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**STATEMENT OF BRAD SMOOT
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ADVANTAGE METALS RECYCLING, L.L.C.
SENATE ASSESSMENT AND TAXATION COMMITTEE
REGARDING 2018 SB 429
MARCH 14, 2018**

Madam Chair and members:

I appear today on behalf of Advantage Metals Recycling, L.L.C., Kansas largest metal recycler with 7 locations along the eastern border of the state from Kansas City to Columbus. Our facilities purchase and recycle nearly 1 billion pounds of metal annually, including the processing of our Capitol's old copper dome. We are a part of NuCor Steel, the largest steel maker in the U.S. with 76 locations in 13 states. We are pleased to have an opportunity to comment on 2018 Senate Bill 429.

We support the extension of the effective date for the implementation of the electronic database required by the scrap metal law. While we have been complying with the requirements of the scrap metal reduction act since its inception, we appreciate that many other dealers struggle with the burdens of the law. Many of those smaller dealers are our customers and we agree with them that the state should perfect the implementation of the law before moving ahead. A one-year extension should give all parties time to refine the legislation and its enforcement.

We wish, however, to call your attention to one detail of the act that we believe needs attention during this coming year. K.S.A. 2017 Supp. 50-6,109a requires the creation of a database of scrap metal transactions to be maintained by the Attorney General. The database is made up of information supplied by private license scrap metal dealers on a daily basis. It includes personal information on our customers, including names, addresses, DOB, drivers licenses, passports, military ID's and more. It also contains the names of our employees, descriptions of the products we purchase and how much we have paid for each item or batch of scrap. See K.S.A. 50-6,110. This data is highly personal and private for our employees and customers and it is also valuable proprietary business information that most would agree is not usually distributed.

For that reason, the Legislature saw fit to declare the database to be "confidential" and not subject to the Kansas Open Records Act. See K.S.A. 2017 Supp. 50-6,109a(d). Unfortunately, the Legislature has not addressed the issues of how this data will be protected

by any third party vendor that is hired to manage the database. It seems like we hear a story every week about some highly sophisticated company having its confidential data "hacked" or customer lists sold to others for unintended purposes. We are pleased to comply with the data submission requirements of the law and to assist law enforcement in the struggle against metal theft, but we think some further restrictions on third party vendors is needed to safeguard that information and provide remedies and indemnifications to protect our proprietary business information and our customers' privacy.

Should SB 429 be enacted, we would be pleased to work with the Attorney General and other interested parties to craft those protections for inclusion in the statutes and/or any state contracts with data vendors.

Thanks for this opportunity to comment on SB 429. I'd be pleased to respond to committee questions.