

Dear Justin Easter,

I am writing to you regarding House Bill No. 4673, the agricultural equipment repair act. My concerns regarding the act come from my experience in over 25 years in the repair industry. I have stood on both sides of the industry, seeing the repair costs from the position of both the authorized repair provider and the independent repair provider. Currently, I have the privilege of working with an agricultural dealer that has served the industry around Michigan for over 50 years.

Our dealership provides employment for over 150 employees through 8 locations in Michigan and Indiana. We have served thousands of customers, from those with 1 acre of land to those farming thousands of acres. We understand the industry and changes that have taken place over the last half-century. Running a business is not easy but we have endured the ups and downs so that we can continue to support our customers for years to come. In fact, it is in our best interest to look out for our customers' best interests, so that they can continue in business.

However, after reading and considering the proposed legislation I am concerned that the intent and wording of the legislation would harm our business and in turn harm the agricultural community.

1. First as a general matter of business operations; all dealerships, whether automotive, agricultural or industrial, have entered into contracts with the manufacturers that require them to have technicians trained, purchase special tools and maintain a certain level of parts in stock. All these items have a cost to the dealer and are ignored in the bill.
2. The opening statement of the legislation ends with this phrase "and to provide remedies." But I cannot find a definition of what would be included or excluded from this requirement.
3. This legislation singles out the agricultural industry dealers. Why are only the agricultural dealers being singled out? What industry is next?
4. This legislation voids portions of dealer contracts. As a dealer, we have paid the manufacturer and complied with all manufacturers agreements to maintain our status; trained employees, purchased required special tools and stocked large amounts of inventory. This legislation would allow anyone who owns a tractor or claims to be an independent repair provider to have the same benefits without taking the same risks.
5. The definition for "fair and reasonable cost and terms" requires the sale of parts, tools and documentation at the "lowest actual cost...including...any discount, rebate or other financial incentive" to the end user or independent shop. This requirement would actually force dealers to lose money because it doesn't allow them to make a profit to pay their employees.
6. The terms of the legislation also require the dealer to sell the information, tools and parts at cost (really a loss) without guarantee that the purchaser is going to use them. In other words, the purchaser could identify themselves as an owner or independent repair provider; they could then buy the parts at dealer cost then resell them. Or taken to an extreme, the wording of the bill requires the dealer to sell parts at their cost to anyone who walks in the door.
7. The law requires that electronic tool (software) is not registered to the purchaser. These tools could be used to alter the safety and emissions software of the equipment and would then be untraceable to determine the responsible person.
8. Requires dealers to provide electronic documentation at no cost. Because almost all repair manuals are available electronically there is no way for a dealer or OEM to recoup the cost associated with producing, storing or distributing those materials. Again, this ignores the cost of

running a business: wages, building, computers, utilities, website development and maintenance...

9. Section 9 of the bill is possibly the worst section, using the above mentioned horribly written sections of the bill and allowing owners or independent repair providers to sue dealers for any possible reason, if they have or “is about to engage in a violation”. Basically, meaning if they suspect the dealer is going to do something bad, they can sue for at least \$2500 plus attorney fees to “recover damages”. This could open up litigation and cripple dealers that support the agriculture industry, destroying already slim margins and taking profits that are shared with team members in wages and benefits.

10. Although this bill doesn’t authorize access to tool functions to eliminate or disable safety or emissions systems, selling diagnostic and repair software to anyone will increase the likelihood of unauthorized use. Especially because the software is not required to be registered.

If I were to put on my consumer hat for a moment, I realize that I cannot and have not been trained in all the areas that dealership employees are. As a consumer, we need these people with specific information and skills to provide us the consumer with top level knowledge, parts and services. I think almost anyone can understand that all those things come at a cost to the dealer. This legislation would destroy the financial incentive to businesses to train technicians and parts staff; businesses would not stock parts because they could not afford to warehouse and inventory them if they are forced to sell them at cost. This would mean that if my machine breaks down, I would have to wait for the parts to be direct shipped to me, which would cost me more money in down time. Simply put, the dealer is a benefit for the consumer by keeping parts in stock, technicians trained and specialty tools on hand.

This bill will harm both the dealer and consumer.

Sincerely,

Joel Markwat