



March 12, 2018

Chairman Mike Petersen
Kansas Senate Transportation Committee

Re: Testimony SB 426 / Opposed

Dear Chairman Petersen and Members of the Transportation Committee:

I'm contacting you and the Transportation Committee on behalf of Moridge Manufacturing Inc., home of The Grasshopper Mower. We're a family-owned manufacturer employing about 280 employees in McPherson County. We design, manufacture and assemble 100 percent of our Grasshopper Mower product in Moundridge, Kans. We're considered a 'short-line' manufacturer by industry standards, and sell through independent dealers in all 50 states including 63 dealers who carry our product in Kansas who are utilizing and content with our current manufacturer-dealer contract.

The prospect of Kansas Senate Bill 426 becoming law is of great concern to us. This bill in its current form will hurt not only our company, but other short-line manufacturers across Kansas, as well as the dealers who agree to sell our products in their stores.

While this bill could possibly (or possibly not) protect some dealerships from the "Major" full-line manufacturers who control a significant share or majority of a dealership's inventory and sales, it stands to hurt suppliers like us who are fortunate to provide a small share of a dealer's product offering and revenue. We're in very competitive industries, where there a half dozen or more suppliers ready to take our place in a dealership if we fail to offer exceptional warranty programs. Dealers can already choose which short-line manufacturers they want to work with, and those manufacturers get their foot in the door in part through competitive warranty procedures. We're not big enough to dictate "take it or leave it" warranty policy to our dealers; in fact it's the other way around where we'll go beyond normal terms to extend and make favorable exceptions to warranty policy, in order to build trust and loyalty with the dealers and their customers. No law is needed to create exceptional customer service in our industries; it's a requirement where free-market principles and competition provide the motivation.

We've received the highest ratings in independent dealer surveys over the past six years in 12 different categories, including warranty policy and procedures. Applying SB 426 to short-line

manufacturers would hinder our ability to provide exceptional warranty policy to our dealers. Currently there is zero profit margin earned from, or fees charged, for warranty claims dealers submit to us, and labor rate is credited to them at their shop rates. Since dealers receive shop labor rate and free parts for warranty, the full cost of a warranty repair is already borne by us. Dealers could replace us if our product quality or warranty policy weren't up to par. Again, we receive the highest ratings from dealers and there are few complaints. If the cost to us to provide the warranty increases 15 percent through SB 426, then ultimately the consumer has to pick up the extra cost through higher product pricing or reduced warranty periods. Not only is this bad for the consumer, either of these scenarios would make Kansas dealers less competitive than dealers in neighboring states.

The strong relationships we're required to build with Kansas dealers to remain a trusted short-line supplier dictates that we offer warranty policies that favor the livelihood of dealerships. Our 280 employees are thankful to compete in a marketplace that encourages trust and well-being between suppliers, retailers and consumers. We ask that you withdraw consideration of SB 426, or at a minimum exempt short-line manufacturers who already conduct business in a manner that exceeds the reasonable expectations of dealers across the state.

Respectfully,

A handwritten signature in blue ink, appearing to read "Ray Garvey", with a large, stylized flourish at the end.

RAY GARVEY

Moridge Manufacturing Inc. / The Grasshopper Company

ZERO TURN GROUNDS MAINTENANCE EQUIPMENT SINCE 1969

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