

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11046 HOUSE STATE AFFAIRS

330

ALASKA STATE LEGISLATURE

REPRESENTATIVE BRUCE WEYHRAUCH
HOUSE DISTRICT 4



ALASKA
STATE CAPITOL
JUNEAU, ALASKA
99801-1182

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

Sectional Analysis

HB 272

Revisions to the Comprehensive Motor Vehicle Sales & Dealers Act

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

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

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

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

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

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

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

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

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

Released: April 25, 2003

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

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

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

Expenditures/Revenues (Thousands of Dollars)

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

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

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2003) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

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

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

244-0829

THE LAW OFFICES OF
DAN K. COFFEY
A PROFESSIONAL CORPORATION
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SUITE 200
ANCHORAGE, ALASKA 99503

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W. Sherman Ernouf
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Woodrow W. Bean III
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VIA U.S. MAIL /FACSIMILE #907-465-2273

May 15, 2003

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

RE: HB 272

Dear Representative Weyhrauch:

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

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

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

Page 1 of 3

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

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

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

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

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

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

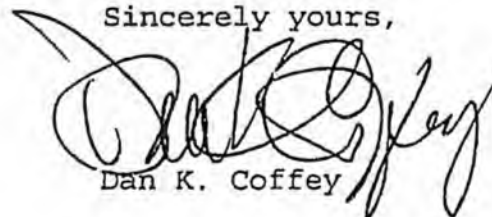
Finally, the franchised dealers, who are seeking to eliminate competition, claim that allowing others to sell these Canadian imports is unfair to them in that they have overhead and franchise costs which the non-franchise dealers do not have to bear. So what? How does the cost structure of doing business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

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

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

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

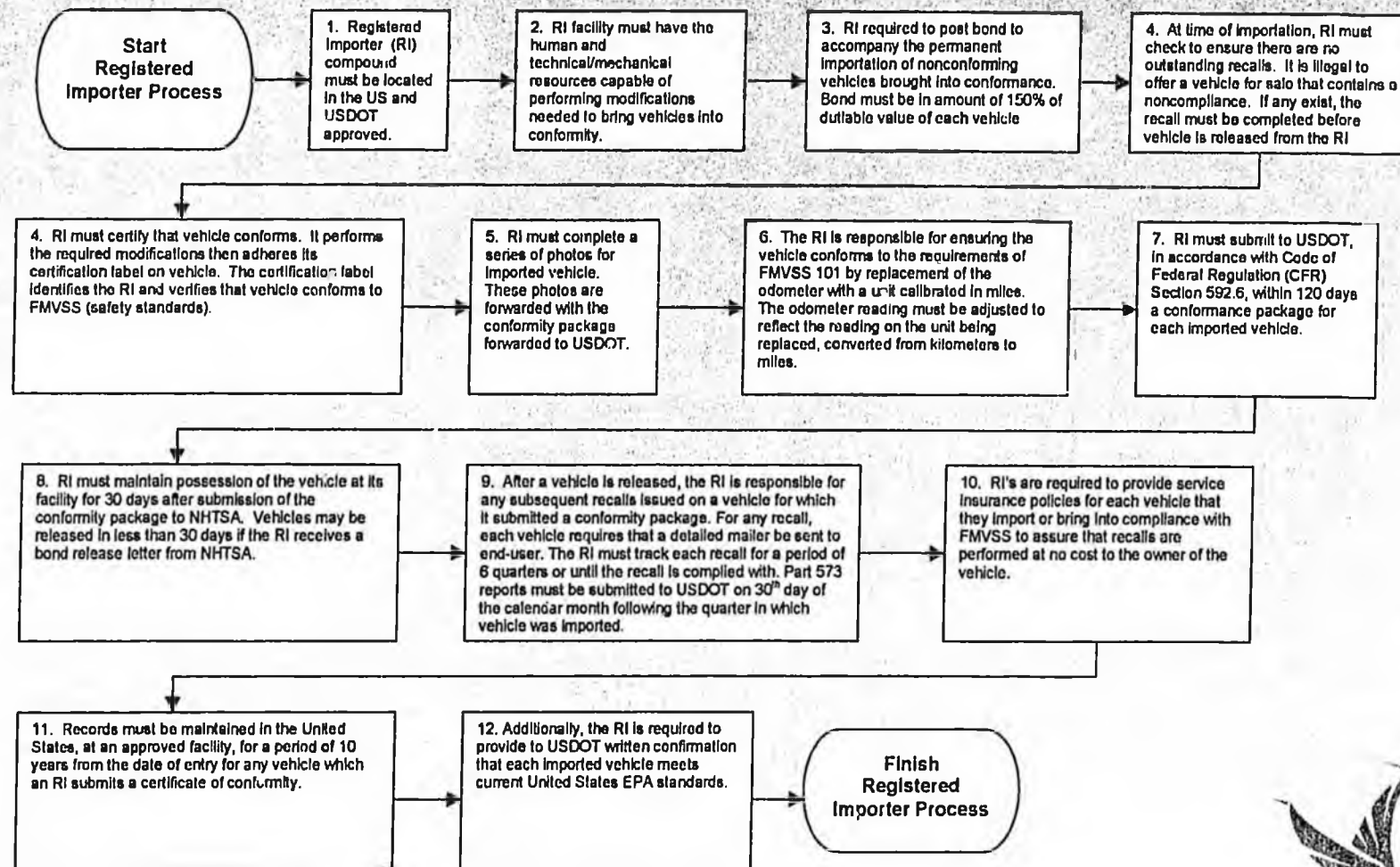
Sincerely yours,



Dan K. Coffey

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

The Detailed Registered Importer Process



Subject: HB272

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

From: Diana Pfeiffer <diana@aksales.com>

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

MAY 13 2003

Dear Rep. Wayhrauch, Chairman, State Affairs;

Thank you for introducing HB272.

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

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

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

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

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

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

Sincerely,

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



Total Vehicles Services:

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

Phone: 604-248-1700

Fax: 604-248-1704

Email: info@cnsvehicles.com

Website: www.cnsvehicles.com

May 8, 2003

Bruce Wehrauch
Committee Members – State Affair

Fax: (907) 465-2273

RE: Section 1 House Bill 272

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

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

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

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

Yours sincerely

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

Thomas Carter - President

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

[Fwd: HB 272]

Subject: [Fwd: HB 272]

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

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

Organization: Alaska State Legislature

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

distributte this and attachment to committee

Subject: HB 272

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

From: Diana Pfeiffer <diana@aksales.com>

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

Representative Weyrauch,

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

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


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

Thank you for taking time to read my testimony.

Sincerely,

Diana Pfeiffer

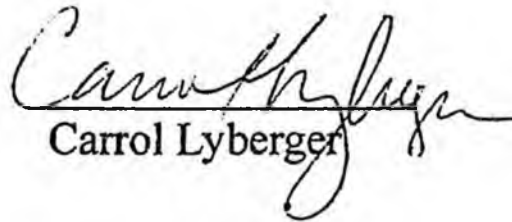
President, Alaska Sales and Service, Inc - Anchorage and Wasilla
President, Alaska Automobile Dealers Association

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

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

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


Carrol Lyberger

To Whom This May Concern,

May 4th, 2003

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

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

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

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

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

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

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

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


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

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

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

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

Best Regards,



Teri Petram
(907) 227-8327 cell

Lyberger's Car and Truck Sales, LLC



9530 Old Seward ♦ Anchorage, Alaska 99515

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

Signature _____ Date _____

Signature _____ Date _____

Every Customer at Lyberger's
Signs this form.



LYBERGER'S CAR & TRUCK SALES, LLC

907-349-3343 PHONE

907-349-3686 FAX

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

Year: _____

Make: _____

Model: _____

Vin: _____

Date: _____

Customer's Signatory

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

This is the Replacement Warranty Form



New Vehicle Limited Warranty By Heritage

WARRANTY HOLDER (CUSTOMER INFORMATION)

This needs to be filed in when vehicle is sold.

Name:.....

Address:.....

City, ST, Zip:.....

Phone #:.....

APPLICATION/WARRANTY No: CLW 111574

Current Odometer:.....

Vehicle Purchase Date:.....

Standard \$0 Deductible

\$100 deductible option

COVERED VEHICLE

VIN:.....

Year:.....

Make:.....

Model:.....

DEALERSHIP

Name:.....

Address:.....

City, ST, Zip:.....

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

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

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

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

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

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

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

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

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

Customer Signature _____ Date _____

DEFINITIONS

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

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

CLW-ULW-TP-081202

White - Dealer Pink - Administrator Goldenrod - Customer

TRANSFERABILITY

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

WARRANTY HOLDER OBLIGATIONS

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

CLAIM ADMINISTRATOR OBLIGATIONS

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

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

WHAT TO DO IF YOU HAVE A BREAKDOWN

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

WHAT IS NOT COVERED

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

EXCLUSIONS - WHAT THIS LIMITED WARRANTY DOES NOT COVER

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

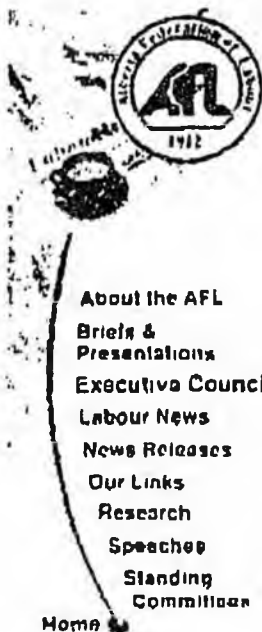
OTHER IMPORTANT WARRANTY PROVISIONS

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

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

White - Dealer Pink - Administrator Goldenrod - Customer

CLW-ULW-TP-081202



Labour News

Government Humiliated in Free Trade Lawsuit

By Tom Fuller

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

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

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

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

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

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

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

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

Government Humiliated in Free Trade Lawsuit

Page 2 of 2

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

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

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

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

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

To Whom This May Concern,

May 5th, 2003

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

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

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

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

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

Anxiously awaiting a reply,



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

Affordable USED CARS

HB272

SECTION 1. AS 08.66.015 Sale of motor vehicles

To Whom It May Concern:

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

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

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

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

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

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

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

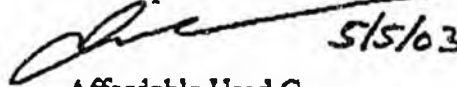
2525 B. Cushman • Fairbanks, Alaska 99701 • (907) 452-5707 • Fax 452-5241

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

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

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

Jim Arpino G.M.

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

Affordable Used Cars
Fairbanks and Anchorage.

Subject: HB272

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

From: kurt <l13@gci.net>

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

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

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

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

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

Kurt Loutzenheiser

Subject: Re HB272

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

From: liz <lizl@gci.net>

To: josh_applebee@legis.state.ak.us

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

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

Thank you for your time.

Sincerely,

Liz Loutzenheiser.

Subject: HB272, Section 1

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

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

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

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

To Whom This May Concern,
May 4th, 2003

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

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

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

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

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

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

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

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

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

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

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

They sell flood vehicles.

They roll the odometers back.

They don't pass emissions.

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

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

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

Best Regards,

Teri Petram

(907) 227-8327 cell

To The Chairman or Cochairman,

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

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

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

Ben Smith

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

May 2, 2003


Tom Anderson Office
Attn: Josh Applebee

Re. House Bill #272

To Whom It May Concern:

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

Best regards,



John Vink
President


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

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

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

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

Very Truly Yours,



Steve Sautner

President

Dealers Auto Auction of Alaska, Inc.

Lyberger's Car and Truck Sales, LLC



9530 Old Seward Hwy ♦ Anchorage, Alaska 99515.

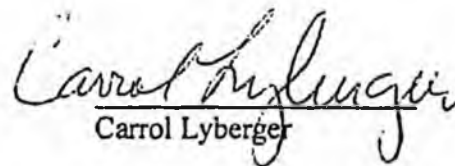
HB272

Representative Weyhrauch,

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

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

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


Carrol Lyberger



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

May 1, 2003

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

RE: House Bill No. 272
Regarding motor vehicle sales

Dear Senator Cowdery,

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

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

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

may face charges

publish 1992

The Associated Press

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

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

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

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

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

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

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

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

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

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

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

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



BOB HALLGREN / Anchorage Daily News

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

to buy stake in GCI

The company hopes to bolster finances

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

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

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

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

would make GCI

NEWSPAPER ARTICLES

Alaska State Legislature

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

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



Senator Robin L. Taylor

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

FOR IMMEDIATE RELEASE

February 10, 1993

Contact: Joe Ambrose
465-4906

TAYLOR PROPOSES CONSUMER PROTECTION BILL

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

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

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

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

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

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

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



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

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

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

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

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

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

(1)

445709

DAIMLERCHRYSLER MOTORS CORPORATION INVOICE

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

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

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

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

SHIPPING 3807

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

SAE HP 32.2
000-2222-2-75

BODY & EQUIP.

DESCRIPTION

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

ORIGINAL INVOICE

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

ODOMETER FRAUD KEEPS ON ROLLING

by Steve Finlay

Ward's Dealer Business, May 1, 2002

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5/2/2003

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

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

Morse describes the major auction houses as his best friends.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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5/2/2003

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WARRANTIES

(3)

COMMITMENT FORM

4



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

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

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

11:52 AM '99 08:13P

**Tony Chevrolet
of Anchorage**



Exhibit P-4 4

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

November 10, 1999

Dear Mr. Lyberger,

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

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

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

Sincerely,

Tony Marlerto
Dealer/President

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



Alaska Sales and Service

SERVING ALASKANS SINCE 1944

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

November 8, 1999

*Not New
Used*

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

Dear Mr. Lyberger,

*Reason
in Sect. 1
HB 272*

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

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

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

Sincerely,

[Signature]
Leonard G. Bryant
Dealer/President

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

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

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

Exhibit 6



March 15, 1999

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

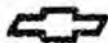
Re: February 17, 1999 Letter

Dear Nelusha:

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

Very truly yours,

Douglas J. Herberger
General Manager - Western Region



GMC

General Motors Corporation

Vehicle Sales, Service and Marketing
Western Region

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

Honors warranties on gray-market cars

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

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

ves American nc. as the only pany that does

outside natives

nd Ford Motor

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

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

RISE IN IMPORTS

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

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

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

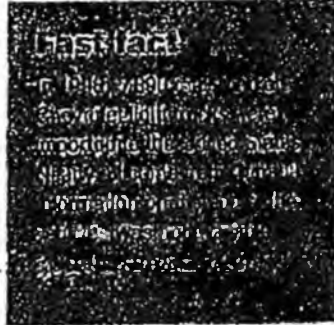
The vehicles must go through a registered U.S. vehicle importer that verifies the vehicles meet U.S. regulations and insures the vehicles against past and future recalls. Typically, the importer installs a new odometer that reads miles instead of kilometers.

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

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

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

Until now, GM stuck by its ser-



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

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

CUSTOMER FIRST

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

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

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

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

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

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

Fresh Blood

One significant outsiders hired by Ford Motor Co. in the past 100 months:

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

Mike Lombardi, 47
Title: North American business development manager, Ford

More fresh blood

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Previous job: Senior vice president, Leo Burnett USA	Previous job: Group executive

Mike Lombardi, 47
Title: North American business development manager, Ford

LRP 11/11/11

Exhibit 6(b)

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

14 Mar 2003

Source: just-auto.com editorial team

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

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

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

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

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



Exhibit 1

www.orcaimports.com



May 9, 2003

To Labour & Commerce Committee members
Alaska Capitol

ATT: Tom Anderson

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

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

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

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

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

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

Yours truly,
Orca Auto Sales Ltd.

Callum J. Herdson
President



Exhibit 2

Ford Motor Company of Canada, Limited
Ford du Canada Limitée

John D. Radford
Vice President
General Sales

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

To: All Ford of Canada Dealers

Attention: Dealer Principal

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

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

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

Definition of Irregular and Export Sales outside Canada

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

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

These revised terms will continue to apply until further notice.

Fleet Definition of Used Vehicles

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

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

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

Yours very truly,

Exhibit 3



HOME OFFICE LETTER

Number: 2002-124

Date: 10/09/2002

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

To: ALL GENERAL MOTORS OF CANADA DEALERS AND SSI RETAILERS

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

The policy is as follows:

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

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

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

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

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

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

URGENT
HB 272

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Exhibit 9

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

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

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

Documents to support our claims and statements are attached.

Thank you for your attention.

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

House Bill No. 272 Overview

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

House Bill No. 272

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 - Used car dealer (the vast majority of car dealers in Alaska) sell vehicles that have previously been sold and titled
 - Currently there are 31 New car dealers in the State and over 230 used car dealers
- HB 272 as currently written will provide the New Car Dealers an exclusive SOLE SOURCE market on all new and used cars in the current model year
- This Bill is targeted at the small business car dealers that are providing high quality, affordable used cars to the public consumer
- This bill is illadvised -- it inappropriately restricts trade and establishes a sole source market for new car dealers which will result in higher prices for consumers
- In a troubled Alaska economy Bill 272 will have the net effect of loss revenue in Alaska

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

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

Recommended Solution:

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

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

[Fwd: HB 272]

Subject: [Fwd: HB 272]

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

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

Organization: Alaska State Legislature

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

distributte this and attachment to committee

Subject: HB 272

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

From: Diana Pfeiffer <diana@aksales.com>

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

Representative Weyrauch,

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

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

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

Thank you for taking time to read my testimony.

Sincerely,

Diana Pfeiffer

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

President, Alaska Automobile Dealers Association



HB272 testimony.doc

Name: HB272 testimony.doc

Type: WINWORD File (application/msword)

Encoding: base64

Download Status: Not downloaded with message

HB

276

Session:
State Capitol, Room 13
Juneau, AK 99801
(907) 465-4457 Office
(907) 465-3519 Fax
(800) 928-4457 Toll Free

Alaska State Legislature
Representative David Guttenberg

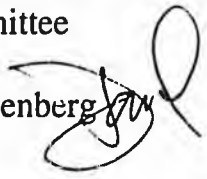


District 8

Interim:
119 N. Cushman
Suite 211
Fairbanks, AK 99701
(907) 456-8172
(907) 451-9293 Fax

MEMORANDUM

TO: Representative Bruce Weyhrauch, Chairman
House State Affairs Committee

FROM: Representative David Guttenberg 

DATE: April 17, 2003

RE: **HB 276 Firefighter Background Checks**

Dear Representative Weyhrauch 

I am writing to officially request that you schedule HB 276 for hearing before your committee at your earliest convenience.

Enclosed are:

- 1) HB 276
- 2) Sponsor Statement
- 3) Resolution passed by the Alaska Fire Chiefs Association
- 4) Resolution passed by the Interior Fire Chiefs Association
- 5) Background letter from Eric Mohrmann, Chief of Chena-Goldstream Fire & Rescue
- 6) Excerpt from "Firefighter Arson" a special report by FEMA and the U.S. Fire Administration, Jan. 2003

We will provide additional information as it arrives or upon request.

Thank you for your consideration.

Cc: Members of the House State Affairs Committee

Anderson • Cantwell • Chena • Denali Park • Ester • Geist • Goldstream • Healy • Pike
University Campus • University Hills • University West
<Representative_David_Guttenberg@legis.state.ak.us>

Session:
State Capitol, Room 13
Juneau, AK 99801
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Alaska State Legislature
Representative David Guttenberg



District 8

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Sponsor Statement for HB 276

Background Checks on Fire/EMS Volunteers

An Act authorizing fire departments and emergency medical services to obtain criminal justice information and motor vehicle records to screen volunteer applicants

Volunteer firefighters and Emergency Medical Service personnel embody the best elements of our communities, giving generously of their time and energy in public service to save lives and protect property. Unfortunately, problems occasionally exist within the ranks of these community heroes.

Some firefighters actually start the fires they are called to extinguish, hoping to play the role the "hero" who is first on the scene. Others given the responsibility of driving fire engines or ambulances under emergency situations may have questionable driving records. Others may have criminal records that suggest they not be trusted with emergency entry into private homes or educational programs in the schools

The actions of a few within a volunteer fire or ambulance service can disgrace the whole department, diminish the public trust, and expose the service to potential litigation. For this reason, background checks of job applicants are routinely performed by paid departments but volunteer services often find the cost, about \$25 per individual, to be prohibitively expensive.

HB 276 allows volunteer departments to address these risk management issues by amending AS 18.70.025 to give state registered Fire Departments and certified Emergency Medical Services the authority to obtain, at no cost, criminal justice information under AS 12.62.160 (b) (6) and drivers license and driving records under AS 28.15.151 for the purpose of screening volunteers seeking to join the service.

The need for such legislation is expressed in resolutions passed by the Alaska Fire Chiefs Association and the Interior Fire Chiefs Association.

*Anderson • Cantwell • Chena • Denali Park • Ester • Geist • Goldstream • Healy • Pike
University Campus • University Hills • University West
<Representative_David_Guttenberg@legis.state.ak.us>*

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

RESOLUTION 2003-04

A Resolution of the Alaska Fire Chiefs Association in support of a program conducting background checks for volunteer firefighters and Emergency Medical Technicians.

WHEREAS, in the interests of protecting the public's trust and maintaining the high standards required of volunteer firefighters and emergency medical technicians, volunteer fire and EMS departments should require background checks for all new volunteers at the time of application, as well as on existing volunteers on a semi-annual basis, and

WHEREAS, obtaining and paying for background checks for the large majority of volunteers that have no criminal history or driving infractions constitutes an unnecessary burden on the volunteer, and a financial burden on small volunteer fire and EMS departments, and

WHEREAS, the privacy of the individual and the needs of the community may be met by a simple process, now

THEREFORE BE IT RESOLVED, that the Alaska Fire Chiefs Association encourages the Legislature and Governor's Office to authorize a program whereby an approved form, with the volunteers signature providing authorization, would be transmitted to the Alaska State Police, the Department of Motor Vehicles, or other local law enforcement organization having access to such information. The agency(s) would, at no cost, conduct a background search of Alaska criminal history records and driving records. If no history of criminal or driving history were found, the agency(s) would forward the results to the requesting fire or EMS department. If a criminal history or driving history is found, the agency(s) will forward the form, with a notation that an official records check was needed, to the fire or EMS department.

Ratified by a vote of the membership of the Alaska Fire Chiefs Association at their regularly scheduled meeting on March 6, 2003.

President, Alaska Fire Chiefs Association

Secretary, Alaska Fire Chiefs Assoc.

INTERIOR FIRE CHIEFS ASSOCIATION**RESOLUTION NO. 02-003****A RESOLUTION BY THE INTERIOR CHIEFS ASSOCIATION IN SUPPORT OF A PROGRAM OF BACKGROUND CHECKS FOR VOLUNTEER FIREFIGHTERS AND EMTS.**

WHERE AS, In the interests of protecting the public's trust and maintaining the high standards required of volunteer firefighters & EMTs, volunteer fire and EMS departments should require background checks for all new volunteers at the time of application as well as on existing volunteers on a regular bases (ie: every two years, and

WHERE AS, Obtaining and paying for background checks for the large majority of volunteers that have no criminal history or driving infractions constitutes a unnecessary burden on the volunteer and a financial burden on small volunteer fire and EMS departments; and

WHERE AS, The privacy of the individual and the needs of the community may met by a simple process; now

BE IT RESOLVED, that the Interior Fire Chiefs Association encourages the Legislature and Governor's office to authorize a program whereby an approved form with the volunteer's signature providing authorization would be transmitted to the Alaska State Troopers, the Department of Motor Vehicles, or other local law enforcement organization having access to such information, who would at no cost, conduct a background search of Alaska criminal history records and driving records and would, if no record of conviction or violation was found for this volunteer; advise the fire and/or EMS department that no record was found; and would also if a record of criminal conviction or driving violation was found, advise the department that an official records check was needed.

RATIFIED BY THE VOTE OF THE INTERIOR CHIEFS ASSOCIATION ON December 11, 2002:

Attested to by:

Tom Kurth, President

Ernie Misewicz, Secretary

The headlines read, "EMS Worker Facing Sex Charges"(1); "Former firefighter charged with three counts of arson"(2); "Accused [Contract] Firefighter Claims [Mental] Incompetence in Phoenix [in setting of one of two wildfires that merged into a 469,000 acre blaze]"(3). These and many more incidents raise the concern of who is volunteering for our emergency services departments.

Emergency service workers, paid or volunteer, are entrusted by the public with their homes, possessions and persons. Every department knows that this public trust must be held inviolate and frequently background checks and driving histories are required by local departments before a person can be employed or can volunteer for a department.

For fully paid employees, the employer usually pays for the records check and conducts the background check of the applicant. This person most probably will be a part of the department for a number of years and this background check is cost effective, but what about a volunteer department? Many departments, including my own, have a policy requiring a background check and driving history check for new volunteers. This used to be accomplished by contacting the local law enforcement agency and making a request for information. Now however, due to privacy requirements and new policies, this information is restricted to a much greater extent.

A person who wishes to volunteer, now must leave work (and only on certain days and times) come in person to AST and DMV, wait in line in two locations and pay \$35.00 to obtain a copy of their criminal history and driving record, which they then take to their department. Depending upon the department's policy and funding, they might get reimbursed. I feel that this is a lot to ask of a person who wants to volunteer their time and talents, especially as an introduction to the department!

The Interior Fire Chiefs Association has passed a resolution and is seeking support of the Alaska Fire Chiefs Association and the legislation for a program that will provide a simplified method of obtaining a background check for prospective volunteers and still protect their privacy. The prospective volunteer(s) would complete and sign a form releasing information to the department. The department would provide these forms to AST and DMV who would conduct a records search. If, as certainly would be found in 99% of the cases, there were no infractions or convictions, a report of "No record" would be transmitted back to the department. Should a record be found, the department would only be notified that "A record check is recommended" or similar wording. The prospective volunteer would then be notified by the department and could provide the record if he/she so desired.

Have you had persons with bad driving records or violent felony records apply to your department? Are you sure? Please contact your legislators and support this plan.

Eric Mohrmann
Fire Chief
Chena-Goldstream Fire & Rescue

479-5672

- (1) Mandy Gaither, Live News 5, talkback@wcsc.com, 12/13/02
- (2) WMTW.com home page, Dec. 6, 2002
- (3) Associated Press 12/13/2002

TECHNICAL REPORT SERIES

**Firefighter
Arson**

SPECIAL REPORT



FEMA

U.S. Fire Administration

INTRODUCTION

Everyone in the fire service must be, and should be, prepared to admit that there is a [firefighter arson] problem and that precise, firm methods are needed to combat this situation. To ignore the problem or suggest that it does not exist will only increase the damage caused by the arson firefighters involved, as well as destroy the morale of the other firefighters in their departments. We must talk to our members about firefighter arson. We must investigate, charge, and convict those that are committing this crime.¹

Slowly, the fire service is shedding light on a situation that occurs rarely but which is nevertheless serious: some firefighters intentionally start fires. A very small percentage of otherwise trustworthy firefighters cause the very flames they are dispatched to put out. The incidence of illegal firesetting among the nation's fire and rescue personnel is not known precisely. Fire incident data does not generate many details about incendiary fires, and a suspect's occupation is rarely, if ever, included in the database. Overall, relatively little research has been conducted on arson compared to other types of crimes. Even less information data is available about arsonists who are also public safety personnel.

Most fire departments will never experience having a member indicted for arson. But for those that do, the impact is almost always significant. This report delves into the problem of firefighter arson and explains what some communities and states are doing to prevent it. These jurisdictions have taken bold steps by publicly stating that the problem exists, and they have acted to solve it. Given the far-reaching effects that criminal firesetting by a firefighter can cause, awareness and action are clearly necessary.

The impact of firefighter arson can be severe. People die or are seriously injured, including fellow firefighters who respond to the call. Homes are destroyed. An arsonist from within the fire department can disgrace the whole department, and his actions diminish public trust. Several states that have experienced the crime of firefighter arson have developed new legislation that directly impacts the prosecution of firefighters accused of arson. Firefighter arson task forces have been organized to prevent the crime. Education, training, and appropriate criminal background and reference checks are key components of the programs. Some of these proactive efforts are highlighted in this report to give fire service leaders ideas for their own departments.

¹ "NVFC Study: Fire-setting Firefighters—the Arsonist in the Fire Department," originally published in the Illinois Gong, appeared in Minnesota Fire Chief, March/April 1995 issue.

Criminal Background Checks

Over a decade ago, the FBI began creating an arson profile. It was about this time that several fire departments began doing criminal background checks and psychological testing on firefighter applicants. The problems associated with a firefighter arsonist can be reduced with applicant screening and background examinations. While screening cannot be 100 percent effective for a fire department any more than for a police department, when combined with a background check the possibility of hiring a potential arsonist, or current one, is generally thought to be reduced. The percentage of reduction, however, is speculative and data is not currently available to verify the impact. Measures such as these are preventative, but can be expensive.

Combining screening and background checks for an applicant may alert a fire leader that a prospective member has a criminal history. In the little research that has been conducted on firefighter arson, there was evidence that some of the individuals were convicted of arson in one state, and then moved to another state only to set more fires.

In conjunction with the Suffolk County Arson Task Force, the Suffolk County Police Arson Squad provides applicant screening. Suffolk County asks applicants to sign a waiver that would allow the County to inspect the applicant's criminal history as part of the department's application process. Failure to sign the waiver precludes the applicant from further consideration. The waiver for criminal history checks as a pre-employment requirement can be a simple and effective screening measure.

In the State of New York in February of 1999, Chapter 423, *The Executive Law* was amended to add a new section 837-o, which requires fire chiefs to obtain an arson history background check of any applicant for membership in a volunteer fire company. The law became effective on April 1, 2000. The check is to be conducted by the Division of Criminal Justice Services at no cost to the applicant or the fire company. If history of an arson conviction is found, the applicant is barred from membership. The Town Law, Village Law, and Not-for-profit Corporation Law were also amended to require the arson history checks.

The amendment in New York State's law came after years of fire officials lobbying to make a conviction of arson in any degree an absolute bar to membership in a fire company. Chapter 423's intent is to strengthen the ability of fire companies to police their own ranks by enabling fire chiefs to require new volunteer firefighter applicants, including those who transfer between fire companies, to undergo an arson conviction record check prior to acceptance as members.

HB

284

Alaska State Legislature
House of Representatives

Alaska State Capitol
Juneau, Alaska 99801-1182
1-907-465-3438 (phone)
1-888-478-3438 (toll free)
1-907-465-4565 (fax)



Interim Address
716 West Fourth Avenue
Anchorage, Alaska 99501-2133
(phone) 1-907-269-0100
(fax) 1-907-269-0105

Representative Harry Crawford
District 21

Memorandum

TO: Representative Bruce Weyhrach
Chair House State Affairs Committee

FROM: Representative Harry T. Crawford

DATE: Tuesday, April 29, 2003

RE: House Bill 284

I respectfully request that House Bill 284 be scheduled for hearing in the House State Affairs Committee at your earliest possible convenience. I have attached a sponsor statement, and background information.

Alaska State Legislature
House of Representatives

Alaska State Capitol
Juneau, Alaska 99801-1182
1-907-465-3438 (phone)
1-888-478-3438 (toll free)
1-907-465-4565 (fax)



Interim Address:
716 West Fourth Avenue
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(fax) 1-907-269-0105

Representative Harry Crawford
East Anchorage District 21

E-mail: Representative_Harry_Crawford@legis.state.ak.us
Website www.akdemocrats.org

SPONSOR STATEMENT: HOUSE BILL 284

"An Act allowing peace officers with previous service as fish and wildlife enforcement officers in the Department of Public Safety to claim credit for service as peace officer service; and providing for an effective date."

HB 284 remedies an injustice that resulted when the Fish and Wildlife Enforcement Officer (FWEO) program was discontinued in 1995. On discontinuation, Enforcement Officers had two choices: either leave State service entirely, or apply for new positions in other departments. Many applied for admission into the Alaska State Trooper Academy. Of the few who were accepted, most are still employed as Alaska State Troopers (peace officers) in the Department of Public Safety.

Since the FWEO program was, like most other State programs, under a 30-year retirement system, Enforcement Officers who transitioned into non-Trooper positions were eligible to convert their FWEO years into credited service under their new retirement systems. Troopers within the Department of Public Safety, on the other hand, are under a 20-year system; as a result, Enforcement Officers who transitioned into Trooper positions forfeited years accumulated under the FWEO program. This was particularly unfair because Enforcement Officers carried weapons and performed job responsibilities that were almost identical to those of peace officers.

HB 284 remedies this situation by allowing a former Enforcement Officer who is now a Trooper to convert years accumulated under the old FWEO system into credited service under PERS, so long as (1) he or she becomes vested in PERS as a peace officer prior to retirement, and (2) he or she reimburses PERS for any difference between the FWEO and PERS contribution rates.

Unlike Court Safety Officers who several years ago sued the State of Alaska under similar circumstances – and were allowed to credit service as asked for here – Troopers who would be eligible under this bill have decided against litigation as their first step. Instead, they have come to the Legislature and asked for our voluntary assistance. I hope you will join me in a vote of support for those Alaskans who have given years of service to the State, first as Fish and Wildlife Enforcement Officers and now as Alaska State Troopers, and pass HB 284.

HB 284
Fish & Wildlife Enforcement Officer
Cost/Savings/Benefit
Comparison

The goal of HB 284 is to grant previous time of service as a Fish & Wildlife Enforcement Officer to count towards the Peace Officer years of service requirements. The important issue for the State Legislature to consider, besides the obvious value to those affected employees, is what is the cost to the State of Alaska? The following is a highlight of the important points that need to be considered, who it affects, and what is the cost:

- Fish & Wildlife Enforcement Officers, FWEO's, paid into PERS at the 6.75% of gross salary rate. Peace Officer rate is 7.5%.
- HB 284 will require FWEO who wish to count those years of service towards Peace Officer requirements to pay the PERS system an additional .75% of their gross salary for those years of service. There will be no cost to the State of Alaska.
- FWEO will be allowed to count those years of service towards the Peace Officer 20 years of service requirement for the purposes of retirement.
- FWEO will retire with fewer years of service.
- Most FWEO are Tier II employees. Their PERS retirement is based on average monthly salary of high three years X years of service X the multiplier (2% first 10 years, 2.5 % second 10 years +)
- If required to work additional years, to meet the 20-year Peace Officer requirement, the only factor that is different is the total number of years of service. The higher the number of years of service the greater the benefit paid to the employee. Fewer years of service costs the State of Alaska less money.
- There are approximately 24 former FWEO who are State Employees currently in a Peace Officer position.
- Years of service range from as little as 1 year to as many as 7 years.
- AS 11.81.900 defines FWEO as a "Peace Officer". This gives FWEO a legitimate claim to time in service.

EXAMPLE

Multiplier X	Years of Service	X	Average Salary of High 3 Years =	Benefit
.02	10		\$5000	\$1000
.025	10		\$5000	\$1250
				Total \$2250
.02	15		\$5000	\$1500
.025	10		\$5000	\$1250
				Total \$2750

The additional 5 years of State service, non peace officer, cost the State an additional \$500 per month, or \$6000 per year.

If this were the average, and it is close based on my personal knowledge, it will **cost the State of Alaska an additional \$144,000 each year**. Based on 5 years of additional service average and the 24 FWEO that this would affect.

Savings to the State of Alaska:

\$6000/year/employee X 24 employees = \$144,000/year

Obviously, these are just estimates. They are realistic. Most likely the savings will be higher.

Question: Why do we want this?

Answer: Most FWEO waited several years to start their careers in wildlife law enforcement due to the hiring freezes in effect at the time. We have now been acting as law enforcement officers for close to 20 years. Some of us are getting older and we need to move on to other things in life. Without this option we will have no choice but to stay an additional number of years. Most of us are willing to trade the PERS benefit of a higher retirement check for the opportunity to move on.

HB

288

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: April 28, 2003

FURTHER REFERRALS: Labor and Commerce

Date of Committee Action: May 6, 2003

The STATE AFFAIRS Committee considered:

HB 288

HOUSE BILL NO. 288

CHANGING NAME OF DEPT OF COMM & ECON DEV.

"An Act changing the name of the Department of Community and Economic Development."

Recommends it be replaced with [] HCS or [X] CS for HB 288 (STA)
 For Senate Bills with new title: [] Technical Title [] New Title: HCR _____ [] Same Title [X] New Title

- [] attach amendments
- [] add new referral to _____ Committee
- [] Letter of Intent _____ Committee

List of Abbrev for Depts.:

- ADM
- CEC
- COR
- CRT
- EED
- DEC
- DFG
- GOV
- HSS
- LEG
- LAW
- LWF
- MVA
- DNR
- DPS
- REV
- DOT
- UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
<u>CEC</u>				✓

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	F.#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	David Holm	X			
	LYNN	X			
	SEATON	✓			✓
	Schenker				✓
	BERKOWITZ		✓		
Chair:	Weytraud			X	
Chair:					

HOUSE BILL NO. 288

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE KOHRING

Introduced: 4/28/03
Referred: State Affairs, Labor and Commerce

*5/6/03
Amended as
indicated
/s/*

A BILL

FOR AN ACT ENTITLED

1 "An Act changing the name of the Department of Community and Economic
2 Development" *to the Department of Commerce and Economic Development.*

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

4 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 PURPOSE. The purpose of this Act is to change the name of the Department of
7 Community and Economic Development to the Department of Commerce *and Economic*
8 *Development*

9 * Sec. 2. AS 44.17.005(8) is amended to read:

10 (8) Department of Commerce *and Economic Development* [COMMUNITY AND ECONOMIC
11 DEVELOPMENT]

12 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 REVISOR'S INSTRUCTION. (a) Wherever in the Alaska Statutes and the Alaska
Administrative Code the terms "Department of Community and Economic Development" or

ALASKA STATE LEGISLATURE

Interim:

600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 373-1842
Fax (907) 373-4729



Session:

State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-2186
Fax (907) 465-3818

REPRESENTATIVE VIC KOHRING
DISTRICT 14

SPONSOR STATEMENT

House Bill 288

Changing the name of the Department of Community & Economic Development

In 1999, House Bill 40 merged the Department's of Commerce & Economic Development with Community & Regional Affairs. The new name selected was the "Department of Community & Economic Development" (DCED). This new department was tasked with promoting the advancement of commerce and development of Alaska's economy.

Since that time however, some confusion has arisen as to what the actual mission of DCED is and whether Alaska even has an agency or department that focuses on commerce and economic development. It has somewhat complicated efforts at promoting commerce in Alaska as we attempt to attract investment to the state.

In fact, Governor Murkowski, in his State of the State speech to the Legislature in January, announced that his administration was now referring to the department as the "Department of Commerce."

House Bill 288 officially renames DCED to the **Department of Commerce**. I believe the name change adequately reflects the mission of the department. That is, to promote commerce in the state. Further, the name "Commerce" is consistent with that used by other states in the country, including Utah, Montana, Idaho, and North Dakota and South Dakota.

LEGAL SERVICES

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

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

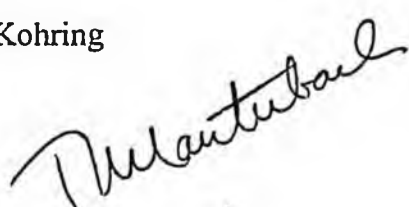
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

May 2, 2003

SUBJECT: Changing the name of the Department of Community and Economic Development to the Department of Commerce - HB 288

TO: Representative Vic Kohring
Attn: Ben

FROM: Terri Lauterbach
Legislative Counsel 

You have requested a sectional summary of the above-described bill.

Section 1. States that the purpose of the Act is to change the name of the Department of Community and Economic Development to the Department of Commerce.

Section 2. Changes the name of the Department of Community and Economic Development to the Department of Commerce.

Section 3. Instructs the revisor of statutes and the regulations attorney to amend the Alaska Statutes and the Alaska Administrative Code to change the name of the Department of Community and Economic Development to the Department of Commerce and to change the commissioner of community and economic development to the commissioner of commerce.

If you have any questions about this bill, please do not hesitate to let me know.

TML:med
03-472.med

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 288
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Changing Name of Dept of Comm & Econ. Dev. BRU Executive Admin (119)
 Component Commissioner's Office
 Sponsor Representative Kohring
 Requester House State Affairs Component No. 1027

Expenditures/Revenues (Thousands of Dollars)

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

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

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill changes the name of the Department of Community and Economic Development to the Department of Commerce. The department will implement the change to the new name as supplies need to be replenished; therefore, no new funds are required to implement this bill.

Prepared by: Tom Lawson, Director Phone 907-465-2506
 Division Administrative Services Date/Time 4/30/03 3:03 PM
 Approved by: Edgar Blatchford, Commissioner Date 4/30/2003
 Agency Department of Community & Economic Development

Frank H. Murkowski, Governor

Alaska Department of Community
and Economic Development

Office of the Commissioner

P.O. Box 110800, Juneau, AK 99811-0800

Telephone: (907) 465-2500 • Fax: (907) 465-5442 • Text Telephone: (907) 465-5437

Email: questions@dced.state.ak.us • Website: www.dced.state.ak.us/

April 30, 2003

The Honorable Bruce Weyhrauch
House of Representatives
Alaska State Capitol, Room 102
Juneau AK 99811

Re: HB288 – NAME CHANGE FOR DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT

Dear Representative Weyhrauch:

I am writing to request that a hearing be held on this bill by the House State Affairs Committee. The purpose of this bill is to change the name of the department from the Department of Community and Economic Development to the Department of Commerce.

The Department of Commerce was formed at statehood to regulate businesses operating in Alaska. The Department of Economic Development was created in 1964 to promote economic, industrial and tourism development in the state. On July 1, 1975, these two departments were combined into the newly-formed Department of Commerce and Economic Development. The name was changed again in July 1999 when the Department of Community and Regional Affairs was merged into the Department of Commerce and Economic Development.

We believe that this name change will provide a simple, clear message as to who we are as we continue to promote independent sustainable communities and economic development in Alaska.

If you have any questions about this bill, please contact me at 465-2503.

Sincerely,

Ed. Blatchford

Edgar Blatchford
Commissioner