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Representative Val Hoyle
900 Court St. NE, H-295,
Salem, Oregon 97301

Representative Val Hoyle,

My name is John Rossow, I am the owner of Mid-Valley Tractor, Eugene, Oregon. I am writing to ask for your support of HB3164.

I am a member of the Pacific Northwest Hardware & Implement Association. Late in the summer of 2013 one of the industries major suppliers substantially changed the competitive circumstances of their dealers in Oregon without good cause. Our Association made contact with the supplier (AGCO) and advised them that in the Associations opinion they were violating the state dealer protection and buy-back statues in both states. AGCO of course disagreed. The Association board of directors met several times to discuss this matter, held discussions with the dealers affected, discussed the state statues with the legislative counsel of the North American Equipment Dealers Association, requested the law firm of Dady & Gardner to provide an estimate of the cost to seek a courts interpretation of the law. At the end of the day the Association came to the conclusion the dealer organization would best serve us members by amending the current state statues to clarify that the person(s) interpreting the law understand that the terms of a dealer agreement do not determine whether there has been a change in the competitive circumstances of the dealer. Thus the creation of HB3164.

One of the purposes of the Oregon dealer protection statutes is to prohibit suppliers from having a material detrimental effect in a retailer's ability to compete with another retailer who sells the same brand of equipment, without good cause. The good cause provisions are defined in the statutes. The reason this protection is necessary is the dealers have no negotiating power to prevent suppliers from inserting contract language that gives the suppliers the legal right to take action that harm a dealer's business. For example, a dealer agreement may state the supplier can approve another dealer to operate right next door to the original dealer even if the supplier knows that it would not have convinced the original dealer to invest millions of dollars had the dealer known this was the supplier's intent. This provision was not intended to be limited to preventing actions by a supplier that would violate the terms of the dealer agreement. Dealers already have a breach of contract remedy in that situation and therefore do not need additional legislation to address it. The very reason for this legislation is that dealer agreements represent "take it or leave it" propositions for dealers with little or no chance for dealers to negotiate with suppliers. The result is that dealers often sign contracts based on business expectations even if the dealer agreement permits the supplier to make future changes that impact the business expectation. This law was intended to protect dealers from changes imposed by a supplier if the changes are substantial and negatively impact the dealer's business.

Dealer contracts may be terminated for various causes. The cause determines the timing of the termination notice, the cure period, and when termination is effective. The bill cleans up the ambiguity in the current statutes relating to the time periods for termination of the dealer agreement by the supplier.

Your support is appreciated.

Sincerely,

John Rossow

A handwritten signature in black ink that reads 'John Rossow'. The signature is written in a cursive style with a large initial 'J' and 'R'.