



KUBOTA TRACTOR
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BY EMAIL (kmullin@leg.state.vt.us)

Honorable Kevin Mullin, Chair
Senate Committee on Economic Development,
Housing and General Affairs
Vermont State House
115 State Street
Montpelier, VT 05633-5301

Dear Senator Mullin:

We have reviewed Bill No. S. 224, which has been recently introduced, and oppose it for several reasons.

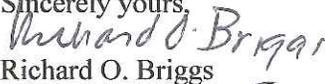
First, the existing statute (Title 9, Chapter 107, §4071 *et. seq.*) has served both Kubota Tractor Corporation and its authorized dealers in Vermont well. We have been able to resolve issues with our dealers by talking directly with them. Consequently, in our opinion, there is no reason for any statutory change. Also, the bill speaks of an "inequality of bargaining power" between equipment suppliers and the dealers. We do not view the relationship with our dealers this way. Rather, we believe that Kubota and its dealers are working together to provide the best product and service to the retail customer.

Second, the bill contains several ambiguities which will cause difficulties in the future. For example, Section 4072(a) states that in order for there to be cause for termination, requirements imposed on a dealer must be "economically viable". It is extremely difficult to understand the meaning of the term "economically viable". This confusion will enhance the chances of litigation.

Third, we are concerned by the provision in the bill that a dealer's failure "to meet market share requirements does not alone constitute cause for termination." In our experience, the dealer's ability to meet market share requirements established by Kubota is critical. It is a key measurement tool. The provision that a failure in this regard alone cannot be a basis for termination unduly interferes in the supplier-dealer relationship and will have an adverse effect on Kubota's ability to be competitive in the marketplace. The same considerations apply with respect to the proposed provision that a supplier cannot change the dealer's area of responsibility without the dealer's consent (Section 4077(a)(5)).

We greatly appreciate your consideration of these comments. Please contact me with any questions.

Sincerely yours,


Richard O. Briggs
General Counsel

ROB:jsj

cc: Cheryl Ewen, Staff Member, Committee on Economic Development,
Housing and General Affairs (cewen@leg.state.vt.us)