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March 13, 2019

Senator Wilborn
300 SW 10 St.
Topeka, KS 66612
Room 541 East Testimony

RE: Senate Bill No. 219

Dear Senator Wilborn,

Midwest Scrap Management, Inc. (MSM) operates the scrap metal dealer facilities Scrap Management of Kansas, Inc. (SMK) and Midwest Iron, Inc. (MII) in Park City, KS and Hutchinson, KS respectively. SMK and MII employ over 75 individuals at these locations.

MSM has reviewed proposed Senate Bill No. 219 (SB 219), introduced on February 27, 2019. SB 219 is a proposed bill that is intended to address consumer protection relating to scrap metal theft by assessing an excise tax on scrap metal dealers and by creating a state ran data repository. The proposed bill will assess an excise tax on scrap metal dealers as follows: 1) Purchases of less than 100 pounds of scrap metal will not be charged an excise tax, 2) Purchases of more than 100 pounds and less than 1 ton of scrap metal will be charged an excise tax of \$0.50 per purchase and 3) Purchases of more than 1 ton of scrap metal will be charged an excise tax of \$1.00 per ton purchased.

MSM does not see how the proposed bill will address the stated goal of SB 219 which is increasing consumer protection by reducing scrap metal theft. However, the proposed bill will negatively impact a scrap metal dealer's ability to conduct business, create local jobs in communities in which the scrap metal dealer operates, reinvest capital into the scrap metal dealer's business and increase consumer protection through the implementation of tools to reduce scrap metal theft within the communities the scrap metal dealer operates.

In 2018 the proposed bill would have generated a 2018 excise tax expense for SMK and MII totaling approximately \$200,000.00. A tax of this magnitude, will directly impede a scrap metal dealer's ability to conduct business without undue hardship and with no perceived benefit.

MSM requests that the Kansas Senate to address the following concerns related to SB 219.

- How will assessing an excise tax on scrap metal purchases increase consumer protection?
- How will assessing an excise tax on scrap metal purchases reduce scrap metal theft?

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- How will the State of Kansas allocate the revenue generated from the excise tax to programs that will increase consumer protection and reduce scrap metal theft?
- What statistical evidence does the State of Kansas have that supports the position that an excise tax will increase consumer protection and reduce scrap metal theft?
- What statistical evidence does the State of Kansas have that supports consumer protection has decreased and scrap metal theft has increased since the implementation of the Scrap Metal Theft Reduction Act in 2015?
- What benefit or information does the State of Kansas anticipate receiving from a State of Kansas operated database that is not currently available to local law enforcement?
- How will the implementation of a state ran date repository increase consumer protection and reduce scrap metal theft?
- Why does the State of Kansas not implement the use of an existing online database to increase consumer protection and reduce scrap theft such as Leads Online or ISRI Scrap Theft Alert?
- How will the implementation of an excise tax increase arrests and prosecutions related to scrap metal theft?
- What is the benefit of SB 219 to scrap metal dealers?

If you have any questions, please let me know.

Sincerely,



Brian McCuiston
General Manager