

Advantage Metals Recycling LLC
Raynard Brown, President
Testimony on 2015 Kansas SB 11
House Judiciary Committee
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Advantage Metals Recycling LLC is the largest metal recycler in the state of Kansas, both in terms of volume and locations. Our company purchased and recycled 885,000,000 pounds of metal at our 7 Kansas locations in 2014 (Kansas City (2), Topeka, Emporia, Lawrence, Columbus, and Fort Scott). We employ 184 people at these locations and our transportation unit in the state of Kansas. Our company is a division of Nucor Steel, (NYSE: NUE), the largest steel maker in the United States. Our metals recycling group has 76 locations in 13 states, which provides us with exposure to many different approaches taken by legislative bodies and law enforcement to combatting metal theft.

Kansas Senate Bill 11 provides a comprehensive framework to combat metal theft in the state of Kansas. Through the efforts of the Judicial Council Scrap Metal Committee led by Senator King, SB 11 addresses many of the concerns that we had with SB 418 in 2014. Some of the improvements include:

Consistent regulation and enforcement of scrap metal dealers: By designating a statewide agency like the Attorney General's office to oversee the licensing and regulatory process, the industry can get trained agents that are familiar with the laws, as well as the practices of the industry, to ensure compliance from every scrap metal dealer in the state.

Law enforcement tools enhanced: Law enforcement professionals feel that the database of purchase activity will be an important tool in efficiently investigating and pursuing criminals. Any database will only be effective if all required transactions are uploaded, so this will need to be a focus of early regulatory efforts.

Increased consequence to the crimes associated with metal theft: Scrap metal theft is a national issue and there have not been many effective deterrent measures enacted. Like any crime, there will have to be a real consequence before the crime of scrap metal theft will be slowed. SB 11 increases potential punishment levels for criminals who damage property and steal metal items. Over time with aggressive prosecution, sentencing, and publication of heightened consequences, SB 11 can help create a deterrent effect.

We do have addressable concerns on the administration of the database provision and potential penalties.

Contracting requirements with third party database providers: If scrap metal dealers are required to engage in a contract with a third party database provider, we would request that we have the ability to negotiate terms to protect our interests and not be forced to sign a unilaterally drafted agreement. Industry concerns include indemnification against data breaches of the third party database once our customer information is submitted to them, and the possibility of a third party enacting fees on the scrap metal dealers once we are required to use their system.

Potential penalty provisions for non-reporting violations: With each purchase transaction of a regulated scrap metal item, a scrap metal recycler will be required to submit between 19 and 23 fields of data or documents to the database. With complex systems to scan, photograph, record and transmit the data and documents, there is always the potential for system failure. With potential penalties between \$100 and \$5,000 per violation, we trust that the Attorney General will use discretion in administering penalties based on willful violations and not use these penalties as a revenue source when reporting errors are due to intermittent clerical errors or technical glitches.

Advantage Metals Recycling LLC supports the passage of SB 11 as drafted. As it is a comprehensive update of Kansas law to combat metal theft, and we feel the effectiveness will be dependent on the combined effect of the regulatory, law enforcement, prosecutorial and criminal penalty activities promulgated under this bill, any major modifications may change our position.

