



Essex Rental & Sales Center, INC.
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January 14, 2014

Honored Members of the Committee on Commerce and Economic Development,

As the owners of Essex Rental & Sales Center, Inc., a Vermont business based in Essex Junction, founded 41 years ago, we would like to respectfully submit the following testimony in support of H.58 *An Act Relating to the Warranty Obligations of Supplier and Machinery Dealerships*.

As a local business competing with national chains on a daily basis, the fundamental product that we provide to separate us from the national chains is service. We are often unable to compete on purchase price as a result of volume constraints. We therefore are able to stay in business by providing a high level of service. When a customer purchases an item from us, they expect that we will stand behind it and repair it when needed. As you can imagine providing a top level service department is a very expensive cost for us. Qualified mechanics are difficult to find and earn high wages with benefits. Top mechanics make well over \$50,000 per year.

When a customer brings in an item to us for repair that is not covered by warranty we are able to charge our normal labor rate (\$84/hour). When a customer brings in an item that is covered by warranty we are subject to whatever level of reimbursement that the manufacturer provides. We have manufacturers that reimburse our labor at rates as low as \$0 and only cover the cost of parts (even on a brand new defective item). Most of our manufactures reimburse at levels that are only 40% to 60% of our standard rates. As a result of this low rate of reimbursement, our labor rate on non-warrantied items has to cover the warrantied item losses, thus costing Vermonters more money as they subsidize the repairs that the manufactures do not appropriately cover. In addition many manufactures take several months to reimburse us. It's ironic that we have to pay them in 30 days but they can take several months to pay us.

We are asking that we be treated the same as auto dealers in Vermont and equipment dealers in neighboring states. Reimbursing us fairly will result in a lower cost to our customers.

Please feel free to contact us with any questions. Thank you for your time and consideration.

Sincerely,

A stylized, handwritten signature in black ink, appearing to read "Jason Morse".

Jason Morse
Vice President

A handwritten signature in black ink, appearing to read "Gary Morse".

Gary Morse
President

RENTALS – SALES - SERVICE