

Pennsylvania House Commerce Committee

Fact Finding Hearing: Right to Repair

March 25, 2024 10:30 a.m.

Dear Chairman Conklin, Chairman Emrick, and Honorable Members of the House Commerce Committee:

My name is Brad Hershey. I am a partner in Hooper, Inc., an equipment dealership with locations in Pennsylvania, Delaware, Maryland, New Jersey, and Virginia. We carry CaseIH, Kubota, and JCB equipment across our dealership locations. Our company employs over 400 team members in those five states. I am also currently chairman of the North American Equipment Dealers Association which represents 4,500 farm, industrial, and outdoor power equipment dealers across North America.

I am pleased to join you today to talk about Right to Repair. In the last several years, this issue has gained a lot of notoriety both at the state and federal levels. It may surprise you to know that our dealership and association both support the Right to Repair, but not the right to modify. That is an important distinction I will explain in a moment.

When discussing the Right to Repair, it's valuable to define what that term means. For the farm equipment industry, it means owners and independent repair shops having access and availability to parts, tools, documentation, and diagnostics necessary to perform repairs themselves.

Our industry is a leading example of one that supports customer self-repair. A third-party survey of our industry was conducted to discover what the reality of the repair landscape looks like for farm equipment. You have received an infographic representing the results of that survey. I want to touch on some of the highlights. First, the survey showed that on average nationally, an equipment dealership sells nearly 60% of parts out the door. In other words, 60% of parts the average dealership sells are installed either by an owner or independent repair shop, not the dealership. For our stores, we sell 67% of parts out the door. The average dealership also sells to nine different independent repair shops and typically counts them in their top parts customer list.

Our dealership also provides manuals, repair schematics, specialty tools, and importantly, diagnostic tools that match what the dealership has. Dealerships and the original equipment manufacturers make these readily available through numerous channels including websites, apps, and through the dealership network. For diagnostics, CaseIH provides what is called the electronic service tool which provides all the access necessary to complete repairs on the equipment we sell.

The commitment our industry has made to supporting customer self-repair was formalized last year with Memorandums of Understanding between all major farm equipment manufacturers and the American Farm Bureau Federation. Each of those MOUs was ratified by all 50 state Farm Bureaus. Those MOUs are not static documents. They all contain provisions that require the manufacturer and Farm Bureau to reassess the agreement every six months to address any concerns or updates needed. The Farm Bureau has also created a portal on its website that allows any farmer, whether they are a Farm Bureau member or not, to file a complaint if the

manufacturer is not living up to the MOU. In the last year, there have been no complaints filed.

With the MOUs in place, our industry has shown it is in a race to the top, not the bottom, to support customer self-repair. These private sector solutions make legislation unnecessary for our industry and it is clear we are providing all the access and availability to parts, tools, documentation, and diagnostics that is needed to perform self-repairs on farm equipment.

So why do we oppose legislation? Because of the hundreds of bills we've seen filed over the last several years, there are typically two provisions that would have substantial unintended consequences for our industry. The first is a price fixing provision for parts that attempts to control the price at which parts are sold by the dealership. Our dealerships stock nearly a million dollars in parts inventory per location. We keep a wide array of parts in inventory so that when customers walk in the door, there is a very good chance we have that part on-hand for them. The cost of keeping all that inventory on-hand is substantial, especially given increasing interest rates and labor costs. Any legislation that would seek to fix the price of parts we sell would only harm farmers by decreasing the amount of inventory we are able to have on-hand.

The second reason we oppose legislation is because it typically contains provisions that would allow unrestricted access to software controlling safety and emissions systems. In other words, it would force manufacturers to allow tampering and modification of those systems. This cannot be allowed. It would pose a serious safety risk to our employees and the machines they work on. We already see enough tampering with equipment that modifies or deletes emissions systems in an attempt to boost

horsepower, we do not need a law that would increase the likelihood of that happening when it is not necessary given the MOUs and what is available today.

With all this being said, there is still an issue with increasing uptime for our customers and decreasing the amount of time they are not up and running due to repairs.

However, that issue is not attributable to access and availability of parts, tools, documentation, or diagnostics. The real issue creating downtime is workforce shortage.

Our dealership simply does not have enough technicians to meet the needs of all our customers, especially during peak harvest and planting seasons. Our dealership would like to hire 12 more technicians at the moment, but it is very difficult to find people to fill these positions despite our dealership providing 200K in tuition, tools, and the like. What we really face is a workforce development challenge that I would like to work on with this committee.

In closing, our dealership has every incentive to keep our customers up and running.

The majority of repairs today are performed by an owner or independent repair shop and that would simply not be possible if they didn't already have everything they need to do that. There are many layers to this issue, and some are hyper technical. If the committee as a whole or any individual of the committee would like to see what we make available, I would welcome you to visit our dealership located just 45 minutes from the Capitol in Mifflintown. We can arrange for a demonstration of what I have talked about today. Thank you for inviting me to discuss this important issue and I welcome any questions you have.