



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2022**

ON THE FOLLOWING MEASURE:

H.B. NO. 1860, RELATING TO CATALYTIC CONVERTERS.

BEFORE THE:

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

DATE: Wednesday, February 2, 2022 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 329, Via Videoconference

TESTIFIER(S): Holly T. Shikada, Attorney General, or
Lance Goto, Deputy Attorney General

Chair Johanson and Members of the Committee:

The Department of the Attorney General (Department) supports this bill with a minor amendment.

This bill does the following:

- (1) Requires used motor vehicle parts dealers to obtain a written statement that the seller has the lawful right to sell and dispose of the catalytic converter;
- (2) Requires sellers to provide a copy of the receipt from the purchase of the catalytic converter or a notarized declaration establishing the lawful right to sell and dispose of the catalytic converter;
- (3) Requires used motor vehicle parts dealers to keep records of purchases and sales of catalytic converters;
- (4) Requires used motor vehicle parts dealers to pay for catalytic converters by check;
- (5) Increases the penalty for engaging in the business of purchasing or selling used motor vehicle parts and accessories, or wrecking, salvaging, or dismantling motor vehicles for the purpose of reselling the parts or accessories thereof, without a license to a misdemeanor; provided that if one or more instances of engaging in such business includes transactions involving a catalytic converter, then it is a class C felony;
- (6) Requires scrap dealers to keep records of purchases and sales of

palladium, platinum, and rhodium;

- (7) Requires scrap dealers to pay for palladium, platinum, and rhodium by check;
- (8) Creates penalties for engaging in unlawful activities involving the purchasing or selling of catalytic converters, palladium, platinum, or rhodium;
- (9) Establishes the offense of theft of catalytic converter and make it a class C felony.

Section 1 of the bill describes the ongoing problem of theft of catalytic converters from motor vehicles. This bill seeks to address that problem.

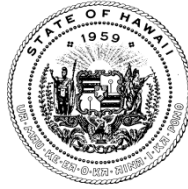
The Department recommends that the two definitions of "catalytic converter" on page 7 of the bill, at lines 4-7, and at lines 12-14, be amended to read as follows:

"Catalytic converter" means 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.

This amendment will address the concern that a device that has been removed from the motor vehicle's exhaust system is no longer "incorporated" in the exhaust system.

The Department respectfully requests the passage of this bill with the proposed amendment.

DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
ROSS M. HIGASHI
EDUARDO P. MANGLALLAN
PATRICK H. MCCAIN
EDWIN H. SNIFFEN

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 2, 2022
2:00 P.M.
State Capitol, Teleconference

H.B. 1860
RELATING TO CATALYTIC CONVERTERS

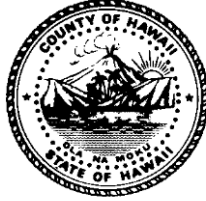
House Committee on Consumer Protection & Commerce

The Department of Transportation (DOT) **supports** this bill that will increase penalties for unlicensed business transactions involving catalytic converters and will require used motor vehicle parts dealers and scrap dealers to record purchases and sales of catalytic converters and precious metals.

The Highways division has been impacted by the theft of catalytic converters from our vehicles and will benefit from the proposed measure that will minimize disruptions to the public and to state operations.

Thank you for the opportunity to provide testimony.

Mitchell D. Roth
Mayor



Paul K. Ferreira
Police Chief

Kenneth Bugado, Jr.
Deputy Police Chief

County of Hawai`i

POLICE DEPARTMENT

349 Kapi`olani Street • Hilo, Hawai`i 96720-3998
(808) 935-3311 • Fax (808) 961-8865

January 31, 2022

Representative Aaron Ling Johanson, Chair
House Committee On Consumer Protection and Commerce
Chair and Members
State Capitol
415 South Beretania Street, Room 329
Honolulu, Hawai`i 96813

RE : HOUSE BILL 1860, RELATING TO CATALYTIC CONVERTERS
HEARING DATE : FEBRUARY 2, 2022
TIME : 2:00 P.M.

Dear Senator Baker:

The Hawai`i Police Department **strongly supports** House Bill 1860, which seeks to address the drastic increase that has occurred in recent years throughout the State, with the number of catalytic converters being stolen from motor vehicles and resold for profit.

The amendments being proposed by this legislation will provide a deterrent to individuals that seek to dispose of stolen catalytic converters as well as to any person(s) or businesses in acquiring stolen merchandise, similar to the current statutory requirements involving the sale/purchasing of used copper. Additionally, by requiring specific documentation and recordkeeping for the sale and acquisition of catalytic converters, these amendments will provide law enforcement with the means necessary for conducting thorough investigations into these crimes, thereby resulting in successful prosecutions.

It is for the reasons stated, that we urge this committee to approve this legislation. Thank you for allowing the Hawai`i Police Department to provide comments relating to House Bill 1860.

Sincerely,

PAUL K. FERREIRA
POLICE CHIEF

POLICE DEPARTMENT
CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813
TELEPHONE: (808) 529-3111 · INTERNET: www.honolulu.org



RICK BLANGIARDI
MAYOR

RADE K. VANIC
INTERIM CHIEF

OUR REFERENCE **RT-KO**

February 2, 2022

The Honorable Aaron Ling Johanson, Chair
and Members
Committee on Consumer Protection
and Commerce
House of Representatives
Hawaii State Capitol
415 South Beretania Street, Room 329
Honolulu, Hawaii 96813

Dear Chair Johanson and Members:

SUBJECT: House Bill No. 1860, Relating to Catalytic Converters

I am Major Roland Turner of District 5 (Kalihi), Honolulu Police Department (HPD), City and County of Honolulu.

The HPD supports House Bill No. 1860, Relating to Catalytic Converters.

The theft of catalytic converters has been a steady scourge on the island of Oahu with 2,274 stolen in 2021 and another 166 attempted thefts during the same period. Already this year we have recorded 180 offenses, which includes 168 completed thefts and another 12 attempted.

These thefts are prevalent based on the ready supply of vehicles to steal from, the ease and speed of the theft itself, and the ease of selling the stolen property. Further, even if a stolen converter is identified and an arrest is made, the offense is currently based on the value of what is considered a scrap vehicle part, in most cases making it a petty misdemeanor.

The provisions of House Bill No. 1860 will strongly discourage the theft of catalytic converters by making it difficult to sell them outside legitimate business practices. It will make identifying those attempting to sell them easier and establish that the theft of these devices is a felony, further dissuading would-be criminals.

The Honorable Aaron Ling Johanson, Chair
and Members
February 2, 2022
Page 2

For the foregoing reasons, the Honolulu Police Department supports the passage of House Bill No. 1860, Relating to Catalytic Converters.

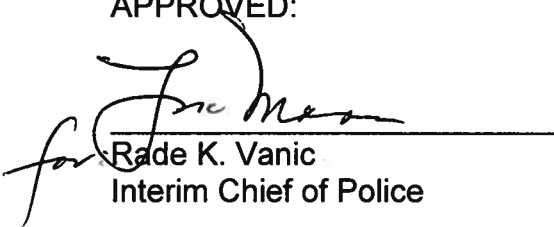
Thank you for the opportunity to testify in support of this bill.

Sincerely,

A handwritten signature in black ink, appearing to be 'Roland Turner', written in a cursive style.

Roland Turner, Major
District 5

APPROVED:

A handwritten signature in black ink, appearing to be 'Rade K. Vanic', written in a cursive style. The signature is positioned above a horizontal line.

Rade K. Vanic
Interim Chief of Police

DEPARTMENT OF THE PROSECUTING ATTORNEY
CITY AND COUNTY OF HONOLULU

ALII PLACE
1060 RICHARDS STREET • HONOLULU, HAWAII 96813
PHONE: (808) 768-7400 • FAX: (808) 768-7515

STEVEN S. ALM
PROSECUTING ATTORNEY



THOMAS J. BRADY
FIRST DEPUTY
PROSECUTING ATTORNEY

THE HONORABLE AARON LING JOHANSON, CHAIR
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Thirty-First State Legislature
Regular Session of 2022
State of Hawai`i

February 2, 2022

RE: H.B. 1860; RELATING TO CATALYTIC CONVERTERS.

Chair Johanson, Vice Chair Kitagawa, and members of the House Committee on Consumer Protection & Commerce, the Department of the Prosecuting Attorney of the City and County of Honolulu (“Department”) submits the following testimony in support of H.B. 1860, with a suggested amendment.

The purpose of this bill is to: (1) impose specific record-keeping requirements on used motor vehicle parts dealers, when they purchase used catalytic converters; (2) impose the same record-keeping requirements on scrap metal dealers, when they purchase rhodium, platinum, or palladium—the precious metals contained within catalytic converters; and (3) establish the offense of theft of a catalytic converter as a class C felony. The proposed record-keeping requirements are the same requirements already followed by scrap metal dealers, when they deal in used copper.

The Department is aware that the theft of catalytic converters is on the rise, not just locally, but nationwide. In recent years, catalytic converters have been the subject of numerous thefts, due to the rhodium (\$21,900 per ounce)¹, platinum (\$1,100 per ounce)², and palladium (\$2,000-\$2,500 per ounce) found within those devices.³ 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.

While the Department takes no position on the severity of the offenses proposed under H.B. 1860, it may be relevant to note that a class C felony theft charge generally equates to a charge of Theft in the Second Degree, section 708-831, Hawaii Revised Statutes (“HRS”), under our current

¹ <https://www.nytimes.com/2021/02/09/climate/catalytic-converter-theft.html>

² <https://www.motortrend.com/news/catalytic-converter-thefts-nationwide-on-rise/>

³ <https://www.nytimes.com/2021/02/09/climate/catalytic-converter-theft.html>

statutes. In order to charge or convict someone with Theft in the Second Degree, the Department must be able to prove beyond a reasonable doubt that the defendant knowingly took the property of another, *and* that the defendant knew the value of such property exceeded \$750. This is currently impossible to prove if the stolen property is a used catalytic converter, as the typical value of these items is much lower than \$750. Because the proposed offense, Theft of a Catalytic Converter (see page 11, lines 1-10), does not involve the value of the item, the Department anticipates this offense would simply require proof beyond a reasonable doubt that a defendant intentionally, knowingly or recklessly stole a catalytic converter—by any applicable means listed under HRS §708-830—regardless of the item’s value or the defendant’s knowledge thereof.

H.B. 1860 proposes an approach similar to that which was taken approximately 10-12 years ago for copper, when theft of copper was a severe problem in Hawaii: (1) making theft of that specific item a class C felony (HRS §708-835.7); (2) prohibiting anyone from buying that item unless they are properly licensed to do so (HRS §445-232); and (3) requiring that sellers provide detailed ownership information for mandatory record-keeping (HRS §445-233 and -233.5). By establishing similar statutes regarding catalytic converters, it is hoped that the demand for—and supply of—used catalytic converters would significantly decline, the way it did for copper.

For all of the foregoing reasons, the Department of the Prosecuting Attorney of the City and County of Honolulu supports the passage of H.B. 1860. Thank you for the opportunity to testify on this matter.

TESTIMONY OF MICHAEL ONOFRIETTI

COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Aaron Ling Johanson, Chair
Representative Lisa Kitagawa, Vice Chair

Wednesday, February 2, 2022
2:00 p.m.

HB 1860

Chair Johanson, Vice Chair Kitagawa, and members of the Committee on Consumer Protection & Commerce, my name is Michael Onofrietti, ACAS, MAAA, CPCU, Senior Vice President, Actuarial Services, Product Development & Management for Island Insurance and Chairman of the Auto Policy Committee for Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Catalytic converter thefts are a rising problem nationwide and a growing problem in Hawaii. Stealing the device from an SUV or other vehicle with high ground clearance can take under one minute, and the devices are desirable because they contain precious metals such as platinum, which currently trades for about \$1,022 per troy ounce, palladium, which currently trades for about \$2,328 per troy ounce, and rhodium, which currently trades for about \$17,050 per troy ounce. By comparison, copper, another metal frequently targeted by thieves, trades for only \$0.27 per troy ounce.

Under Hawaii's motor vehicle insurance law, theft is covered under Comprehensive (also called Other Than Collision) coverage. According to NAIC data, **over 75%** of Hawaii insured vehicles include Comprehensive coverage. Replacing the catalytic converter itself can cost thousands of dollars but there are other costs:

- Thieves often damage other components located near the converter which also must be replaced.

- Availability of converters for some vehicles is a challenge because of the nationwide increase in thefts. This means consumers are often unable to use their vehicles for extended periods of time while waiting for parts.
- Many consumers purchase coverage to provide for a rental car when their insured vehicle is damaged. If a catalytic converter is backordered, rental vehicle expenses will be extended.

The above claims costs will be passed to consumers in the form of higher insurance premiums for Comprehensive coverage.

Because this measure may deter or at least reduce the incidents of catalytic converter theft, and such deterrence may then prevent increased claims costs to the benefit of Hawaii insurance consumers, the Hawaii Insurers Council supports the intent of HB 1860.

Thank you for the opportunity to testify.



February 2, 2022

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE
ON HB 1860 RELATING TO CATALYTIC CONVERTERS**

Aloha Chair Johanson, and committee members. I am Gareth Sakakida Managing Director of the Hawaii Transportation Association (HTA) with over 350 members involved with the commercial ground transportation industry.

HTA supports this bill.

The theft of a catalytic converter renders a vehicle inoperable, and is extremely costly to replace especially in the case of commercial motor vehicles (CMV). There is a very light inventory of parts and accessories for CMVs, especially in these times of a sporadic supply chain.

Many businesses are still experiencing depressed economic activity so personnel is reduced making fleets easier targets.

Mahalo.



To: Representative Aaron Ling Johanson, Chair
Representative Lisa Kitagawa, Vice Chair
House Committee on Consumer Protection and Commerce

From: Mark Sektnan, Vice President

Re: **HB 1860 – Relating to Catalytic Converters**
APCIA Position: Support

Date: Wednesday, February 2, 2022
2:00 p.m.; Conference Room 329

Aloha Chair Johanson, Vice Chair Kitagawa and Members of the Committee:

The American Property Casualty Insurance Association of America (APCIA) is pleased to **support HB 1860** which seeks to deter the theft of catalytic converters. Representing nearly 60 percent of the U.S. property casualty insurance market, the American Property Casualty Insurance Association (APCIA) promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe.

HB 1860 seeks to deter the theft of catalytic converters by tightening up the rules on licensed used motor vehicle part dealers and scrap dealers who purchase catalytic converters and the rare metals found in the converters. The bill would also establish the offense of theft of catalytic converter as a class C felony.

Auto theft rates are skyrocketing throughout the nation, including Hawaii, and these emerging trends have compounded other issues that have recently led to higher auto insurance costs. According to data from the National Insurance Crime Bureau, auto thefts reached their highest level in a decade in 2020, **while catalytic converter thefts were more than four times higher in 2020 than the prior year.** Consistent with recent media reports, a report from State Farm in July confirmed catalytic converter theft trends are still accelerating in 2021, noting that its converter theft claims rose nearly 293 percent nationwide from mid-2020 to mid-2021 compared with the previous year.

For these reasons, APCIA asks the committee to support HB 1860.

February 2, 2022

2:00 pm

Hawaii State House of Representatives

Committee on Consumer Protection & Commerce

Re: HB 1860, Relating to Catalytic Converters

Aloha Chair Johanson, Vice Chair Kitagawa and members of the committee:

On behalf of Schnitzer Steel Hawaii, we are testifying on HB 1860, Relating to Catalytic Converters. This bill requires licensed used motor vehicle part dealers to keep records of purchases and sales of catalytic converters and requires the sellers to file a written statement that the seller has the lawful right to sell and dispose of the catalytic converter. It also establishes the offense of theft of catalytic converter as a class C felony, increases the penalty for engaging in the business of purchasing or selling used motor vehicle parts and accessories without a license, requires scrap dealers to keep records of purchases and sales of palladium, platinum, and rhodium, and requires all scrap dealers to pay for palladium, platinum, and rhodium, and used motor vehicle part dealers to pay for catalytic converters, by check.

We applaud the legislature's efforts at addressing the significant economic and community impact of metals thefts. Schnitzer Steel Hawaii Corp, which was formerly known as Hawaii Metal Recycling is now part of Schnitzer Steel Industries, Inc., a global leader in the metals recycling industry. As one of the nation's largest recyclers of scrap metal, Schnitzer's Metals Recycling Business collects, trades, brokers, processes and recycles metal, both ferrous (containing iron) and nonferrous (not containing iron). In addition to our deep and longstanding commitment to the highest standards of environmental stewardship, we are truly committed to reducing metals theft and actively work with Hawaii's law enforcement community to prevent and address metals theft.

We respectfully request that a licensed scrap dealer that purchases a catalytic converter from a licensed commercial vendor, such as another licensed scrap dealer, towing company, or muffler repair shop, be allowed to rely on the identification documentation already provided.

This exemption is consistent with that found in other states that address catalytic converter theft and would eliminate unnecessary additional costs that do not contribute to compliance or enforcement. We support the initial requirement of such documents and again thank you for addressing metals theft in Hawaii.

Mahalo for the opportunity to testify.

HB-1860

Submitted on: 2/1/2022 7:22:38 PM

Testimony for CPC on 2/2/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Michael Kitchens	Stolen Stuff Hawaii	Support	No

Comments:

Dear Chair, Vice Chair and Committee Members,

I am founder of Stolen Stuff Hawaii, an anti-crime group with over 140,000 registered Hawaii members. Catalytic converter theft is a plague on our citizenry and our community and is a frequent topic posted by victims in our group. I wholly support this bill however, I would suggest the addition of a serious fine towards any scrap dealer who purchases a catalytic converter derived from a criminal theft as an addition to the Class C Felony. Our community needs relief from this massive problem. Thank you for your support of our community.

Mahalo,

Michael J. Kitchens
Founder & Administrator
Stolen Stuff Hawaii
[facebook.com/groups/stolenstuffhawaii](https://www.facebook.com/groups/stolenstuffhawaii)

HB-1860

Submitted on: 2/2/2022 2:15:11 PM

Testimony for CPC on 2/2/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Emil Gomez	Mo'Opuna Motorcycle Club	Support	No

Comments:

Testimony in Support of HB1860

HB-1860

Submitted on: 2/1/2022 7:16:45 PM

Testimony for CPC on 2/2/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Shane Sarae	Individual	Support	No

Comments:

this is just a small start to stop the THOUSANDS of times this has happened in hawaii...much more needs to be done...again this is just a start...needs to be jail time for those that are caught

HB-1860

Submitted on: 2/1/2022 8:48:59 PM

Testimony for CPC on 2/2/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Raoul Dela Cruz	Individual	Support	No

Comments:

This Bill is a step in the right direction to deter the theft of precious metals via automotive parts (catalytic converters). I want to stress that while this is a necessary deterrent it is only one part of a larger puzzle that needs to be finished. Hopefully for thieves and unethical businesses the knowledge of stiffer penalties and increased records requirements will be the beginning of a thought process that leads to choosing not to be involved in the theft and recycling of illegally gotten goods. I hope that our County will invest more in the enforcement of HB1860 and other laws/regulation of the kind. Deterents might work for a short while, but unethical and immoral people will continue to break these laws if they know are not going to be caught and/or held accountable.

Please approve HB1860 as a message to our citizens that our government cares about their personal property and subsequent safety. It is just a matter of time before citizens attempt to protect their personal property through direct confrontation and someone is injured or killed. Begin with this deterrent and follow up with funding for Honolulu Police Department with encouragement toward community policing.

Mahalo nui loa. Aloha.

HB-1860

Submitted on: 2/2/2022 2:17:06 AM

Testimony for CPC on 2/2/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Blaine De Ramos	Individual	Support	No

Comments:

I am very disappointed in the increase in theft of catalytic converters. This bill should have passed years ago before the increase of thefts. I would assume a very high 99% of people recycling converters are not your typical outstanding citizens. I would personally go a step farther and REQUIRE a photo be taken of person recycling catalytic converters along with finger prints. The City/State should be able to use the same system service stations use for safety checks. (Taking a pic with ipad)

HB-1860

Submitted on: 2/2/2022 10:04:30 AM

Testimony for CPC on 2/2/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Steven Cummings	Individual	Support	No

Comments:

I strongly support this measure. It has been too easy for thieves to profit from this illegal trade and the used part and recycle industry doesn't help. The theft of CATs is devastaing for many who cannot afford full coverage on their insurance and renders their car useless because repair is just too expensive and often exceeds the value of the vehicle. This is a major set back for a person on a tight budget with a family who has to transport kids, elderly, etc. It ties up businesses who have to take time away from their scheduled jobs to repair the vehicle and insurance claims for these stolen CATs is a serious burden on the insurance industry.

HB-1860

Submitted on: 2/2/2022 10:08:03 AM

Testimony for CPC on 2/2/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Carie Sarver	Individual	Support	No

Comments:

I am a resident of Honolulu and live in Maunalani Heights.

The police officer who took my statement after my converter was stolen from my car port told me he gets these calls every day. Please take steps to stop these thieves.

Carie Sarver