Auto Dealers Association since its inception and served as its President. In addition to the Alaska Auto Dealers board, I sit on the board of directors for the National Auto Dealers Association. In 1999 I was named as the first Alaskan to receive the Time Magazine Quality Dealer Award.

I along with my partners operate Mendenhall Auto Center here in Juneau. We have been in business for 29 years, are the oldest Chrysler dealer in the state, and now represent five manufacturers in our community.

Because of my tenure in our state I was involved in the original dealer bill that was created over twenty years ago. That statute has had minor modifications over the years, but has not kept current with the issues facing both dealers and consumers today.

The first comment that may come from anyone who is looking at this type of legislation is "why does the legislature need to be involved at all?" The answer is quite simple as federal anti-trust regulations prohibit new vehicle automotive retailers from organizing to negotiate with vehicle manufacturers.

New vehicle sales and service agreements provided to retailers by manufacturers are unilateral contracts (i.e.; take it or leave it). It is for this reason that dealers must look to the Legislature to provide reasonable relief for what may otherwise become unreasonable demands.

Further, the manufacturers tend to broadly interpret the agreement to favor their current desire or business model. In certain instances, programs and policies may change on a whim or simply with the change of upper or middle management.

SB 47 is not unique legislation. Most, if not all the items proposed in SB 47 have been enacted in other states. Despite what may be represented by the Automotive Alliance this bill is not breaking new ground.

There are six areas SB47 serves to address:

1. What constitutes good cause for termination or nonrenewal of franchise agreements by adopting good faith standards for the manufacturers, including reasonable performance goals and supplying inventory.

2. Updates notice requirements in cases of termination or nonrenewal of franchise agreements and sets procedures for returning inventory to the manufacturer, including vehicles, parts, and signage previously required by the manufacturer.

3. Establishes procedures determining fair compensation to dealers for warranty work, governing manufacturer audits, and allowing dealers to provide warranty work for consumers over 100 miles from the dealer or not accessible by road.

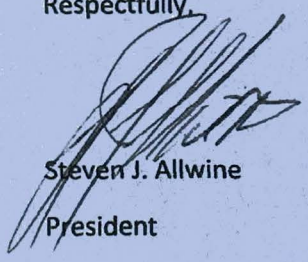
4. Establishes procedures governing succession planning for dealerships.

5. Provides terms appropriate for rural states rather than large urban centers governing the establishment of new and relocated dealerships.

6. Addresses the sale, transfer, or exchange of franchises.

I wish to make one other point. The Alaska Auto Dealers Association is comprised of both new and used vehicle dealers. It is often perceived that these companies are "major corporations". With one exception in our state, these businesses are still family owned and operated.

Respectfully,



Steven J. Allwine

President

February 10, 2017

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

Re. SB 47

Dear Senator Meyer,

I'd like to express my support for SB 47. In particular I'd like to explain the importance of Section 15 as it applies to warranty and policy work and Section 16 as it applies to unfair practices.

Because we are in Alaska many of our customers are more than 100 road miles from our dealerships or in some cases not even accessible by road. The problem arises when these vehicles that are under warranty need to be repaired. Continental has had customers as far away as Valdez and Fairbanks required by the manufacture to drive their cars back to the dealership in Anchorage. The manufactures contend that the repairs need to be performed at the dealership by a manufacture certified technician. This is both an inconvenience and is costly to the customer. SB 47 simply states that the dealer can arrange to have the repairs performed by another reasonably qualified technician where the vehicle is located. This is much more acceptable than burdening the customer to get their vehicle back to the dealership.

On October 7, 2015 I attended a meeting with Nissan representatives in Anchorage. The meeting mainly covered regional marketing plans and goals. During this meeting a Nissan representative stated, "grow or go" referring to Nissan's stance that if a Nissan dealer isn't growing they should get out of the Nissan franchise. This same representative asked me "Do you want to be a Nissan dealer or should we find a new one?" I took considerable offense to this considering the amount of time, energy and millions of dollars we've invested in our Nissan franchise. Nissan's attitude is completely unfair and unreasonable. The manufactures expectations are in most cases out of the control of the dealers. I received a letter dated February 1, 2016 (the letter is hereby attached) from Nissan North America. In the letter Nissan recognized that our "year-over-year sales performance is below the average of the Northwest Region". Nissan further states that "it is imperative you make the operational improvements necessary to address this issue". I would argue that our Nissan sales are down because Nissan

discontinued our second highest volume vehicle the Nissan Xterra and the Nissan Titan truck is so outdated (10 years without a redesign) that it doesn't even compete in the largest segment of the Alaska market, which is trucks. Of course the biggest factor is Alaska's current state of the economy. Year to date we are already considerably behind last years sales volume. By my experience the manufactures don't take into consideration what sells in Alaska let alone the economic climate in a small market like Alaska.

With the ever shrinking profit margins of new car sales, the manufactures contend that they "help" dealers by offering bonus incentives if the dealer achieves certain objectives set by them of course. This the manufactures way of controlling what we sell and what we market. In 2016 Continental didn't achieve any of the annual sales objectives that Subaru, Honda, Acura, Nissan, Mazda and Volvo set for us. There are many factors that can contribute to achieving these objectives or the failure to do so. For instance we didn't even receive enough Subaru inventory in 2016 to reach the objective that they set for us. All of the manufactures listed above have programs that they force us to participate in and thereby control how much inventory we are allocated and how our dealerships should look. Demanding that a dealer upgrade their dealership image program in a recession or penalizing them because their new car volume is down is again unfair. Under SB 47 manufactures may not unreasonably require a dealer to remodel or renovate an existing facility or thereby withhold new car inventory.

In 2008 when the U.S. economy was in the midst of the worst recession the country had experienced in the past 50 years, the automotive industry was affected tremendously. General Motors and Chrysler filed for bankruptcy and required a government bail out to survive. During this time, GM and Chrysler terminated dealerships with total disregard to the dealers and the people that worked for them. Warranty work was scrutinized to the point that dealers where being audited by the manufactures and penalized millions of dollars because dealership personal didn't dot an "i" or cross a "t". It prompted new car dealership associations around the country to take action to support dealer franchise protection through legislation. Since 2008, 39 states have passed new car dealer franchise laws similar to SB 47. As a member of the Alaska Auto Dealers Association we have been working on this for sometime. We feel that SB 47 is fair and reasonable and necessary to protect our local interests from corporate manufactures that are becoming increasingly anti-franchise dealers.

We greatly appreciate your support and sponsorship of SB 47.

Sincerely,

Marten Martensen
Continental Auto Group
Anchorage, AK

NISSAN NORTH AMERICA, INC.
Northwest Region
11900 NE 1st Street, Suite 300
Bellevue, WA 98005

February 1, 2016

Continental Car and Truck, LLC
Continental Nissan of Anchorage
5115 Old Seward Hwy.
Anchorage, AK 99503

RE: Declining Sales Performance

Dear Mr. Martensen:

It is critical and in the mutual interests of Nissan North America, Inc. and its dealers for the Nissan brand to be represented by a highly competitive dealer network that is effective in both sales and customer satisfaction.

We are contacting you today because of Nissan's concern regarding your dealership's year-over-year sales performance trend. As reflected below, your dealership's year-over-year sales performance is below the average of the Northwest Region.

2015 VS. 2014 - SALES DATA

2014 Total	2015 Total	DEALER % Change	REGION % Change
530	460	-13%	+2%

Accordingly, it is imperative you make the operational improvements necessary to address this issue. Your field team is available to help you in this endeavor. There is substantial opportunity available for incremental volume and profit in your dealership, and it is in our mutual best interest that you take steps to capture this opportunity.

Respectfully,

Josh Batie
Regional Vice President
Northwest Region

February 13, 2017

Senator Kevin Meyer
Alaska State Capitol
Room 103
Juneau, AK 99801-1182

Re: SB 47

Dear Senator Meyer,

I want to thank you on behalf of all new franchised automobile dealers in Alaska for introducing SB 47, a bill that will bring our automobile franchise laws more in line with the rest of the states in the nation.

The automobile industry is a very dynamic industry, in particular from the standpoint of a franchised new automobile dealer. We are tethered to our particular manufacturers by a Sales and Service Agreement (SSA), a pretty unilateral agreement that, at least with my manufacturer General Motors (GM) is consistent for all their dealers. If you want to represent a particular brand, you must meet the manufacturer's qualifications and sign the agreement for that brand. GM's SSA's are the same for each of their brands; there are no negotiations allowed for change by the dealer.

My company, Alaska Sales and Service, Inc. (AS&S) has been in business in Alaska since 1944. I have been employed with AS&S since 1969 and have been fortunate enough with my oldest son to now be the owners of the company. It has always been Alaskan owned and operated by family business people. AS&S has represented virtually every brand GM has had with the exception of Saturn. When GM discontinued Saturn, AS&S agreed to be the service center for owners of Saturn automobiles when the then dealer discontinued his business relationship with GM.

To accommodate the requirements of the SSA's, AS&S over the years has invested millions of dollars in land and facilities, furniture, fixtures, equipment, and our continual employee base of 210-280 full-time employees.

As mentioned earlier, the automobile industry is very dynamic and has been through some rough periods especially in more recent years. In 2005, AS&S invested millions of dollars in a new state-of-the-art dealership to meet all GM's facility requirements in the Mat-Su Valley to accommodate our Pontiac, Buick and GMC franchises at that location.

Then, to our dismay, in April 2009 GM decided to discontinue the Pontiac brand worldwide. Unfortunately the loss of this successful brand for both our Valley and Anchorage dealerships was a big financial blow to AS&S, especially to our new dealership in the Mat-Su where Pontiac made up 28% of its new vehicle sales. While the existing AS 45.25.140 has provisions for GM to repurchase their branded automobiles, parts, signs, equipment and furnishings that bear their trademark or trade name required by the manufacturer within the last five years, and required special tools purchased in the last three years, there was no provision for compensation to the dealer for investment in his owned real estate to include the buildings and land to accommodate the franchise requirements.

In early May 2009, GM notified 1,100 of its 6,000 dealers that they were going to be terminated. June 1, 2009 GM declared bankruptcy. All the GM dealers received a notice stating that if they wanted to continue to be a GM Dealership, then they must sign a "participation agreement" for the non-discontinued brands and a "wind-down" agreement for the discontinued Pontiac line. The agreements were to be returned in less than 2 weeks. GM offered a small pittance to the dealers for the "wind-down" After those notices came out, about June 8, 2009 GM also discontinued the Chevrolet and GMC medium-duty truck lines followed in February 2010 with the discontinued production of the Hummer brand all of which were accompanied by a "wind-down" agreement. Although the existing provisions of AS 45.25.140 and 45.25.150 should have applied to the "wind-down" (discontinuance) of the Pontiac, Chevrolet Medium Duty, GMC Medium Duty and Hummer, the provisions didn't apply.

The manufacturer compensated AS&S - Valley less than $55,000 for the discontinuance ("wind-down") of the Pontiac brand, all inclusive of all provisions of the existing law (parts, signs, special tools etc.) AS&S – Anchorage received less than $100,000 for the discontinuance of Pontiac, Chevrolet Medium Duty, GMC Medium Duty and Hummer. In both dealerships, we had invested millions of dollars to accommodate those brands.

Although SB 47 does not address a manufacturers' bankruptcy, it does have much better provisions if the manufacturer discontinues the sale and distribution of a new motor vehicle line on a nationwide basis.

Other provisions of SB 47 that not only help the dealers stay on a more even playing field with the manufacturers, but also benefit consumers and employees. The most apparent provision is the issue of payment to dealers for warranty repairs. At this time, the manufacturers have their own labor time guide (a guide stipulating how many hours they will pay the dealer for to perform a particular job), which is significantly fewer hours or tenths of hours less than the industry labor time guides for the same job done for a customer, non-warranty. This impacts not only the amount the dealer receives for a similar job done under warranty, but also the amount that their service technician is paid for the job. Dealers are required under their SSA to perform warranty on brands for which they hold a franchise. In many cases, the technician performing the repair must be certified by the manufacturer to perform a particular service, or the manufacturer will not pay the dealer. Many times the dealers must send their technicians outside of Alaska for specialized training, a costly investment in their technicians. Additionally, the technician gets penalized for performing the warranty job because it pays fewer hours or tenths of hours than a non-warranty repair would pay.

Many other provisions of SB 47 have been elaborated on in Alaska Automobile Dealers Association response to the letters from the Auto Alliance in March 2016 against the 2016 bill SB 197.

We graciously thank you for your support and introduction of SB 47 in the 30th Legislature of Alaska.

Sincerely,

Diana Pfeiffer

Diana Pfeiffer
President/CEO
Alaska Sales & Service Anchorage and Valley