



JOHN DEERE

Deere & Company

801 17th Street, NW, Suite 200
Washington, D.C. 20006 USA
Phone: 202-423-2271 Mobile: 202-997-9022
Fax: 202-296-0011
Email: llesThomasE@JohnDeere.com

Thomas E. Iles
Director, State Public Affairs
Public Affairs Worldwide

SB 982: Equipment Dealer Agreements

Position: John Deere opposes the enactment of SB 982 which would amend Oregon Code Sections 646 A: Regulation of Contracts of Equipment Manufacturers and Dealers

Background: For 180 years, John Deere has committed itself to providing quality, innovative products and services to meet our customers' needs. For over a century, we have distributed these products through independent dealers who are authorized to sell John Deere equipment through a contractual arrangement. If SB 982 is enacted, the proposed legislative language would significantly fracture our existing contractual process.

Rationale for Opposition:

- **Private Right to Contract:** Deere supports the private right to contract between two approving parties without legislative intervention. SB 982 interferes with this private right.
- **Competitive Lines:** The competitive lines language in SB 982 would allow a competing manufacturer to sell its equipment in a Deere dealership. Under our current contractual arrangement, Deere permits competitive lines of equipment to be sold under our John Deere logo and roof if that competitive line compliments John Deere's current line of equipment. We also allow competitive lines under a separate roof, with separate financing and separate sales force, if that competitive line supplants John Deere's current line of equipment. SB 982 would allow a dealer to locate, represent and sell a competitive product under the John Deere Dealership's roof (i.e. John Deere / Kubota / Mahindra etc.) even if the equipment would supplant ours. If ultimately enacted, this provision of the legislation would destroy the competitive lines aspect which actually John Deere customers currently benefit from. Under the John Deere approach, we require our dealers to focus on our equipment. The product, parts supply, services support, sales and operator training and machine optimization support enhances the customers' benefits from the expertise that our brand focus delivers.

- **Deere's Dealership Network:** The legislation limits our ability to approve who are dealerships are and where our dealerships are located. A current dealership could also purchase an additional location without proof of financial capability.
- **Equipment Customers:** With the proposed modifications to the Warranty current law provisions, SB 982 would ultimately increase costs for equipment purchasers.
- **Market Coverage:** SB 982 precludes a manufacturer from making necessary adjustments to market coverage when dealers enter or exit the business or to adjust for market demand for certain products. With this provision, SB 982 is detrimental to the customer and their overall purchasing experience.
- **Changes in Competitive Circumstances:** After reaching general consensus between manufacturers and dealers on Oregon legislation which became law in 2015, SB 982 now again modifies this agreed to portion of the law.
- **SB 982 Provisions:** Certain contained provisions are confusing, increasing the likelihood of litigation.

Summary: John Deere has developed a superior product, invested heavily in marketing their brand, and has driven business to dealer locations as promised in the contract. In their contract, the dealers promise John Deere to make their best efforts to sell and service Deere's products and services. The proposed legislation would significantly impair the contractual relationships between manufacturers and their dealers in complicated ways. A manufacturers' current dealer distribution network would be eroded. Litigation costs would increase, equipment purchase costs would increase and consumers could negatively be impacted. To date, a critical public policy reason has not been identified for injecting government into business to business contractual relationships. Consequently, John Deere opposes the legislation. John Deere is also open to meet at any time with the primary supporters of SB 982, the Western Equipment Dealers Association (WEDA), to continue to negotiate the major areas of contention.

Thank you for your time and consideration on this important legislation.

For additional information, please contact:

Thomas E. Iles, Director of John Deere State Public Affairs

Cell: 202-997-9022

E-Mail: ilesthomase@johndeere.com