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## **House Commerce, Labor and Economic Development Committee**

**Testimony Re: SB 75**

**Presented by Ronald R. Hein**

**on behalf of**

**Kansas Beverage Association**

**March 12, 2013**

Mister Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Kansas Beverage Association (KBA) (formerly the Kansas Soft Drink Association), which is the state trade association for beverage bottling companies operating in Kansas. Products manufactured and distributed by members of the KBA include carbonated diet and regular soft drinks, bottled waters, isotonic drinks, juice, juice drinks, sports drinks, dairy-based beverages, teas, and other beverages.

KBA requested introduction of and supports passage of SB 75. SB 75 as amended passed the Senate 40-0.

**The Good News:** Beverage manufacturers and distributors now use recyclable plastic for their bulk merchandise shells and pallets. This saves the industry money because the containers can be reused many times and then "reground" to form new containers. This also helps conserve landfill space and resources since sturdy plastic has replaced flimsier wood pallets and cardboard shells for moving and displaying beverages.

**The Bad News:** Recyclable plastic pallets and shells are attractive to thieves - from lone operators to highly organized theft rings supplying foreign markets with ground plastic from these containers. Unscrupulous or unwitting recyclers aid in this theft. The loss from theft nationwide is tens of millions of dollars. Last year approximately 150,000 merchandise shells and pallets, with a replacement value in excess of \$4 million were stolen from just the members of the Kansas Beverage Association. Merchandise shell and pallet losses are much higher when you include other grocery products such as bakery, dairy and other store merchandise.

**Three Point Solution:** To attack this problem, our industry is working on three fronts.

1) **Internal Controls:** Member companies are working to prevent loss and improve operating efficiency. This means treating pallets and shells like the returnable assets they are, and making drivers more responsible for securing and accounting for these items.

They are working with retail partners to decrease the number of items left on premises.

2). Scrap Dealer Cooperation: Our industry works with the Institute of Scrap Recycling Industries, Inc (ISRI) and we now have our pallets and shells on ISRI members' "Do Not Buy" List. This raises awareness of the theft problem among ISRI members and other reputable recyclers.

3) Legislation: Our industry needs help with tougher legislation to further deter theft. SB 75 would accomplish this additional legislation. SB 75 mirrors valuable deterrents already in place for scrap metal statute

Every year, the food industry must pay the cost to replace these valuable bulk merchandise products.

Stolen merchandise shells and pallets are found in recycling facilities in Kansas. Beverage industry pallets (plastic and wood) are clearly identified with a company name such as Dr Pepper/Seven Up, Pepsi Cola, or Coca Cola. Plastic shells are also color coded and stamped with company names. It is easy to sell stolen shells and pallets to recyclers without ever identifying yourself. As such, this has become a simple way for many people to resell these stolen products.

This legislation simply states that a recycler shall obtain the identity of anyone who tries to sell more than 5 beverage industry shells or pallets. This information must be kept for one year so that law enforcement can investigate those that are stealing these products.

Failure to obtain seller information or to maintain records, or attempting to circumvent the statute will result in civil penalties and may result in criminal penalties depending on the purchase price of the pallets.

I would note that SB 75 was amended in the Senate to respond to a concern raised by Waste Management so that SB 75 did not interfere with curbside recycling programs. That was an agreed to amendment, and addresses the concerns which were raised in the Senate.

SB 75 will help deter the theft of merchandise shells and pallets and will help law enforcement prosecute those who are reselling stolen merchandise shells and pallets to recyclers. As a result, it will help the food industry keep food costs low for all of the families in Kansas

Thank you very much for permitting me to testify, and I will be happy to yield to questions.

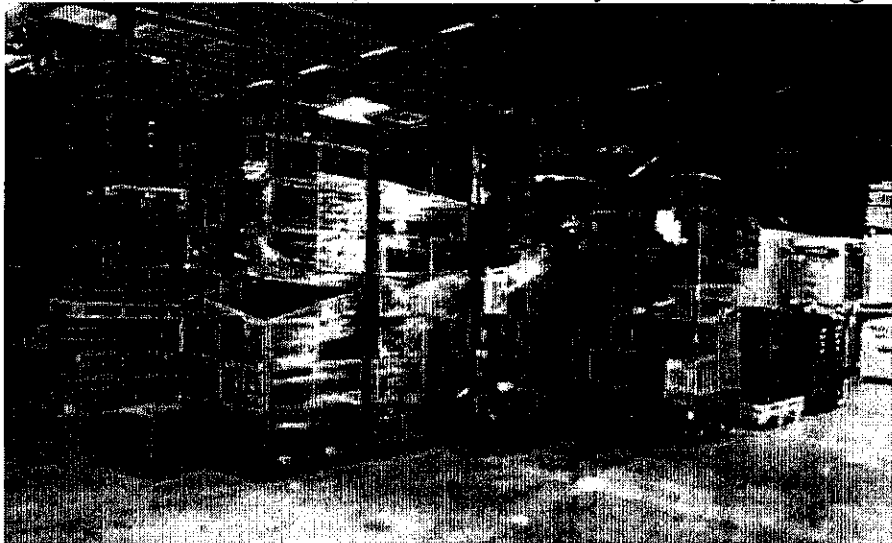
<http://packagingrevolution.net/pallet-and-container-theft-lasd-industry-search-warrant-in-anaheim-nets-450k-in-plastic-pallets-and-packaging-stolen-from-businesses/>

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## **Pallet and Container Theft: LASD Industry Search Warrant in Anaheim Nets \$450K in Plastic Pallets and Packaging Stolen from Businesses**

July 9, 2012 By [Rick LeBlanc](#) [Leave a Comment](#)

Deputies with the Los Angeles County Sheriff's Department "Plastic Industrial Theft Task Force," assigned to Industry Sheriff's Station, served a search warrant on Saturday morning, June 30, at "So Cal Plastics," located in the city of Anaheim, Orange County.



The location on Knollwood Circle in Anaheim was alleged to be a site where stolen trademark plastic products were being stowed and ground to make them untraceable.

Approximately \$450,000.00 in stolen trademark plastic products were found Saturday, some in ground state, while some were still intact.

In addition, equipment and machinery used in grinding the stolen plastic products were seized.

Four male Hispanic suspects were arrested in connection with the felony theft and possession of the stolen products. At this time, the investigation is ongoing, since other possible suspects



involved remain at large.

“Plastic trademark products are often stolen from the loading docks behind businesses throughout Los Angeles County and the entire region,” said Sergeant Nabeel Mitry, Industry Sheriff’s Station Industrial Plastic Theft Task Force. “Additionally, either employees steal the plastics themselves, or leave them in a place outside the business so their crime partners can pick them up.”

Most of the stolen/recovered plastics were pallets, trays, shelves, baskets, and totes (collapsible crates) from grocery stores, pizza places, bakery industry, restaurants, beverage companies, and shipping and receiving companies.

Over \$5 million in stolen trademark plastic has been recovered in the past year alone by the Sheriff’s Industrial Plastic Theft Task Force,” said LASD Industry Sheriff’s Station Captain Mike Claus.

“The victims of these thefts are hard working businesspeople contributing products and services to their customers as well as jobs to the economy. The enormous cost to businesses as a result of these thefts is ultimately paid by consumers through increases in prices for goods and services.”

“Clearly, the enormity of the loss just in Los Angeles County could easily exceed \$10 million dollars a year. I have been contacted by Los Angeles County and even worldwide global businesses who have made it clear that this is an epidemic that had never been addressed. These businesspeople are grateful that the Los Angeles County Sheriff’s Department has taken a leadership role in addressing this issue and educating the public about it. While expressing gratitude, some businesses owners explained that their losses had been so huge, that had the thefts continued, they most likely would have had to go out of business.”

“We will continue to find these stolen products and return them to their rightful owners, and the people responsible will be arrested and addressed by the criminal justice system,” said Captain Claus.

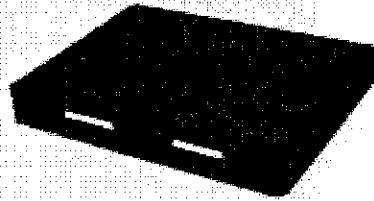


Institute of  
Scrap Recycling  
Industries, Inc.

## Do Not Buy List: Plastic Materials

Several years ago as the problem of material theft was exploding as the price of commodities rose, ISRI distributed a memo entitled "Recommended Practices and Procedures for Minimizing the Risk of Purchasing Stolen Materials."

One of the recommendations was that recyclers create a list of materials that should be prohibited from purchase unless the purchase is made under contract or a specific letter of authorization. Special emphasis was put on the prohibition on buying beer kegs as these are the property of the brewer and no one else has authorization to sell them.



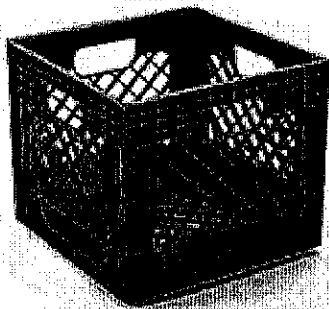
With the recent increase in oil prices, certain high-quality plastic items need to be added to that list. ISRI has been contacted by representatives of the dairies, bakers, and soft drink industry asking that recyclers avoid the purchase of high quality plastic items such as bread trays, milk crates, soda trays (see photos).

These industries are losing millions of dollars each year on these items and are making a concerted effort to work with their distributors and customers to better secure these materials. They have also asked for assistance from the recycling industry in avoiding the purchase of these materials.



Often thieves will collect these materials from a supermarket or

other location and attempt to sell the items in bulk. As kegs belong to brewers, these items are the property of the bakery, the dairy, or the soft drink manufacturer. No other entity has the authority to sell these items.



Recyclers are encouraged to refuse to purchase these materials. Even when the seller produces authorization, extra care should be taken to document all aspects of the transaction in case the documents prove fraudulent.

If you have questions, feel free to contact me at [garybush@isri.org](mailto:garybush@isri.org).

