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ISRI's Summer Fly-in - Making Your Voice Heard and Presence Felt

On Wednesday, July 11 during ISRI's Summer Board & Governance Meetings, ISRI members are urged to visit with their elected officials on Capitol Hill by participating in its Summer Fly-in. In order to be the most productive industry advocate, we encourage you to *register* for the Fly-in when you register for the ISRI Summer Governance Meetings. In order to help you prepare for the big day, ISRI will host a webinar on **Thursday, June 14 at 2 p.m. ET**. The webinar will provide instructions on making Congressional appointments and review key issues, as well as answering any questions you may have. *This webinar will be the primary training session for this year's fly-in, so please plan on attending.* Of course, following the webinar, you are welcome to contact ISRI staff for any additional assistance you may want or need.

Why this matters: There are issues facing the scrap recycling industry that one day may require assistance from your U.S. Representative and Senators. They will be much more responsive to requests for help if they hear about those issues directly from you - their constituents.

But wait, there's more... Once again, we will have **breakfast at the Capitol Hill Club** (on the House side of the Capitol) beginning at 7:30 a.m. There, we will briefly review the major issues, answer any last minute questions, and provide handouts for your meetings. At breakfast, we will also hear from U.S. Rep. George Holding (R-NC) who sits on the powerful House Ways & Means Committee which has jurisdiction over trade and tax-related matters. Rep. Holding will provide an overview of the major issues of the day and answer your questions about those issues. This session also reminds everyone how easy it is to interact with your elected leaders. At this time, we will also have an opportunity to review the issues and answer any last-minute questions.

And, should you accept this invitation... Before you get to Washington, it is imperative that you schedule your appointments and review the key issues that ISRI staff will send you. Our major focus will be trade, especially the difficulties surrounding China.

So, what's the ask? Our ask from Congress is to continue to contact the Administration to make it aware that exports of scrap commodities are vitally important to the nation's economy,

the protection of the environment, jobs in every Congressional district, and the conservation of precious natural resources.

Congress will be extremely busy when you visit in July as the August recess will only be a few weeks away. With mid-term elections looming, **your elected officials will be anxious to visit businesses such as yours**, so this is an excellent opportunity to invite them to visit your facility during their August recess. Please contact [Billy Johnson](#) with any questions regarding this summer's ISRI Congressional Fly-in.

Registration:	Now Open
Training:	Webinar on Thursday, June 14, 2 p.m.
Congressional Fly-In:	Wednesday, July 11
	7:30 a.m. Breakfast at the Capitol Hill Club
	9 a.m. Congressional office visits begin
	3 p.m. Debriefing session back at the hotel

The Chinese Market: Now and in the Future

The U.S. recycling industry knows better than most the cyclical nature of global commodity markets. It has weathered markets ups and downs by innovating and adapting. Whether or not Green Fence or other signals could have foreseen what is taking place to reshape the Chinese market could have prepared the industry to innovate and adapt, the reality is you have been given very little notice and very little time to transition. And the punches keep coming as part of what many worried was a brewing trade war between the United States and China. All that said, one thing is for sure – China's market has changed for good.

Why this matters: China has a history of overreaching in their rulemaking without fully understanding the implications and then back-tracking toward a policy that makes more sense for their industry (and saves face). But not this time. There are a number of rumors that China's consumers of scrap commodities are unhappy about the inaccessibility of the high quality scrap commodities they had come to depend on from the United States and may influence the government to relax a rule here and a policy there. But the whole "regime" of import restrictions – ban, quality standards, import quotas – is here to stay.

There's more? On top of all this, **scrap trade between the United States and China was caught in the middle.** In retaliation for the Trump Administration's "Section 232" - national security-based – based tariffs on steel and aluminum imports, China imposed a 25 percent import duty on aluminum scrap from the United States. The Chinese government then suspended CCIC's U.S. operations from doing pre-shipment inspections on scrap. Allowing the Canadian operations to handle the work may have been a glimmer of hope, but the lost market share may be gone forever.

But, but, but...The Chinese government has pledged to buy more “stuff” from the United States. Those discussions are ongoing, and maybe we’ll get a signal that the “new normal” of scrap trade can resume. But the only way China can fulfill that commitment to the Trump Administration is take on reforms to its own import regulatory regime. While this could mean a resumption of CCIC’s operations that were already intended, the ban, stringent quality standards, and import quotas are here to stay.

Innovate and adapt. Recyclers are already taking a number of measures to adapt to China’s new market with improvements to the recycling infrastructure. It is key to know that China still wants the commodities— but they want them to be manufacture-ready. No longer is China a destination to recycle materials from abroad. Some companies are innovating to stay ahead of the demand curve and find customers elsewhere. Demand is strong in Southeast Asia, India, Europe, and Latin America. But the more recyclers can do to extract value from the recycling streams, the better to be able to weather the storm of today’s scrap markets.

India Eliminates Pre-Shipment Inspection Certification (PSIC) for Metal Scrap

ISRI’s advocacy efforts paid off in India with last month’s announcement that the Director General Foreign Trade (DGFT) lifted the Pre-Shipment Inspection Certification (PSIC) requirement for all metal scrap from the United States, United Kingdom, Canada, New Zealand, and Australia that enters the Ports of Chennai, Tuticorin, Kandla, Jawaharlal Nehru Port Trust (JNPT), Mumbai, and Krishnapatnam.

Why this matters: The move was a recognition that these five source countries do not contain the type of “conflict” material that the Indian government was concerned could cause harm within India. India continues to be a strong and growing market for U.S. scrap metal (as well as other materials), and the removal of the PSIC should help better facilitate trade.

But, but, but...Consignments must still be accompanied by a “certificate from the supplier/ship yard authority to the effect that it does not contain any radioactive materials/explosives” and be subject to “radiation and explosive checks” at these ports, which were fitted with appropriate equipment. Furthermore, we were told that the nine other ports still authorized to take in material with PSIC are in the process of installing radiation detection equipment. It is important to know that the removal of PSIC is not a blanket import approval, and exporters need to ensure that the material can pass through Indian customs inspections (especially in light of what is happening in China).

How did this happen? This action comes after more than three years of advocacy by the Materials Recycling Association of India (MRAI), which ISRI strongly supported because of the opportunity to remove an administrative burden on scrap shipments to India. ISRI met directly with DGFT and other government stakeholders in October 2017 to appeal for this policy change. The joint effort was instrumental in providing the government confidence that trade between the United States and India remains strong.

For questions about international issues facing the scrap recycling industry, please contact [Adina Renee Adler](#).

ScrapTheftAlert.com Update

ISRI developed the **ScrapTheftAlert** system in 2008. Since that time, **more than 24,000 users have registered** with the system, of which nearly 10,000 are law enforcement officials. While that number may seem impressive, consider that there are approximately 1,000,000 law enforcement officers in the U.S.; meaning 1 percent of all law enforcement officers in the U.S. are registered with the system. However, the number of individual law enforcement officers registered is not as important as the number of law enforcement agencies represented by registered users.

There are approximately 18,000 law enforcement agencies in the U.S., at the local, state, campus, tribal, and federal levels. A recent analysis of ScrapTheftAlert law enforcement users conducted by Salient CRGT, the vendor that operates the system, indicates more than 3,800 agencies have at least one member registered with the system; meaning nearly 21 percent of U.S. agencies are registered.

Why this matters: Of the 18,000 law enforcement agencies in the U.S., many have 10 or fewer officers. It only takes one officer in the agency to be familiar with the ScrapTheftAlert system should a metals theft case arise. Even in larger police departments such as Tampa (FL) PD, most alerts are submitted through one officer or crime analyst.

Be Aware: Having 21 percent of agencies represented is impressive, however there is still room for improvement and a need for ISRI members to push the ScrapTheftAlert.com system to local law enforcement counterparts. The system works as more success stories continue to be received. The latest involved the recovery of \$175,000 in materials. It is also important for members to ensure those employees at scrap receiving points are getting the alerts and watching for stolen material.

For questions about metal or other materials theft, please contact [Brady Mills](#).

States Take on Occupational Licensing Reform

Scrap recyclers are facing a skilled labor shortage just like most every other manufacturing industry. Is a renewed focus on occupational licensing by state legislatures a response to the shortage? Or is it an aggravating factor making it harder for employees to obtain the proper occupational credentials to do their jobs? Some might say reform is welcomed news. But, not every approach is the same and there is concern among the business community that it could even further exacerbate the labor shortage problem employers are facing.

Why this matters: Occupational licensing reform has been a hot topic for state legislatures and both the Obama and Trump Administrations. Whether it is stories of hair stylists suing cosmetology boards over the regulatory burden placed on individuals struggling to make a living, or the risk one assumes by

hiring an unlicensed contractor, lawmakers, and the public have been asking tough questions on what problems exist in the current structure and where states are moving on the issue.

- Since the 1950s, **the percent of occupations covered by licensure has grown from 5 percent to more than 25 percent of the American workforce**, with some states as high as 33 percent of its workforce.
- In 2018, **14 states enacted 19 laws to reform** either the state's requirements or procedures to obtain an occupational license.

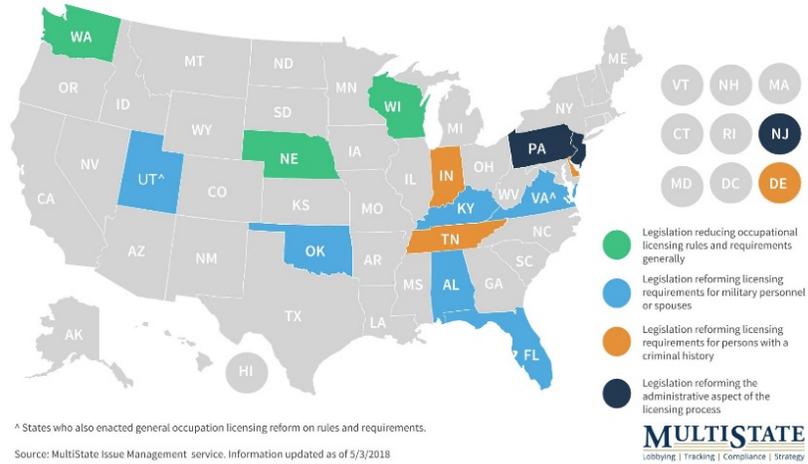
But, but, but... Reform is a **careful balancing act** between safety and common sense. Critics believe occupational licensure acts as a “burdensome permission slip” from the government to make a living. However, those in favor argue licensure provides a way to set minimum quality and safety standards.

- **A recent report from MultiState Associates** (ISRI's partner for state policy tracking) indicates that while most states enacted bills reducing the requirements and regulations of licenses, some reform efforts focus on addressing concerns certain demographics face when acquiring a license.

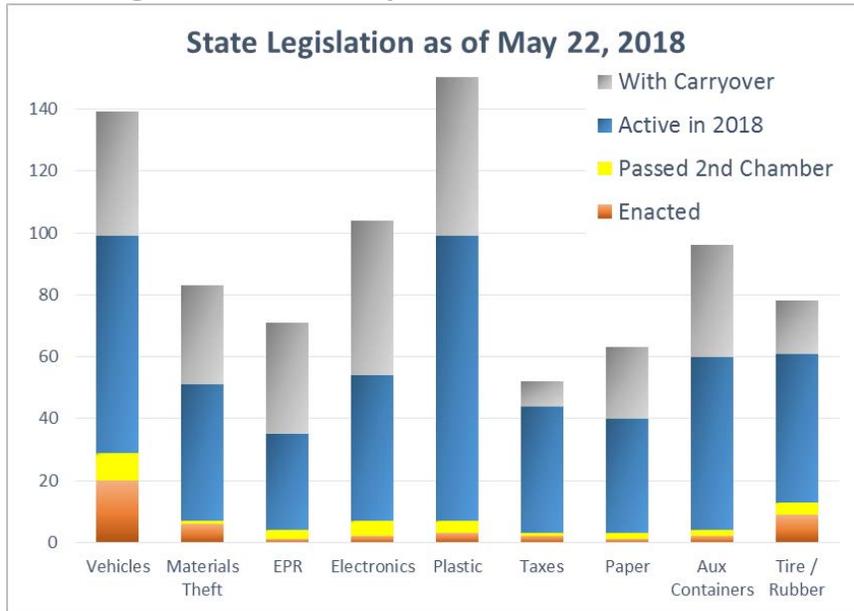
So, what's really happening? The question for scrap recyclers is what impact this focus by state legislatures may have on the ability to find qualified employees that may require certain occupational licenses. Some might be surprised to learn that in this case the reform may be a good thing.

- Among the states that sought general reforms to licensing requirements, **Nebraska's** bill ([NE LB 299](#)) set in place broad changes in reducing requirements for licenses by establishing a five-year review window for all state licensing laws and regulations.
- Similarly, a pair of **Virginia** bills ([VA SB 20](#) and [VA HB 883](#)) set a three-year pilot program for the Virginia Department of Planning and Budget to reduce compliance costs and requirements of occupational licenses by 25 percent.
- As states also conduct criminal justice reform broadly, **Delaware, Indiana, and Tennessee** have addressed the difficulties of obtaining certain licenses with a criminal record by loosening requirements for those individuals.

Occupational Licensing Reform Legislation in 2018
 Which States Have Enacted Legislation Reforming Occupational Licensing Rules and Requirements in 2018?



State Legislative Roundup



Only 12 states are currently in their regular legislative sessions, though several will inevitably be back for special sessions through the summer and fall. Numerous changes impacting the recycling industry

have already been passed across the nation; we've outlined a few of these below. You can view any of the bills mentioned as well as additional information for each state on [ISRI's State Resources and Tracking](#) pages.

Why this matters: Bills and regulations targeting the recycling industry can directly change how your business operates. In worst-case scenarios, legislation could even make it impossible for recyclers to stay in business.

Vehicle/Metals Theft Law Crossover

A growing concern for recyclers comes from bills that blur the lines between metals theft law requirements on scrap metal purchases and the motor vehicle statute requirements for automotive dismantlers and recyclers. Currently there is no uniformity in how states handle purchases; some specifically include vehicles in their metals theft laws, some exclude them, and some have a mix between the metals theft and motor vehicle statutes with more or less clarity for businesses trying to comply.

Below are some of the bills passed this year that highlight this issue:

- **Oklahoma HB 2950 makes important changes** to several metals theft provisions as well as the specific restrictions on vehicles and copper;
- **Wisconsin SB 246 clarifies** that scrap metal processors must follow the same rules as motor vehicle salvage dealers when purchasing a motor vehicle for scrap or salvage and repeals the special vehicle purchase provisions from the state's metals theft law;
- **Arizona HB 2307 creates** a new provision allowing scrap metal dealers and automotive recyclers to purchase a vehicle without a title if it is at least 10 years old, subject to numerous recordkeeping and reporting requirements. It also adds a new definition for a "scrap vehicle" (vehicles that have already been reported to NMVTIS and flattened, crushed, baled, or logged) to the state's metals theft law as part of the definition for ferrous metal; and
- **Illinois HB 5056 is nearing a final vote** as well. The bill amends scrap processor recordkeeping requirements under [625 ILCS 5/5-401.3](#) related to recyclable metal valued at \$100 or more (vehicle code, but it also includes purchases of recyclable metal separate from the metals theft statutes under [815 ILCS 325](#)) to specify that the photocopy or electronic scan of the seller's ID must be in color, along with other changes directly impacting the vehicle detitling and dismantling requirements.

Recycled Tire/Rubber State Legislation

Bills targeting synthetic turf in Virginia, Maryland, New Hampshire, Massachusetts, and Connecticut have been defeated or sidelined for the year, with the only bills to pass being appropriations to build or repair fields. Several bills have passed that impact their state's tire recycling programs:

- **Kentucky HB 487 increased** tire fee to \$2 until July 1, 2020 and made subject to sales tax;
- **Nebraska LB 1008 extends** the grants for new scrap tire projects until 2024; and
- **Oklahoma SB 1412 changes** allocations to the Used Tire Recycling Indemnity Fund.

Louisiana has sent several bills to the governor that would impact tire recyclers:

- **HB 142 temporarily** increases the standard tire fee to \$2.25/tire;
- **HB 840 requires** applicants for a business license who intend to sell used tires to submit permits from the DEQ verifying they are authorized to sell; and
- **HB 855 creates** a definition for "customary end-market use," sets a 15-day deadline for the DEQ to deny end-market use applications, and sets the Waste Tire Program Task Force to disband on February 15, 2020.

Recycled Electronics State Legislation

Illinois continues to work towards allowing CRTs to be stored in landfills for future retrieval while barring independent accreditation organizations (such as SERI with the R2 Standard) from penalizing such companies. The current version was a substitute amendment to Illinois HB 1439 and has currently passed both chambers.

In **Maine, LD 1847 was passed despite a veto by Governor LePage**. The overall impact is to remove computers that don't include integrated displays, exempt cellphones, and change manufacturer responsibilities to market share for all items (currently return share for computer products and market share for TVs). This effectively relieves manufacturers of older TVs from some of the responsibility for their products by grouping computer monitors, laptops, and tablets into the same category as TVs. Responsibility for recycling payments is then based on each company's current market share of sales instead of the weight of electronics with their brands that were recycled.

Auxiliary Containers

Despite the number of bills seeking to tax, ban, or otherwise restrict the use of recyclable paper and plastic bags greatly outweighing bills seeking to protect their use, states have once again proven reluctant to follow the models set by California and Hawaii.

Instead, Mississippi joined the ranks of states that prohibit local governments enacting an ordinance regulating the use of auxiliary containers. Minnesota is currently considering similar legislation; the omnibus bill HF 947 includes a section banning local governments from imposing a new tax or fee on the retail sale of food or on any container used for transporting, protecting, or consuming food.

Bottom line: ISRI members need to be involved with their policymakers on the federal, state, and local levels to ensure the industry can continue to operate without excessive statutory and regulatory burdens.

Go deeper: If you'd like to find out what changes could impact your company, visit [ISRI's State Policy](#) page if you have any questions about the system or legislation impacting your state. ISRI has also added summaries of ISRI's Positions to the State Policy page as well as live legislative and regulatory reports to the [State Resources and Tracking](#) pages to make keeping up-to-date in your state easier, and will be adding more resources in the coming year.

For questions about the state program please contact [Danielle Waterfield](#).