



## PACIFIC NORTHWEST ASSOCIATION

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May 13, 2015

Senator Floyd Prozanski  
Chair, Senate Judiciary Committee  
900 Court St. NE, S-415  
Salem, OR 97301

Dear Senator Prozanski,

This letter is to ask for your support of HB3164 A –Engrossed.

One of the purposes of HB 3164 A-engrossed is to prohibit suppliers from substantially changing a dealer's competitive circumstances without good cause. This protection is necessary as the dealers have no negotiating power to prevent suppliers from inserting contract language that gives the suppliers the legal right to take action that may be harmful to a dealer's business. For example, a dealer agreement may state a supplier has the right to approve another dealer to set up a facility and 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 in a location and personnel had the dealer known the supplier's intent. This law was not intended to be limited to preventing action by a supplier only if it also violates 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. This bill cleans up the ambiguity in the current statutes relating to the time periods for termination of the dealer agreement by the supplier.

HB 3164 A-Engrossed, sponsored by the Association, is intended to add clarity and ensure that persons interpreting this law understand that the terms of a dealer agreement do not determine whether a dealer's competitive circumstances have been substantially change without good cause.

Your support of HB 3164 A-Engrossed is appreciated.

A handwritten signature in cursive script that reads "Ron Moore".

Ron Moore  
President