

**STAN FROWNELTER**

REPRESENTATIVE, 37TH DISTRICT  
WYANDOTTE COUNTY  
5225 CREST DR.

KANSAS CITY, KANSAS 66106  
(913) 262-9659  
STATE CAPITOL  
TOPEKA, KANSAS 66612  
(785) 296-7300



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INSURANCE

May 3, 2019

Chairman Wilborn

Vice Chairman Rucker

Ranking Minority Member Miller

Thank you for allowing me to testify today. I am not going to say much about Senate Bill 219 itself, but merely leave you with questions about Senate Bill 219.

There are eighty-seven dealers in Kansas with several of them having more than one location.

New Section 1. (a) There is imposed an excise tax upon a scrap metal dealer on the purchase of scrap metal. The tax shall be calculated and imposed on each transaction where the scrap metal dealer purchases scrap metal. The rate of tax on purchases of scrap metal shall be as follows:

- (1) For purchases less than 100 pounds of scrap metal, there shall be no tax;
- (2) for purchases greater than 100 pounds and less than one ton of scrap metal, the rate of tax shall be \$0.50; and
- (3) for purchases greater than one ton of scrap metal, the rate of tax shall be \$1 per ton of scrap metal.

(b) A scrap metal dealer shall record daily, in the manner required by the secretary of revenue, every transaction where the dealer purchases scrap metal. The dealer shall maintain the records for the period required by the secretary and shall make records available for inspection and audit upon request by the secretary.

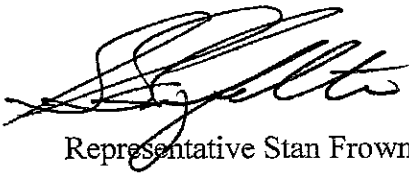
(c) This section does not require a scrap metal dealer to impose the tax on a customer of the scrap metal dealer. A scrap metal dealer has the discretion to determine the manner in which the dealer derives the money required to pay the tax imposed pursuant to this section and may impose the tax on customers.

Section 3. (d) On and after January 1, 2020, each registration for a scrap metal dealer to purchase regulated scrap metal shall be accompanied by a fee of not less more than \$500 nor more than \$1,500 \$750, as prescribed by the attorney general, for each particular place of business for which a registration is desired.

These are the questions that need to be asked about Senate Bill 219:

- 1) What is going to be the point of reference?
- 2) Dealers have been paying \$1500.00 annually over the past two years. At a maximum, that means \$103,500 has already been paid annually to the Attorney General's Office with almost zero oversight - where has that money gone?
- 3) Why do we need a price on pounds and tonnage?
- 4) How do we know that this is going to work if passed?
- 5) Why are we not using the ISRI system designed to track scrap metal dealers and provide theft alerts throughout the United States and Canada?
- 6) Are any of the organizations complaining providing any support and funding on their end to help deter the problem?
- 7) Why do we need a statewide database?
- 8) Why are we reporting to the Attorney General?

Thank you for your time.



Representative Stan Frownfelter