



ASSOCIATION OF
EQUIPMENT MANUFACTURERS

AGRICULTURE
CONSTRUCTION
FORESTRY
MINING
UTILITY

February 18, 2016

Dear Chairman Mullin and Members of the Senate Economic Development, Housing & General Affairs Committee-

I appreciate the opportunity to share additional views on S. 224 at the February 19th hearing.

The issues within the legislation are complex and will have a significant impact on every equipment manufacturer that does business in Vermont. As you instructed, we have had conversations with representatives of the dealer organization. We have said all along that we firmly believe this is a private contractual relationship and the legislative process – nor hired association representatives – should not be negotiating private business contractual provisions.

The expansion of the Vermont Machinery Dealership law (9 VSA Chapter 107) enacted in 1994 to cover, for the first time, construction equipment is without explanation or justification. Doing so has nothing to do with the bill's stated purpose, to protect Vermont's "working farms and forestlands." The proponents have offered no substantiation for this expansion.

The bill's extensive and complicated changes to the Vermont dealership law also conflict with the bill's stated purpose, limited to clarify equipment manufacturers' product warranty obligations.

A legislative "finding" that this legislative intrusion into the manufacturer-dealer relationship is needed to counter universal arbitrary and unfair treatment by equipment manufacturers of their dealers is insulting to our industry and our members. It is simply not true. The success of the manufacturer-dealer business relationship depends on shared goals and mutual responsibilities.

The bill would prevent a manufacturer and dealer, under any circumstances, from agreeing that the dealer not carry certain competitive products; and it would negate such agreements already reached by the parties. Even a manufacturer's "attempt to coerce" a dealer (a term so vague that it invites litigation) to do so is declared illegal. Exactly what comment or suggestion will amount to an attempt to coerce?

Rewriting existing dealership agreements by legislative action (e.g., failure to reach market share targets that each party have agreed to is no longer cause for termination, no allowable limit on handling competing lines, etc.) interferes with existing contracts and raises serious issues of unconstitutional impairment of those contracts. This bill must not apply to existing dealership agreements.

Thank you for consideration of these comments.

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