



ASSOCIATION OF
EQUIPMENT MANUFACTURERS

AGRICULTURE
CONSTRUCTION
FORESTRY
MINING
UTILITY

The Honorable Lee Beyer
Oregon State Capitol
900 Court St. NE
Salem, OR 97301

March 28, 2017

Dear Chairman Beyer and Members of the Business and Transportation Committee:

I write you on behalf of the Association of Equipment Manufacturers (AEM), the North American-based international trade association representing over 950 companies in the off-highway machinery market. AEM members support 13,100 jobs in Oregon, and contributes \$1.18 billion to the state economy.

AEM opposes SB 982, which would amend Oregon Code Sections 646 A: Regulation of Contracts of Equipment Manufacturers and Dealers. The legislation is an unnecessary intrusion into the business relationship between an equipment manufacturer and an equipment dealer, and is a solution without a problem.

Almost all equipment manufacturers distribute their products through independent dealers located throughout the world. Over the decades, these manufacturers and their dealers have developed close business relations that have stood the test of time and the marketplace. The contracts that have evolved are a function of the type of products, the nature of their markets and their combined experience.

These mutually agreed upon contracts are balanced to share the duties and responsibilities in such a way that both parties can make their best contributions toward a long-term relationship that will succeed in supporting and serving the product users. Both parties need to be committed to work out isolated disagreements and conflicts that may arise and not seek wide sweeping legislative solutions.

SB 982 is the product of a previously negotiated agreement among a limited number of AEM members, that was changed by the Western Equipment Dealer Association before its introduction. This legislation would interfere with the contractual relationship between the

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equipment manufacturer and its dealers with respect to the terms they have agreed to concerning competitive lines, inventory requirements, warranty reimbursement, and changes in competitive circumstances, among other concerning provisions. This is bad public policy that offers no benefits to users of our members' products in Oregon--in fact, the restrictions could adversely affect our members' ability to service the end user's equipment through their dealer networks.

We respectfully urge you to reject this legislation, which is an overreaching interference in the contractual business relationship between a manufacturer and the equipment dealer and let the marketplace determine the established business relationship.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Nick Yaksich'.

Nick Yaksich
Senior Vice President, Government and Industry Relations

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