

STAND. COM. REP. NO.

2357

Honolulu, Hawaii

FEB 16 2022

RE: S.B. No. 2279
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2279 entitled:

"A BILL FOR AN ACT RELATING TO CATALYTIC CONVERTERS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require scrap dealers who deal with catalytic converters to keep records of purchases and sales of catalytic converters; and
- (2) Establish the offense of theft of catalytic converter as a class C felony.

Your Committee received testimony in support of this measure from the City and County of Honolulu Department of the Prosecuting Attorney, Hawaii Insurers Council, American Property Casualty Insurance Association, Pearl City Neighborhood Board, Stolen Stuff Hawaii, Hawaii Transportation Association, and five individuals. Your Committee received comments on this measure from the Department of the Attorney General, Maui County Department of the Prosecuting Attorney, Schnitzer Steel Hawaii, and Geico.

Your Committee finds that catalytic converter thefts are on the rise, not just locally, but nationwide. Catalytic converters are required for vehicles as they remove toxic elements from the



exhaust stream. Because they contain precious metals such as platinum, palladium, and rhodium, stolen or recycled catalytic converters can usually be resold on the market for roughly \$250, yet replacing a stolen catalytic converter can cost a car owner approximately \$1,000 or more. This measure establishes the offense of theft of a catalytic converter as a class C felony, thereby removing any burdensome requirement of proving a defendant had knowledge of the value of the property, and further will require scrap dealers to obtain additional information and maintain records relating to their purchase of catalytic converters to disincentivize dealers to purchase stolen catalytic converters.

According to testimony received by your Committee, a similar measure also heard by your Committee concerning catalytic converters, specifically S.B. No. 2733, Regular Session 2022, contains favorable provisions that should be incorporated into this measure to require used motor vehicle parts and accessories licensees to collect additional information from sellers of catalytic converters. By requiring both used motor vehicle parts and accessories dealers and scrap dealers to obtain certain information from sellers and extending the class C felony penalty for violations of those requirements, a more effective and comprehensive approach to reducing the theft of catalytic converters can be achieved. Therefore, amendments to this measure are necessary to address these concerns.

Your Committee has amended this measure by:

- (1) Inserting language that requires used motor vehicle parts and accessories licensees to obtain a written statement that the seller has the lawful right to sell and dispose of the catalytic converter;
- (2) Inserting language that requires certain sellers to provide copies of receipts or a notarized declaration that contains specific information regarding their purchase or acquisition of the catalytic converter;
- (3) Inserting language that requires a used motor vehicle parts and accessories licensee to refuse purchase of the catalytic converter if the seller does not provide a



receipt or notarized declaration and to report the attempted sale to the police;

- (4) Requiring that used motor vehicle parts and accessories licensees take one or more separate photographs of each individual catalytic converter offered for sale;
- (5) Requiring that used motor vehicle parts and accessories licensees verify the seller's identity by obtaining a photocopy of the seller's photo identification card or driver's license and taking a photograph of the seller;
- (6) Requiring used motor vehicle parts and accessories licensees to maintain certain records at their place of business for a two-year period that may be examined at any time by the Director of Finance, Chief of Police, Attorney General, Prosecuting Attorney, or their designees;
- (7) Requiring every used motor vehicle parts and accessories licensee to attach a tag to each purchased catalytic converter that shall include certain information, report the purchase to the applicable county police department, and maintain possession of the purchased catalytic converter for a period of sixty days before selling, exchanging, recycling, or otherwise disposing of the catalytic converter;
- (8) Specifying that a person who violates these requirements, or violates section 289-2, Hawaii Revised Statutes, shall be guilty of a class C felony;
- (9) Requiring used motor vehicle parts and accessories licensees to pay for catalytic converters by check and specifying that any person who violates this requirement shall be guilty of a class C felony;
- (10) Clarifying that a person commits the offense of theft of catalytic converter if the person obtains, receives, retains, disposes of, or exerts unauthorized control of a catalytic converter through any means described in section 708-830, Hawaii Revised Statutes, or violates



chapter 289 or chapter 445, Hawaii Revised Statutes, with regard to a catalytic converter;

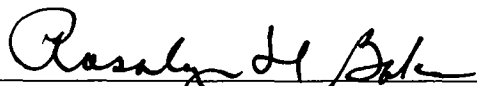
- (11) Clarifying the definition of "catalytic converter" to mean a device that is incorporated in a motor vehicle's exhaust system and contains a catalyst for converting pollutant gas emissions into less harmful emissions, regardless of whether the device has been removed from a motor vehicle's exhaust system;
- (12) Deleting language that would have amended the definition of "used motor vehicle part or accessory" to exclude catalytic converters in chapter 289, Hawaii Revised Statutes;
- (13) Deleting language that would have added a definition for "catalytic converter" to section 445-231, Hawaii Revised Statutes;
- (14) Extending certain requirements for the purchase of palladium, platinum, and rhodium, rather than specifically referring to "catalytic converters", in chapter 445, Hawaii Revised Statutes, relating to scrap dealers;
- (15) Clarifying that scrap dealers shall obtain a photograph of the seller and a copy of the seller's identification card or license;
- (16) Requiring scrap dealers to pay for palladium, platinum, or rhodium by check payable to the seller;
- (17) Clarifying that a person who violates certain sections of chapter 445, Hawaii Revised Statutes, involving palladium, platinum, or rhodium, shall be guilty of a class C felony;
- (18) Requiring that each county police department shall:
 - (A) Establish a database for collecting and maintaining the information reported by used motor vehicle parts and accessories licensees regarding their purchases of catalytic converters; and



- (B) Initiate an education program to encourage its residents to take personal measures to prevent catalytic converter thefts;
- (19) Amending section 1 to reflect its amended purpose; and
- (20) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2279, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2279, S.D. 1, and be referred to your Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,




ROSALYN H. BAKER, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2279	CPN, SDC	02-01-2022		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
CHANG, Stanley (VC)	/			
DECOITE, Lynn	/			
NISHIHARA, Clarence K.	/			
RIVIERE, Gil	/			
SAN BUENAVENTURA, Joy A.	/			
FEVELLA, Kurt	/			
TOTAL	7			
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes