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S 5771 Position Statement

The North America Equipment Dealers Association is an international trade association representing approximately 4,500 farm, industrial and outdoor power equipment dealers in North America.

In New York, NAEDA represents 162 dealer locations. Through the sale of equipment, parts, and service, our dealer members work in partnership with farmers and ranchers across New York to make them the most productive and competitive producers 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. 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 a typical dealership sells parts to nine 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 agreements are also living documents that are re-assessed by all stakeholders at least annually to provide updates. This is something legislation is ill equipped to do.

While we recognize the thought put into this bill, we have several issues with the language. Here are our key concerns with the legislation as drafted:

- Tools required to be made available at cost Sec. 698(5)(c)(i): There are hundreds of physical hardware tools dealers stock in inventory that require shipping, personnel time for handling, and the carrying cost of capital to stock them. This provision undermines that investment and creates a disincentive for dealers to keep tools in inventory.
- Tools prohibited from requiring access to internet Sec. 698(5)(c)(ii): This provision does not comport with the reality of software tools that require internet connection to provide utility of the tool.
- Definition of Owner Sec. 698(9): Definition of owner includes leased equipment. The provisions of this proposed act would interfere with lease agreements, including who performs repairs on leased equipment, and what components are used for repair. This would be a substantial and unreasonable requirement on leased equipment that prevents the lessor from protecting their remaining interest in the equipment.
- Parts Pairing Language Sec. 698-1(b)(iv): Vague language that suggests a prohibition on increased prices for future repairs of equipment. Suggesting fixing prices of repairs creates a host of issues that does not seem like the intent of the author.
- Parts Pairing Language Sec. 698-1(b)(v): Vague language that suggests prohibition on limiting who can perform repairs. This would violate warranty agreements because the

clause is not limited to work performed outside of warranty. Although Section 2(b) purports to protect warranties, there is an exclusion for any provision that conflicts with the act. Taken together, a provision prohibiting who can perform repairs would destroy warranty agreements.

The legislation provides a carve out for motor vehicles. Presumably this is because there are longstanding MOUs in place between stakeholders for motor vehicles and a single state has passed legislation to provide enforcement. Our industry is identically situated to the motor vehicle industry. A patchwork of different state laws would not be beneficial to the stakeholders of this issue. This would be creating that patchwork for agricultural equipment.

S. 5771 presents a number of constitutional issues and creates unintended consequences. These problems are entirely unnecessary given the MOUs between the major stakeholders in our industry. We urge legislators to support the MOUs and not create additional unintended challenges for farmers and ranchers with unwarranted legislative mandates.

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North American Equipment Dealers Association