



ASSOCIATION OF  
EQUIPMENT MANUFACTURERS

AGRICULTURE  
CONSTRUCTION  
FORESTRY  
MINING  
UTILITY

March 16, 2015

The Honorable Paul Holvey  
Chair, House Business and Labor Committee  
900 Court Street NE, H-277  
Salem, Oregon 97301

**Re: Opposition To Oregon HB 3164 relating to retailer agreements for farm implement purchasing**

Dear Chairman Holvey and members of the House Business and Labor Committee:

On behalf of the Association of Equipment Manufacturers (AEM) and its 850 construction and agricultural equipment manufacturers and suppliers, I am writing to share our opposition to HB 3164. HB 3164 is an unnecessary intrusion into the business relationship between an agricultural equipment manufacturer and the retail dealer. This is bad public policy that offers no benefits to users of our members' products in Oregon.

Almost all equipment manufacturers distribute their products through independent dealers located throughout the world. Over the decades these manufacturers and their dealers have developed close business relations that have stood the test of time and the marketplace. The contracts that have evolved are a function of the type of products, the nature of their markets and their combined experience.

These mutually agreed upon contracts are balanced to share the duties and responsibilities in such a way that both parties can make their best contributions toward a long term relationship that will succeed in supporting and serving the product users. Both parties need to be committed to work out isolated disagreements and conflicts that may arise and not seek wide sweeping legislative solutions.

This legislation would interfere with the contractual relationship between the agricultural equipment manufacturer and its retail dealers with respect to the terms they have agreed to concerning parts definitions, warranty, termination proceedings, cure deficiencies and change in the competitive circumstances. These proposed changes have wide sweeping implications on hundreds of existing private contracts between agricultural equipment manufacturers and their retailers.

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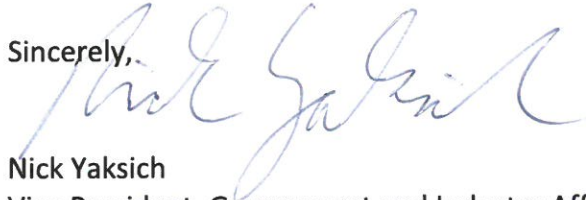
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The proposed amendment to ORS 646A.300 (2) in HB 3164, defining what constitutes a “change in the retailer’s competitive circumstances,” is particularly damaging to the *existing* retailer agreements that have been agreed to by agricultural equipment manufacturers and their Oregon retailers. With this new definition, an event, act or omission potentially places the manufacturer in violation of the statute - **even if the event, act or omission is permitted by the retailer agreement**. In effect, the manufacturer will be constrained to take any action that is presently permitted in the retail agreement if such action could arguably have the stated effect on competitive circumstances. This provision would impair manufacturers’ pre-existing agreements with their retailers and thus violate the Constitutional protections against Legislative impairment of private contracts. This legislative intrusion into manufacturer-retailer contracts is not only unwarranted and ill-advised, it is likely unconstitutional.

We respectfully urge you to reject this legislation which is an overreaching interference in the contractual business relationship between a manufacturer and the retail dealer and let the marketplace determine the established business relationship.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nick Yaksich", written over the word "Sincerely,".

Nick Yaksich  
Vice President, Government and Industry Affairs  
Association of Equipment Manufacturers