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MEASURE: HB 3164
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**Legislative Intent Statement
Oregon (2015)
HB 3164**

House Bill 3164 is intended to add clarity to the Oregon dealer protection statutes to ensure that persons interpreting this law understand that the terms of a dealer agreement do not determine whether there has been a “substantial change in the competitive circumstances of the dealer”. The fact that a dealer agreement allows an event, act or omission does not determine whether such event, act or omission resulted in a substantial change in the dealer’s competitive circumstances.

One of the purposes of the Oregon dealer protection statutes is to prohibit suppliers from “substantially changing the competitive circumstances of the dealer” without good cause. 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.

Ron Moore

President