



PEPSI-COLA of TOPEKA

February 14, 2013

Good morning Chairman Lynn and distinguished members of the Senate Commerce Committee. My name is Patrick O'Donnell. I am the Franchise General Manager for Pepsi-Cola Bottling Company of Topeka and a member of the Kansas Beverage Association. I appreciate the ability to appear before you this morning on behalf of the association and ask for your support of Senate Bill 75 which will stem the theft of shells and pallets for scrap resale.

Shells that hold many of our products are made of molded plastic. Pallets that some of our products are transported from our distribution centers are molded plastic and the rest are wooden pallets. The shells and pallets are all identified as to which company, whether it is Pepsi, Coke or Dr. Pepper owns them.

The current and growing problem that Senate Bill 75 will address is caused by these shells and pallets being taken from establishments that we do business with and turned into recycling centers for cash. Last year approximately 150,000 product shells and pallets, with a replacement value in excess of \$4 million were stolen from just the members of the Kansas Beverage Association. Product shell and pallet losses are much higher when you include other grocery products such as bakery, dairy and other store merchandise.

Senate Bill 75 is modeled after bills that have recently passed in Texas, Ohio and Michigan. This legislation states that a recycler shall obtain the identity of anyone who tries to sell more than 5 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.

Supporting Senate Bill 75 will help to minimize or eliminate the theft of product shells and pallets and will help law enforcement prosecute those who are reselling stolen product shells and pallets to recyclers. As a result, it will help the beverage industry keep lower costs. Each year beverage companies have to evaluate expenses in order to evaluate costs. This problem is increasing the cost of doing business which in turn has to be put into the cost of product or the elimination of a percentage of our workforce.

In closing, I would like to thank you for allowing me to testify in support of Senate Bill 75 and appreciate your interest in working with us to address this costly problem. Thank you and I would be happy to answer any questions you have.