



BRIM TRACTOR COMPANY, INC

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March 13, 2015

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



Dear Representative Hoyle,

My name is Dan Brim, and I am owner of Brim Tractor with six locations one of which is in Eugene, Oregon. My main store is located in Lynden, Washington. I am writing and asking for your support of HB 3164.

I am a member of the Pacific Northwest Hardware & Implement Association and am in full support of their current intent with regards to support of HB 3164.

When manufacturer's place dealer agreements in front of dealers for signature, there is very unequal bargaining power between the parties. Dealers need to be able to rely on established State law and dealer agreement language should not be allowed to negate or trump State law.

One of the purposes of the Oregon dealer protection laws 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.

Sincerely,

Dan Brim