



Serving Our Customers Since 1948!

**Testimony in Support of SB 535
Submitted to the Kansas Senate Federal and State Affairs Committee
Josh Hydeman, CPA, President, Hydeman Company Inc.
Monday, March 18, 2024**

Good morning. My name is Joshua Hydeman. I am a lifelong Kansan and the third-generation owner of the Hydeman Company. My grandfather, Edward Hydeman, started the Hydeman Company in 1948 working out of his garage in Mission, Kansas. Ed owned and operated the company until his death in 1989. My father, Douglas Hydeman, took ownership of the company upon Ed's death. He worked at the Hydeman Company for nearly 40 years and served as a proud member of the Air National Guard serving out of Forbes Field for 20 of those years. I started working at the Hydeman Company in 2007 and last year purchased it from my father. My wife, Heidi, and I are raising our family in Shawnee, Kansas.

The Hydeman Company has 28 employees and sells and services financial equipment such as currency counters/sorters, ATMs, and cash recyclers. We are a distributor for multinational manufacturers. We sell these products across a variety of industries including banks, grocery stores, and casinos. We have been a certified vendor with the Kansas Racing and Gaming Commission ("KRGC") since 2009 and have sold to Kansas casinos for 12 years. But shortly after purchasing the company last fall, KRGC informed me that it would no longer authorize us to sell some of our products to Kansas casinos. This news was surprising because we have not made changes to the impacted equipment. We are selling the same type of equipment made by the same manufacturers. This news was also financially significant because we have invested significant time, energy, and resources to promote, sell, and service these products to Kansas casinos.

I contacted KRGC after receiving this news and asked for an explanation about this abrupt change. The statute had not changed. Our equipment had not changed. KRGC told me that our machines are "gaming devices" and had "slipped through the cracks." KRGC told me the situation could be corrected if my manufacturers applied for and received Certified Vendor status. I do not think this is a correct application of the statute to our equipment. For one thing, our manufacturers do not contract with casinos – the Hydeman Company does. The Hydeman Company enters contracts with the casinos for the sale and servicing of the equipment. If our equipment constitutes gaming devices and our manufacturers are therefore considered to be contracted with the casinos then it seems the same reasoning would apply to all electronic equipment in the casinos including software operating systems, printers, computers and the manufacturers of those devices would likewise need to apply. This would unduly burden the many Kansas businesses that distribute products and services to Kansas casinos. I have tried to work with KRGC to explain this issue and find a solution. To date, we have not been able to reach a resolution and KRGC's position remains that my multinational vendors must apply for Certified Vendor status. This might sound easy. It is not. I am not sure whether any of my manufacturers would be willing to go through this arduous process – submitting tax returns, criminal records (even if expunged or sealed by the court), and criminal records of extended family members. And, if they did and were approved, they would most likely circumvent our company and try to sell directly to the casinos to justify the undertaking. Either outcome significantly hurts my Kansas business, will likely result in the Hydeman Company losing local employees, and will hinder small businesses like mine.

I am asking for your help. KRGC is inflexible despite, what I think, are flaws with its logic. Litigation is expensive and slow, and my company needs a quicker resolution to avoid this damage. Therefore, I am seeking your help to make minor changes to the statute to clarify what I think the intent has always been: KRGC certify only those vendors who propose to contract with Kansas casinos. KRGC's current position favors large national and multinational companies at the expense of local Kansas businesses. This statutory change would instead favor local Kansas businesses. Please support this bill to clarify this position.