

**BRAD SMOOT**  
**ATTORNEY AT LAW**

800 SW JACKSON, SUITE 808  
Topeka, Kansas 66612  
[bradsmoot@smootlawoffice.com](mailto:bradsmoot@smootlawoffice.com)

(785) 233-0016 (Office)  
(785) 224-1200 (Cell)  
(785) 234-3789 (Fax)

STATEMENT OF BRAD SMOOT  
LEGISLATIVE COUNSEL  
ADVANTAGE METALS RECYCLING  
SENATE JUDICIARY COMMITTEE  
REGARDING 2019 SENATE BILL 219  
March 18, 2019

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 must respectfully oppose SB 219 as written. We have been pleased to be 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 salvage yards, we rarely recoup the losses. But, while we whole-heartedly support law enforcement in this theft reduction effort, we don't believe SB 219 is answer.

Specifically, New Section 1, imposes an excise tax to be collected and/or paid by any licensed dealer. AMR estimates that the excise tax alone will 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 property funded by the state general fund from broad-based taxes.

We have been advised that the proponents have possible amendments to this bill and K.S.A. 2018 Supp. 50-6,110. Caps on fees or removal of the tax on certain materials, such as scrap automobiles, may reduce tax obligations but may also complicate the administration of the law and maybe even undermine one of the longstanding features of scrap metal recordkeeping. We must reserve judgment on possible amendments until they have been specifically spelled out.

We are pleased that the proponents have possibly found a new and possibly less costly electronic recordkeeping partner. However, our biggest concern in this area is the protection of our private business data that is required for submission. Confidential information like client lists with names and addresses and pricing practices are contained in what must be submitted to the state.

Current law (K.S.A. 2018 Supp. 50-6,109a) requires this data to be kept confidential except for law enforcement purposes. This section applies to any entity contracting with the Attorney General. We are unclear how this provision would apply if authority for the database is transferred to the KBI. We have also been concerned with assuring that any contract for data collection, storage or use provide remedies for those dealers whose business is damaged by any breach or misuse of the data required by law to be submitted. Nothing in SB 219 addresses these matters.

For these reasons, AMR must respectfully oppose SB 219 although we encourage those interested in creating a successful and workable scrap metal database to continue their efforts. We are happy to work with proponents and opponents on something useful for all. Thank you.