

KANSAS AGGREGATE PRODUCERS ASSOCIATION

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Edward R. Moses, Managing Director

TESTIMONY

Date: February 14, 2011

Before: The House Committee on Agriculture & Natural Resources

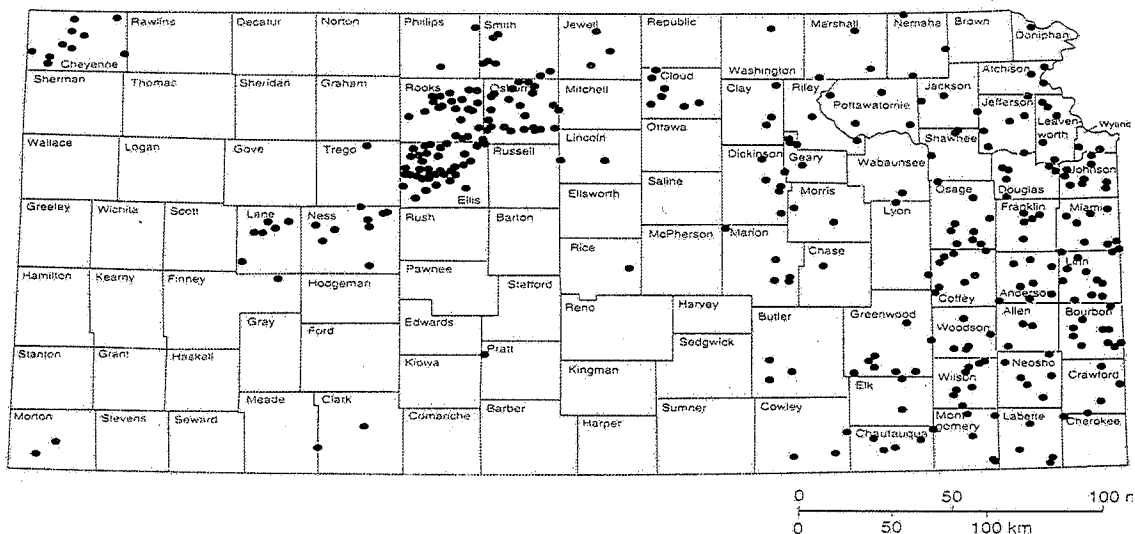
By: Woody Moses, Managing Director
Kansas Aggregate Producers Association

Regarding: HB 2205 – An act concerning standards and requirements of commercial weighing and measuring devices.

Good Morning Mr. Chairman and Members of the Committee:

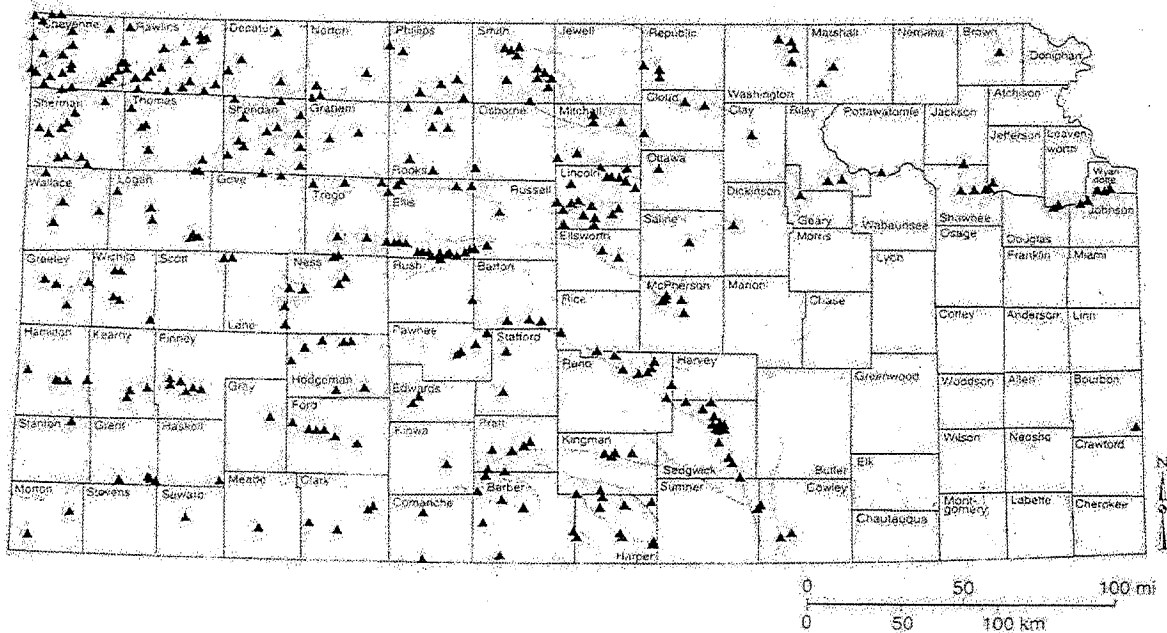
My name is Woody Moses, Managing Director of the Kansas Aggregate Producers Association. The Kansas Aggregate Producers Association (KAPA) is an industry wide trade association comprised of over 170 members located or conducting operations in all 165 legislative districts in this state, providing basic building materials to all Kansans. I appreciate the opportunity to appear before you today in support of HB 2205.

Unlike Missouri and many eastern states blessed with abundant sources of limestone in formations with thick ledges, the Kansas mining industry is forced to mine from several small widely scattered quarries and pits in order to service our clients (primarily local units of government).



CRUSHED STONE QUARRIES IN KANSAS

House Ag & Natural Resources
February 14, 2011
Attachment 2

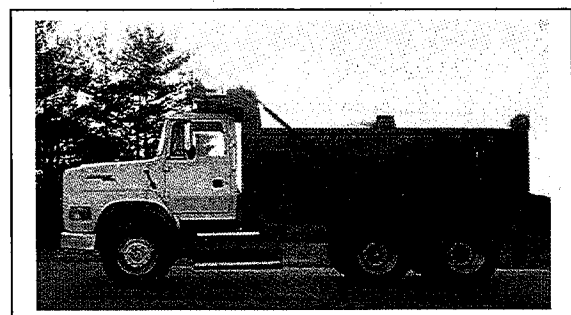


SAND AND GRAVEL OPERATIONS IN KANSAS

In order to serve this market the common practice is to locate a portable crusher at the site and then produce and stockpile 2-3 years worth of material in 2-3 months. Over the course 2-3 years our clients then purchase this inventory and it is weighed by a set of scales permanently left at the site.

Most of the scales sited at these locations, while adequate to the task of weighing rock in 100 lbs. increments, are usually unable to meet modern testing and tolerances (implemented in the late 90's) which require accuracy to within ± 20 lbs for annual certification or ± 10 lbs for acceptance. The costs of sustained maintenance or complete replacement (from \$25,000 to \$50,000) to achieve a ± 10 lbs. tolerance when only ± 50 lbs. is needed, is prohibitive. In a small quarry, this could add up to \$2.50 per ton (\$25,000/10,000 tons) to a product commonly priced in a range of \$3-4 per ton. Such a scenario could increase a township road rock budget by 50%. Simply put, the high fixed operating costs and low sales and unit values associated with these operations make it uneconomical to continue operations. This is especially true in the case of older pits or quarries where a producer must balance the cost of extracting a remaining 10,000 to 20,000 tons of reserves against the diminishing return provided. At some point the operation must be closed forcing local units to transport road materials from consolidated high volume operations usually located much further away. Any measure that will lower the costs allows the operator and the public served to reap the benefits of full development of the natural resource.

To address this situation, we requested and received during the 2001 session an amendment to K.S.A. 82-202 granting a limited tolerance variance for aggregate scales from the tolerance requirements mandated by the National Institute



of Standards and Technology (NIST) Handbook 44 which the state of Kansas adopts by reference. Please note this variance only concerns the national standard up to 50,000 lbs., after 50,000 lbs., where most transactions occur, we are in full compliance with NIST Handbook 44. For example, transactions weighed in standard double axle dump still meet the standard.

The current variance was initially authorized with a sunset by the 2001 Legislature and renewed by the 2005 Legislature with a June 30, 2011 sunset. The bill before you today, HB2205, would simply make this variance permanent. Adoption of HB 2205 will provide many benefits to all Kansans, among them:

1. Adoption of HB 2205 will allow Kansas aggregate producers to continue serving small markets at a fair and reasonable price by extending the life of quarries and pits equipped with older scales.
2. Adoption of HB 2205 will prevent undue and unnecessary price or cost increases to local units of government.
3. Adoption of HB 2205 will allow the Kansas Division of Weights & Measure to allocate their limited resources to higher priority areas. For example, the division itself enjoys a variance in the testing fuel pumps.
4. Adoption of HB 2205 will not allow a total exemption for aggregate scales. Aggregate scales will continue to be regulated in all other aspects and to be fully regulated above 50,000 lbs.
5. Adoption of HB 2205 will not create a great disparity in uniformity with NIST standards, which, as evidenced by the attached table, is not all that uniform to begin with.

In 2001 the Kansas Legislature acted wisely by adopting a policy to address local needs as opposed to national conformance. The result has been beneficial to Kansas consumers and has not resulted in any unintended consequences during the last ten years it has been in effect. We urge this committee to continue this policy by recommending HB 2205 favorable for passage. Thank you for the opportunity to come before you with our comments on HB 2205.

I will be happy to respond to any questions you may have.