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STATEMENT OF BRAD SMOOT
LEGISLATIVE COUNSEL
ADVANTAGE METALS RECYCLING
HOUSE JUDICIARY COMMITTEE
REGARDING 2019 SENATE BILL 219
May 1, 2019

NEUTRAL

Mr. Chairman and Members:

Advantage Metals Recycling (AMR) is the largest scrap recycler in Kansas and Missouri, operating 11 locations in the two states with just over 200 employees. We are a wholly-owned subsidiary of Nucor, the most diversified steel company in North America with more than 300 locations and nearly 26,000 employees.

Our state-of-the-art equipment and processes handle metals from households, farms, industrial, construction and commercial sites, including mobile crushing and bailing systems. Our facilities purchase and recycle nearly 1 billion pounds of metal annually. In fact, AMR purchased and processed much of the copper from the Capitol dome as part of the Kansas statehouse remodel.

Locations in Kansas include plants in Kansas City, Kansas, Columbus, Emporia, Fort Scott, Topeka, and Lawrence. Together, AMR plants convert valuable metals into useable raw materials for industry instead of those same metals ending up in Kansas landfills or rusting away on farms and vacant lots.

AMR opposed SB 219 as introduced. We are pleased to have been included in the development of early versions of our state's scrap metal theft reduction efforts and dutifully submitted our licensing applications and fees in the amount of \$1,000 per facility over the last several years in order to fund the database. We are not opposed to the concept of a law enforcement data base and we certainly don't mean to diminish the impact of metal theft on Kansas farms and businesses.

Indeed, scrap metal dealers can be victims of theft just as easily as the proponents of this bill. If we purchase items to assist law enforcement in making arrests or have our inventory stolen from our recycling facilities, we rarely recoup the losses. But, while we whole-heartedly support law enforcement in this theft reduction effort, we didn't believe the original SB 219 was the answer.

Specifically, we objected to the proposed excise tax to be paid by licensed dealers. AMR estimates that the excise tax alone would increase our Kansas tax obligation by several hundred thousand dollars per year. Licensing fees, even though reduced in the bill, add several thousand more dollars to the cost of doing business in Kansas. There

are very few functions of government more basic than public safety and protection of property. In our opinion, these are functions that are most properly funded by the state general fund from broad-based taxes.

We are pleased that the Senate removed the excise tax and that there may be a new and possibly less costly electronic recordkeeping partner. We are also pleased that the Senate adopted meaningful protections for private business data that is required to be submitted to the state. Confidential information including client lists with names and addresses and pricing information are contained in what must be submitted. Such data needs to be protected and those who must submit such information should not be liable if it is stolen or misused.

Finally, it seems clear that the Legislature must either pass SB 219 in some form or further delay implementation of the data base as it has done the last couple of years. It is our recommendation that whichever route you chose, you should consider including the amendments adopted by the Senate even if implementation of the reporting database is delayed. It would be good for all concerned to have the privacy protections included in the underlying law and settle the issue of the excise tax so that the state can plan and budget accordingly. Thank you.