

**HB 2312 Testimony from Advantage Metals Recycling LLC, by Raynard J. Brown, President
Presented to Kansas Senate Judiciary Committee, March 14, 2011**

Advantage Metals Recycling LLC is the largest volume metal recycling operation in Kansas, with 6 recycling operations in Kansas, and 8 in Missouri. We are the Midwest recycling division of Nucor Steel (NYSE: NUE), the largest electric arc furnace steel maker in the U.S. In total our company has 200 locations nationwide, with 67 of those being dedicated to metal recycling like our 6 Kansas locations.

The structure of the current Kansas metal recycling laws are very similar to what has been done in many states across the country, with requirements of transaction documentation, certain restrictions on purchasing designated items, opening purchasing records to police review, and some restrictions on payment methods. The 2008 Missouri statute was modeled after the Kansas 2007 statute, and Colorado is in the process of adopting a new statute that will be close to, but less restrictive than, the current Kansas statute.

The problem of metal theft can be lessened with a proactive and cooperative approach from all interested parties:

Metal recycling industry:	Documentation of transactions – both people and certain products
Law enforcement agencies:	Education, investigation and enforcement of recycling and theft laws
Prosecution/Judicial:	Prioritizing property crimes prosecution and punishment
Property Owners:	Secure and inspect metal items like other valuable property
Legislators:	Provide a workable framework for all of the above

In most of the communities where Advantage Metals operates, we have found the Kansas style statute to be effective when there is an active working relationship between all parties. (See Kansas City, MO Council Committee transcript regarding cooperative approach effectiveness.) As I have talked with other metal recyclers across Kansas, they have the same general feeling that the industry and law enforcement cooperation is working very well. That is why we were very surprised to see HB 2312 and its mandated licensing process introduced, without any input from the metal recycling industry. Even after working with the proponents of HB 2312, I am unsure of how a licensing process state-wide will reduce theft.

The mandated licensing process for metal recycling companies in every city and county in Kansas is over-reaching and unnecessary.

- The licensing provision does nothing to address the theft of metals or the criminals doing it.
- Local governments already have the right to impose licensing requirements, as evidenced by licensing processes in place in Wichita and Kansas City, KS.
- Not all local governments face the same type of issues in regards to metal recycling companies and metal theft. They should be allowed to assess the current level of theft and recycling industry cooperation in their area (rural, urban, or suburban) and draft their own set of rules IF they deem it necessary.
- Each local governmental agency will have different interpretation and enforcement of the licensing process. There is no guarantee that this statewide burden will lead to any of the non-compliant companies being closed since that will still be a local decision.
- Many of the reasons for not issuing or revoking a license are arbitrary and do not provide adequate due process to challenge or appeal a determination.
- The alleged "bad actors" in the recycling industry that will potentially be shut down by license revocation must by definition already be violating some or many laws. Why not use current laws to arrest and prosecute them?

Unintended consequences of the licensing process:

- Companies will be very hesitant to make investment in recycling operations in Kansas if that investment could be lost to an arbitrary licensing process.
- Metal recycling still needs to happen, and without investment in Kansas by properly-run companies, the opportunities for non-compliant companies will only grow.

Certain concepts in HB 2312, with proper language, can be positive supplements to the current Kansas statutes. Those concepts are:

- Changing how "value" is determined in theft of scrap metal to include property damage
- Tightening requirements on documentation and payment methods on certain items
- Adding certain items to the restricted list that require higher standards of documentation