

February 18, 2016

Vermont Senate Committee on Economic Development, Housing and General Affairs

State Senator Kevin Mullin, Chairman
State Senator Philip Doyle, Vice Chairman
State Senator Bill Doyle
State Senator Ann Cummings
State Senator Becca Balint - Clerk



Subject: Comment on S. 224 - Equipment and Machinery Dealerships



On behalf of CNH Industrial, I respectfully request the Senate Committee on Economic Development and Housing and General Affairs Committee consider our opposition to S 224: The Equipment and Machinery Dealer bill.



If enacted as currently written, the bill will negatively alter the relationship between dealers and suppliers and weaken the equipment distribution infrastructure so noted as critical to Vermont.

CNH Industrial is a global manufacturer of the Case IH and New Holland brands of agricultural equipment; and the Case and New Holland brands of construction equipment. Our brands have dealers and customers in all fifty states and over 160 countries around the globe. We have dealers in the State of Vermont with whom we have business relationships and dealer agreements dating back four decades. We have a demonstrable history of good and supportive relationships with Vermont dealers.

First and foremost, CNH Industrial supports the right to contract between two approving parties without legislative intervention. That right to contract was very recently exercised when we signed an updated dealer agreement with our long-time construction equipment dealer in Colchester.

We do not intend in this letter to restate the points of opposition previously provided in writing and verbal testimony in January. We do, however, wish to provide our position following discussion of the last three weeks.

The Statement of Purpose found in the bill is as follows: This bill proposes to clarify the warranty obligations of manufacturers, suppliers, and dealers with respect to equipment



and machinery dealerships. Obviously, the bill far exceeds the topic of warranty obligations. Further, it's clear to all that the topics addressed in the bill are complex, expand beyond just off-road equipment manufacturers (e.g. snowmobile and ATV products) and seek to materially alter the relationship between those manufacturers and dealers that have an existing private contractual relationship.

As was expressed in prior testimony, manufacturers were not made aware of this bill until January. We are now being pressed to solve all the issues contained in the bill in less than five or six weeks. We submit that no one is well served, most notably consumers in Vermont, by advancing this bill without significant discussion and thoughtful consideration by the parties.

S224 contains language and provisions that create more ambiguity, not less. Ambiguity in the statute serves no one other than the legal community via potential for costly litigation. Ambiguity in the statute does not advance the manufacturer / dealer relationship and ultimately hurts consumers in the Vermont marketplace.

We do wish to make two comments, not previously expressed in testimony, regarding certain language found in the bill:

We, and the many companies whose brands are sold by dealers in Vermont, are extremely disappointed and offended by the language found in Section 1 FINDINGS, paragraph 3 of the bill. CNH Industrial has been in business for 174 years. Our company has business and contractual relationships with dealers in the United States that date back to the early 1900's. CNH Industrial has no history of bad relations with Vermont dealers.

Despite those facts, there are those that choose to make inflammatory and baseless statements regarding the relationship between our company and Vermont dealers. We feel very strongly that the language found in Section 1 FINDINGS, paragraph 3 adversely impacts discussions about the bill and serves no purpose other than to editorialize. We urge that this paragraph be stricken, in its entirety, from the bill.

Secondly, the language found in Section 1 Findings, paragraph 2:

"it is necessary to regulate equipment suppliers and their representatives, and to regulate dealer agreements issued by the aforementioned who are doing business in this State in order to prevent frauds, impositions, and other abuses upon its citizens and to protect and preserve the investments and properties of the citizens of this State."

This language implies that our company, with decades of conducting business with integrity and respect for the laws of Vermont has to be regulated to protect citizens from fraud, impositions, and abuses. This language is inappropriate, unproductive and



damaging to our reputation as well the reputation of our industry (the likes of which include some of the greatest companies in American business history). Like paragraph 3, we urge that this language be struck from the bill.

We thank the Committee for your thoughtful consideration.

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