

February 17, 2011

My name is Randy Downing. I am the Vice President of Government Affairs for the Dr Pepper Snapple Group.

I come before the Senate Judiciary Committee today representing the Kansas Beverage Association to ask for your support of Senate Bill 164.

**Problem:** Last year approximately 150,000 merchandise shells and pallets, with a replacement value in excess of \$4 million were stolen from just the members of the Kansas Beverage Association. Merchandise shell and pallet losses are much higher when you include other grocery products such as bakery, dairy and other store merchandise.

Every year, the food industry must pay the cost to replace these valuable bulk merchandise products. This is a multi-million dollar problem and ultimately the costs are passed along to the consumer in the form of higher food prices.

Last year, thousands of stolen merchandise shells and pallets were found in recycling facilities in Kansas. Beverage industry pallets (plastic and wood) are clearly identified with a company name such as Dr Pepper/Seven Up, Pepsi Cola or Coca Cola. Plastic shells are also color coded and stamped

with company names. It is easy to sell stolen shells and pallets to recyclers without ever identifying yourself. As such, this has become a simple way for many people to resell these stolen products.

**Solution:** SB164 is modeled after bills that have recently passed in Texas, California and Maryland. This legislation simply states that a recycler shall obtain the identity of anyone who tries to sell more than 10 beverage industry shells or pallets. This information must be kept for one year so that law enforcement can investigate those that are stealing these products.

Failure not to obtain seller information, maintain records or attempting to circumvent the statute will result in civil penalties and may result in criminal penalties depending on the purchase price of the pallets.

SB164 will help deter the theft of merchandise shells and pallets and will help law enforcement prosecute those who are reselling stolen merchandise shells and pallets to recyclers. As a result, it will help the food industry keep food costs low for all of the families in Kansas. Please support SB 164.