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SB 111 Position Statement

The North America Equipment Dealers Association is a trade association representing approximately 4,500 farm, industrial and outdoor power equipment dealers in North America. Through the sale of equipment, parts, and service, our dealer members work in partnership with their customers to make them the most productive and competitive in the world.

Our industry is a leading example of one that supports customer self-repair. Equipment manufacturers and dealers are committed to providing access and widespread availability of parts, tools, documentation, and diagnostic capabilities to owners and independent repair shops. The reality of the repair landscape demonstrates this commitment. A third-party survey of our industry showed that nearly 60 percent of all parts sold are installed by someone other than the dealership, and dealers sell parts to multiple independent repair shops.

In addition to the support provided directly to owners and independent repair shops, the major stakeholders on this issue have agreed to a Memorandum of Understanding. The MOU between John Deere, CNHI, Kubota, AGCO, Claas and the American Farm Bureau Federation is a private sector solution that formalizes the commitment to supporting customer repair and makes legislation unnecessary for our industry. Those MOUs are living documents that are reassessed every six months by both parties to account for technology updates, something legislation is not equipped to do.

Mandating that OEMs sell parts and tools on the same terms and conditions as they sell to authorized dealers would have dramatic negative consequences. This provision would turn our dealer's suppliers into their competitors, a clear breach of the contracts clause. A price fixing mandate would also significantly decrease the parts on-hand that dealers stock in inventory if they are unable to make a profit from them. The effect would be increased downtime due to lack of parts availability, which is entirely counter productive to the intended purpose of the bill.

Dealers invest millions of dollars into facilities, personnel, training, and inventory. The average dealer stocks over \$1 million in parts inventory to have the parts on-hand their customers need. It is entirely unreasonable to pass legislation that mandates manufacturers sell directly to independent repair shops on the same terms and conditions as authorized dealers, undermining the authorized dealer's investment.

SB 111 presents several practical and constitutional issues. These problems are entirely unnecessary given the MOUs between the major stakeholders on this issue and reality of the repair landscape. We urge legislators to support those MOUs and not create additional challenges with unwarranted legislative mandates.

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North American Equipment Dealers Association