



TO: Members of the Wisconsin State Assembly

FROM: Wisconsin Powersports Dealers Association

DATE: April 19, 2010

RE: Senate Bill 302: Powersports Fair Dealer Bill

The Wisconsin Powersports Dealers Association (WPDA) would like for you to vote “yes” on Senate Bill 302 (Assembly Bill 439) the “Powersports Fair Dealer Bill”. The WPDA has worked with Representative Amy Sue Vruwink and Senator Dave Hansen to address the problem of unfair business practices between powersports vehicle dealers and franchisors. Senate Bill 302 as amended and passed by the Senate, would clearly identify approved and prohibited practices on franchisors to protect Wisconsin’s powersports dealers from unfair manufacturer practices.

Last session, the Motorcycle Industry Association (representing the major ATV and Motorcycle manufacturers) as well as the Personal Watercraft Industry Association (representing the watercraft manufacturers) were opposed to the bill. The bills were re-drafted based on meetings with the dealers and the major manufacturers and have resulted in a bill that is not opposed by the industry associations. However, there are two manufacturers—Polaris and Arctic Cat—that would be required to treat dealers more fairly based on the bill and therefore they remain opposed.

This legislation is not bureaucratic and simply ensures a level playing field between small and large powersports dealers by providing parameters on manufacturer-dealer interactions. Specifically, this legislation seeks to prevent unfair trade practices by powersports manufacturers by:

- Requiring fair compensation for labor, parts and the value of powersports vehicles;
- Ensuring that dealers are not coerced by the manufacturer into taking on inventory, providing discounted merchandise, purchasing advertising or changing dealer locations;
- Leveling the playing field between dealers by preventing unfair discrimination; and
- Protecting dealers confidential and proprietary information.

The dealers believe that similar provisions have worked to ensure fair competition in the motor vehicle industry, and those same protections should be provided to the powersports industry.

Due to the economy, powersports dealers in Wisconsin are struggling to stay in business in and the unfair practices maintained by certain manufacturers is too much for some dealers to withstand forcing them to close their doors. According to a Powersports Dealer Survey compiled by Robert W. Baird & Company issued in January, 2008, the outlook for the

powersports industry is marginal and that the major concern listed was “oversupply”. The survey confirms the situation and said the following:

- “Dealers plan to order far fewer ATV’s and utility vehicles over the next six months due to soft demand, excess inventory and economic worries. Although the mix favors higher-priced utility vehicles, (Robert W. Baird) is concerned that **OEMs may need to pressure dealers** to meet shipment goals.”
- “The outlook for discretionary consumer spending remains bleak, leaving (Robert W. Baird) cautious on the powersports industry.”

Polaris and Arctic Cat, both headquartered in Minnesota, are playing politics on this issue and hoping to draw it out long enough so that the bill dies. Wisconsin’s dealers have worked too long on this bill and we hope you will help us ensure that this doesn’t happen by encouraging a vote on these bills and voting yes.