

Sponsor Statement for HB 182

Motor Vehicle Sales and Dealers

An Act relating to motor vehicles; and providing for an effective date.

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Alaska is the only state in the nation without a comprehensive motor vehicle act. House Bill 182, as requested by the Alaska Automobile Dealers Association (AADA), addresses the relationship between motor vehicle dealers and manufacturers and provides safeguards for prospective auto buyers.

Dealers are generally dependent on manufacturers as their sole-source supplier. Such dependence gives rise to policies that are otherwise of no value to the dealer, or that may place onerous burdens upon a local dealer. HB 182 creates a platform for resolution of disputes between manufacturers and motor vehicle dealers with regard to franchise disagreements. Presently, legal disputes between manufacturers and dealers are governed by, interpreted, and adjudicated by out-of-state courts. This can often be an uncertain and expensive proposition for Alaska dealers. HB 182 brings agreements made between manufacturers and dealers under jurisdiction of Alaska courts.

Some franchise agreements are only offered for short durations and require periodic renewal, even though dealers may be required to invest millions of dollars to obtain or expand their franchises. Many auto dealers are reluctant to make such substantial investments without some assurance of protection from manufacturer abuses. HB 182 sets forth uniform processes to transfer, terminate, or convey franchise agreements. Included are protections requiring compensation for dealer facilities and reimbursement for purchased parts and equipment due to an unelected termination. Protections are also provided against the placement by manufacturers of new competing dealerships within too close a proximity to a current dealer's market area. Additionally, HB 182 provides uniform guidelines and protection for dealers in designation of successors in case of death or incapacity of franchisees.

HB 182 also provides proactive and meaningful protection for the auto buying public. Safeguards are created regarding deceptive advertising, price comparisons, and availability of advertised items. A process is outlined for diligent inspection of a used motor vehicle's condition before re-sale by a dealer, as well as disclosure requirements for real known damages to a new motor vehicle.

House Bill 182 is a comprehensive motor vehicle act that provides guidelines to protect dealers and consumers from abuses within the automobile industry.