

Senate Judiciary Committee Conferees' Procedure 2019

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#1 Date of testimony 3/18/2019 #2 Bill Number SB 219

#3 Testimony by: Ray Maloney Yourself yes

OR Organization/Business Rays Metal Depot Inc.

#4 In support _____ In opposition X Neutral _____

Multiple pages should be stapled. Two page testimony should be stapled or printed front and back. The committee does not have time to assemble testimony.

Testimony [check one]: Oral (with 30 written copies and a PDF) X

Written only (30 copies and a PDF) _____

Testimony must be to our office 24 hours before the hearing

PDF needs to go to Debbie Welton (Committee Assistant)

Email: debbie.welton@senate.ks.gov

Deliver hard copy to: **Room 541-E**

Contact Debbie by phone at: **785-296-6817**

Person delivering testimony if different from above:

Name _____ Phone: _____

Contact information of person testifying:

Name Ray Maloney

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Phone 620-496-2400 off. 620-228-0592 cell

Please have multiple pages stapled together with the original on top.

Thanks for your assistance in making this committee run smoothly.

Ray Maloney
Ray's Metal Depot, Inc.
La Harpe KS, 66749

SB 219

Dear Kansas Legislatures,

I am writing in response to SB 219, scheduled for hearing Monday, March 18th, 2019 at 10:30 AM. SB 219 is being presented along with more requirements for the scrap metal dealers to comply with that is going to cost time and money. Currently scrap dealers are required to take pictures of the material that we purchase, log the tag number, as well as the color and make of the vehicle bringing the material in, a copy of the sellers photo ID, weight, type, and purchase price of material, and sellers signature on the ticket which states the material belongs to the seller and is free of any liens and encumbrances.

SB 219 if passed is now going to have the AG office in charge of enforcing laws, the KBI in charge of the central database, and the Department of Revenue collecting the excise tax. SB 219 is going to be a huge burden to each scrap metal dealer because we have to purchase the proper technology to comply to the requirements to upload each purchase ticket and pictures to a central database to the KBI. Now not only will we have to pay an employee to figure the excise tax, but we will also have to come up with the money to pay the excise tax. This also incumbers the State of Kansas by getting these three separate departments involved. The only reason that SB 219 is being proposed is because the current law in affect, HB 2048, could not raise enough money to fund this expensive and unnecessary database. Now they are trying to implement an excise tax on every ton of scrap metal purchased by Kansas Scrap Metal Dealers in an attempt to raise enough money to fund a central database that we do not need.

If this database is in effect, each and every scrap metal dealer will be overwhelmed with the task of uploading every single ticket, every single picture, every single day for as long as they are in business. Most of us are small and run our yards ourselves with a few employees. We are here, performing a much-needed service for our communities, counties, and state, 10 to 12 hours per day at least 6 days per week. We are not looking forward to having additional work to do complying to a portion of this law that is unnecessary. We will be regulated right out of business. This not only kills the small remote scrap yards in Kansas, it will affect the large recycling facilities as well. The large scrap dealers receive as much as one third to one half of their material from the small scrap yards.

HB 2048 has been in full effect with the exception of the database since 2016. There have been two instances reported to the AG's office in this three-year period. One was from an individual, that a dealer purchased an automobile without a title. The other was from Westar when they were tipped by a private party that one of their employee's may have stolen a spool of copper from one of their sights. The Coffey County Sheriff's Department was involved and through good police work are in the process of solving this case. The AG's office and database

had nothing to do with it. Proponents claims HB 2048 as a major accomplishment. It was 10 years in the making. It was going to save Kansas from thieves. For the three years that this law has been implemented the AG's office has not received one complaint from the big proponents of this law, Cox Communications, Century link, AT&T, or Farm Bureau, nor anyone else about stolen material, not one.

The reason communities, contractors, industry, utilities and other victims of metal theft, felt stricter regulations were needed was because the rules of the existing laws, bill 2312 were not known to most of the law enforcement community and it was not being enforced. The same fate awaits the HB 2048 and SB 219, but with devastating consequences to the small recycling yards.

Not only are the recycling industries in Kansas going to be adversely affected by SB 219, but the state of Kansas will be too. Kansas will lose revenue. Kansas will lose jobs. Kansas towns, rural areas, and counties will begin to accumulate unwanted and discarded recyclable materials in their alleys, road ditches, hedge rows, and water ways as it was back in the 1970's, because people will not have close easily accessible places to take it. Kansas needs recycling, large and small. Recycling keeps Kansas clean. Recycling keeps Kansas safe. Recycling keeps Kansans employed. Recycling puts money in the Kansas treasury as well as the pockets of industries and the peddler who picks up aluminum cans along the road for a little extra cash to pay his/her utility bill.

On August 29, 2017, the industry scrap metal task force held a meeting in Topeka. Those who attended included: Kim Christiansen and Alex Orel, Kansas Electric Coop, Inc; Stephen Duerst, Kansas Cable Telecommunications Association; Mike Murray, Kansas Roofers Association & CenturyLink; Allie Devine, Farm Bureau; Mandy Roe, Kansas Cooperative Council; Daniel Prophater, Advantage Metals Recycling, Mr. & Mrs. Pfeifer, Ken Pfeifer Salvage; Ray Maloney, Ray's Metal Depot, Inc.

During this meeting the scrap industry representatives questioned the need of the central database, the additional fees, and fingerprinting of existing business owners, CEO's, or board members. Kim Christiansen stated that the theft of copper bearing cable and wire material has decreased significantly since the implementation of the Scrap Metal Reduction Act HB 2048 was passed.

The scrap metal dealers in Kansas (the legitimate ones) are currently collecting photo ID's, tag numbers, make and color of the vehicles bringing in the scrap, the weight, type, and purchase price of scrap being sold, where the scrap came from, and the signature of the seller stating the material is theirs to sell free of any liens or encumbrances. By the groups own admission in this meeting this is working. The AG or KBI database isn't even in place or implemented yet and scrap metal theft is down without it, so why do we need it?

A simple solution that will solve everyone's problems and not create expensive unneeded agency's in the state, would be to make the sunset prevision of HB 429, that has been in affect the past two years, permanent. It is obvious that the central database, which requires increasing

fees, collecting an excise tax, and finger printing of already existing scrap metal dealers as unnecessary and unneeded. What we are doing now is working.

Like any business, most of the income we make goes right back in: payroll, equipment, maintenance, etc. Our business is set up solely for the purpose of handling and processing recyclable scrap material. Too often law makers get “tunnel vision” and do not consider the full impact a bill like SB 219 will have. No one will be able to operate a scrap metal recycling facility in rural Kansas. It will cost too much to process what little material is generated in these areas.

If SB 219 is passed it will eliminate businesses in which lives and millions of dollars have been invested making them now worthless. The flame providing our livelihoods, our employee’s livelihoods, as well as any hope of retiring with anything from years of work and investment, will be extinguished.

Respectfully,

A handwritten signature in black ink that reads "Raymond Maloney". The signature is written in a cursive, flowing style.

Raymond Maloney

Ray’s Metal Depot, Inc.