



Deere & Company  
10789 Ridgeview Road, Olathe, KS 66061 USA  
Phone: 913-310-8731  
Mobile: 785-410-4500  
E-mail: HaugerJarahl@JohnDeere.com

**Jarah Hauger**  
State Public Affairs

## **Kansas SB 426 – Dealer Contract Legislation**

**Position:** John Deere opposes proposed legislation SB 426: Dealer Contract Legislation.

**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 impair our existing contract and processes.

### **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.
- **Retroactivity:** SB 426 would apply to all current agreements, rendering many existing contract terms unlawful.
- **Manufacturers' Expenses:** SB 426 increases the warranty expense for manufacturers to include warranty reimbursement rates and processing requirements not currently included in mutually agreed upon contracts with authorized dealers. Note, when you consider the additives Deere offers, some of these warranty requirements may result in less for Deere dealers. Those costs would ultimately increase the price of the goods to customers.
- **Transfer of Ownership:** SB 426 will significantly impair Deere's ability to choose who it contracts with and who represents its brand. Specifically, SB 426 precludes manufacturers from denying any ownership within a dealer organization unless it results in a change in the controlling interest. Deere believes it should decide who represents its brand and not be required to permit changes in dealer ownership, without Deere's review and approval. Deere's ability to vet and accept or reject prospective owners is fundamental to its brand integrity and business model.
- **Creates Ambiguity:** SB 426 includes confusing provisions and terms, increasing the likelihood of litigation.
- **Manufacturers' Obligations:** The legislation creates new warranty obligations not found in the laws of many other states.

**Summary:** John Deere has developed superior products, invested heavily in marketing its brand, and continuously drives business to its authorized dealer locations. The proposed legislation would significantly impair the existing contracts between John Deere and its dealers, increase manufacturing expenses, and create ambiguity. Consequently, John Deere opposes the proposed legislation.

Thank you and for additional information, please contact:

**Jarah Hauger, State Affairs Representative, John Deere Public Affairs**

**Cell:** 785-410-4500

**E-Mail:** HaugerJarahl@JohnDeere.com