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**Neutral Testimony on Senate Bill 429
Delaying Provisions of the Scrap Metal Theft Reduction Act**

**Presented to the Senate Committee on Assessment Taxation
By Kansas Attorney General Derek Schmidt**

March 14, 2018

Chairman Tyson and Members of the Committee:

Thank you for the opportunity to submit this neutral testimony on Senate Bill 429. This bill would delay implementation and enforcement of certain provisions of the Scrap Metal Theft Reduction Act (SMTRA).

Our office has no objection to this bill. In fact, we believe it is wise at this point in the session, since no solution has emerged to solve the underlying issues surrounding the implementation of the SMTRA, to further delay these provisions of the bill.

However, we remind the committee, that these underlying issues do need to be addressed. As currently constructed by statute, the scrap metal dealer registration program is not financially sustainable. When the underlying registration scheme was adopted, the information available indicated that there were approximately 200 scrap metal dealers in the state, indicating that the revenue generated would likely have been sufficient to operate the program. However, at the time the registration was suspended by last year's bill, only approximately 80 scrap metal dealers had completed the registration process. This did not produce enough revenue to even cover the salary and benefits of the one employee of the unit, let alone begin to cover the costs of the transactional database required by the law.

If it is the will of the Legislature for the SMTRA to one day be fully implemented, a sustainable revenue stream for the program must be found.

Thank you for your attention to this matter.