



Right to Repair in Minnesota

The Issue

Last year the **Minnesota Legislature exempted farm equipment from the Digital Fair Repair Act, allowing the three companies that control the market for large tractors and combines to maintain their monopoly on repair.** This monopoly leaves farmers reliant on dealership networks that have been consolidating, meaning farmers have fewer options, forcing them to pay more for repairs.

The current structure of the farm equipment market creates a number of challenges for farmers:

- **Just three companies manufacture 95% of large tractors in North America** and control the entire combine market, giving these companies immense power.
- **Farm equipment is a massive investment** with 2023 list prices for a new tractor ranging from \$196,000 to \$726,000 according to data from the University of Illinois.
- **Modern day farm equipment also relies heavily on software** to operate as a single combine can have as many as 125 software-connected sensors.
- Manufacturers' monopoly over the repair market is lucrative with research estimating **profit margins for repairs are five times higher than the profits from selling equipment.**

Problems with a software-enabled component, even a simple diagnostic error code, will send machines into "limp mode" and make them useless. To get the tools, manuals, and diagnostic equipment necessary to make needed repairs, farmers have to go through manufacturers and authorized dealers which can cost farmers thousands of dollars and result in delays during planting and harvest.

MOUs

Major farm equipment manufacturers have all signed nearly identical memorandums of understanding (MOU) they claim give farmers the right to repair the farm equipment they own.

The equipment manufacturers have asserted that these MOUs make a Right to Repair law covering farm equipment unnecessary and redundant, but the MOUs fall short. While each of the MOUs allows for access to a customer-facing diagnostic tool, there is reason to be concerned these tools are not very comprehensive.

For example John Deere's MOU provides farmers and independent repair technicians with access to a customer-facing diagnostic tool called Customer Service ADVISOR. An in-depth analysis of Customer Service ADVISOR by the Public Interest Research Group (PIRG) Education Fund found it lacks the full range of capabilities offered by the Service ADVISOR tool available to John Deere dealers.

These limitations include:

- Redaction of key diagnostic information such as a basic explanation of an error code, which might help prevent issues that would cause a piece of equipment to be placed into limp mode.
- Lack of easy-to-use links to error codes that would take a user to the appropriate section of the electronic manual. This would eliminate time needed to search through the manual and make it easier to properly diagnose a problem.
- The MOU does not explicitly guarantee access to key functions like Deere's Dealer Technical Assistance Center (DTAC) or detailed Product Improvement Program (PIP) information.
- The MOU does not prevent access to functions that would eliminate parts-pairing, which is a process of digitally pairing a part to a particular piece of equipment and allows equipment manufacturers to maintain control of the repair process.

Despite all these limitations Customer Service ADVISOR costs owners and independent repair technicians \$3,100 annually.

The MOUs also allow the equipment manufacturers to terminate these agreements at any time for any reason and lack any enforcement mechanism, leaving the manufacturers in control.

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The Solution

Minnesota legislators can help farmers by passing an agriculture-specific **Right to Repair** law similar to the one passed in Colorado last year. This legislation would do several key things to curb the monopoly on repair and support a healthy network of dealerships and repair shops, including:

- Eliminating the exemption for farm equipment so that farmers and independent repair technicians have fair access to the parts, tools, manuals, and diagnostic equipment needed to repair modern farm equipment.
- Protecting dealerships' ability to earn a fair margin on parts.
- Safeguarding trade secrets and intellectual property belonging to equipment manufacturers.

Why Farmers Support Right to Repair

A rancher in West Otter Tail County lost access to their local dealership after the dealer dropped Kioti, the brand of tractor the rancher had purchased several years prior. While there is a local repair technician nearby, that technician was unable to unlock the Kioti tractor. As a result, the tractor had to be hauled nearly 100 miles to a dealership in Paynesville. In addition to the costs incurred in hauling the tractor, the repairs cost a couple thousand dollars.

A corn and soybean farmer in Yellow Medicine County has felt the impact of dealership consolidation with the closest Case IH dealership 25 miles away and another one 45 miles away. This farmer believes the right to repair will help support more local repair shops in rural Minnesota, which could also create opportunities for people like his grandson who wants to be a diesel tech.

A specialty crop/vegetable farmer in St. Louis County suffered after their tractor was out of service from early June to the end of August because the hitch would not lower for the tiller. Despite taking the tractor to the local dealership (50 miles away), mechanics and Deere engineers were unable to identify the problem. Ultimately it was mechanics outside the Deere network that diagnosed and fixed the problem, but not before this farmer watched their expensive seed potatoes rot.

A dairy farmer in Kanabec County had harvest interrupted by too much water in the diesel exhaust fluid (DEF) tank of their tractor which generated an error code that sent the tractor into limp mode. With access to the diagnostic codes, this farmer could have fixed the issue on their own, but instead had to wait several days for a dealership technician to arrive, costing them valuable time and money.

A Redwood County beef and crop farmer's silage chopper was put into limp mode because of minor repair issues the farmer could have fixed had they had access to the necessary tools, manuals, and diagnostic equipment. Instead, this farmer had to wait several hours during critical harvest time for a dealer technician to arrive and unlock the silage chopper.

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