

**House Committee On Business and Labor**

**Fiscal:** No Fiscal Impact

**Revenue:** No Revenue Impact

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**Action Date:** 04/15/15

**Action:** Do Pass As Amended And Be Printed Engrossed.

**Meeting Dates:** 03/16, 04/15

**Vote:**

Yeas: 11 - Barreto, Barton, Doherty, Esquivel, Evans, Fagan, Heard, Holvey, Kennemer, Nosse, Weidner

**Prepared By:** Jan Nordlund, Committee Administrator

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**WHAT THE MEASURE DOES:**

Clarifies conditions under which farm implement supplier may, with good cause, terminate, cancel or not renew retailer agreement or change retailer's competitive circumstances. Modifies meaning of "change in competitive circumstances." Increases from 12 months to 18 months the length of notice supplier must provide retailer before terminating, canceling or not renewing agreement or changing retailer's competitive circumstances when retailer fails to meet marketing criteria. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Ability of supplier to change competitive circumstances of retailer
- Area of responsibility determined in agreement
- Effect of supplier making changes without good cause
- Consolidation of retailers could be pushing small retailers out of small towns
- Whether parties will be agree to changing competitive circumstances

**EFFECT OF COMMITTEE AMENDMENT:**

Modifies meaning of "good cause." Adds emergency clause.

**BACKGROUND:**

Oregon Revised Statutes Chapter 646 includes provisions governing agreements between retailers and suppliers of farm implements. The statutes provide the reasons that constitute good cause for which a supplier may terminate, cancel or not renew an agreement or change the retailer's competitive circumstances with immediate notice and no right for retailer to cure any deficiency. A supplier cannot make a change in a retailer's competitive circumstances without good cause. The term "change in competitive circumstances" is defined to mean a material detrimental effect on a retailer's ability to compete with other retailers selling the same brand of farm implements.

An aggrieved party may seek arbitration of the issues under the Uniform Arbitration Act. The arbitrator may award the prevailing party injunctive relief against unlawful termination, cancellation, nonrenewal or changes in the retailer's competitive circumstances, as well as costs of the case and reasonable attorney fees. The retailer also has a civil cause of action in circuit court for damages, as well as actual costs associated with the action, reasonable attorney fees, and injunctive relief.

House Bill 3164-A clarifies the conditions under which a supplier can claim there is good cause to terminate, cancel or fail to renew or make a change in competitive circumstances. The measure also modifies the definition such that the change in competitive circumstances is an event, act, or omission that has a negative impact, whether or not the agreement between the retailer and supplier allowed or provided for the event, act or omission. In addition, the measure requires the supplier to give

notice 18 months in advance, instead of 12 months, of their intent to terminate, cancel, or not renew an agreement, or to cause a change in the competitive circumstance for the retailer when there is good cause based on the retailer's failure to meet marketing criteria.