



JOHN DEERE

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Alaska SB 56: Equipment Product Warranties

Position: John Deere opposes proposed legislation SB 56: Equipment Product Warranties.

Background: For 180 years, John Deere has committed itself to providing quality, innovative products and services to meet our customers' needs. For over a century, we have distributed these products through independent dealers who are authorized to sell John Deere equipment through a contractual arrangement. If the legislation is enacted into law, the proposed legislative language would significantly fracture our existing warranty process.

Rationale for Opposition:

- **Private Right to Contract:** Deere supports the private right to contract between two approving parties without legislative intervention. The proposed legislation interferes with that private right.
- **Unintended Consequences:** SB 56 provides the potential for an impact on product liability for the manufacturer.
- **Manufacturers' Expenses:** SB 56 increases the warranty expense for manufacturers to include warranty reimbursement rates for labor, parts, lodging, transportation, and compensable time.
- **SB 56 Provisions:** Certain contained, confusing provisions and terms are unprecedented, increasing the likelihood of litigation.
- **Manufacturers' Obligations:** The legislation creates new warranty obligations not found in other state laws.

Summary: John Deere has developed a superior product, invested heavily in marketing their brand, and has driven business to dealer locations as promised in the contract. In their contract, the dealers promise John Deere to make their best efforts to sell and service Deere's products and services. The proposed legislation would significantly impair the current contracts to include modified warranty

provisions between manufacturers and their dealers. Product liability and overall litigation costs would increase, product costs would increase, and contained provisions are not found in other parts of the United States. Consequently John Deere opposes the legislation.

Thank you for your time and consideration on this important legislation. For additional information, please contact:

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