

DEPARTMENT OF THE PROSECUTING ATTORNEY  
**CITY AND COUNTY OF HONOLULU**

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**THE HONORABLE ROSALYN BAKER, CHAIR**  
**SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**  
**Thirty-First State Legislature**  
**Regular Session of 2021**  
**State of Hawai`i**

March 23, 2021

**RE: H.B. 446, H.D. 3; RELATING TO MOTOR VEHICLES.**

Chair Baker, Vice Chair Chang, and members of the Senate Committee on Commerce and Consumer Protection, the Department of the Prosecuting Attorney of the City and County of Honolulu submits the following testimony in support of H.B. 446, H.D. 3.

The purpose of this bill is to establish the offense of theft of a catalytic converter, and to create a registration system that would prohibit licensed dealers in motor vehicle parts from accepting any parts from sellers who do not provide specific ownership information.

The Department is aware that the theft of catalytic converters is on the rise, not just locally, but nationwide. Catalytic converters have been the subject of recent thefts due to the precious metals found within the motor vehicle part. These rare metals include rhodium (\$21,900 per ounce)<sup>1</sup>, platinum (\$1,100 per ounce)<sup>2</sup>, and palladium (\$2,000-\$2,500 per ounce)<sup>3</sup>, which are in great demand with scrap metal dealers due to their monetary value. Stolen or recycled catalytic converters can usually be resold on the market for roughly \$250, however, replacing a catalytic converter can cost a car owner nearly \$1,000 or more.

H.B. 446, H.D. 3, section 1, would create the offense of Theft of a Catalytic Converter as a class C felony. In looking at the current theft statutes under Chapter 708 of the Hawaii Revised Statutes (H.R.S.), Theft in the Second Degree (section 708-731, H.R.S.) is the charge most comparable to the penalties proposed under the new offense. Currently, to charge and convict a defendant for the offense of Theft in the Second Degree, the Department must be able to prove beyond a reasonable doubt that the defendant intentionally took property of another, and must also

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

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

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

prove that the defendant was aware or believed that the value of the property exceeded \$750. This state of mind is very difficult when dealing with the theft of a catalytic converter, as the value of a used converter has a value much lower than the \$750 threshold to charge an individual with Theft in the Second Degree. While the creation of this new offense would assist in the prosecution of stolen catalytic converters, the Department would caution the Committee that stronger regulation of the buying and selling of these parts would likely provide a better deterrent to these types of thefts.

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. 446, H.D. 3. Thank you for the opportunity to testify on this matter.

March 22, 2021

10:00 am

Hawaii State Senate

Committee on Commerce and Consumer Protection

Re: HB 446, HD3, Relating to Motor Vehicles

Aloha Chair Baker, Vice Chair Chang, and members of the committee:

On behalf of Schnitzer Steel Hawaii, we are testifying HB 446, HD3, Relating to Motor Vehicles. This bill establishes a new offense of theft of a catalytic converter and requires certain records to be maintained.

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 deeply committed to reducing metals theft and actively work with Hawaii's law enforcement community to prevent and address metals theft.

We respectfully request that the provisions requiring additional documentation for scrap dealers in this bill (which would be duplicative when a manufacturing, industrial, or commercial vendor that generates or sells catalytic converters to a scrap dealer) be exempted by inserting a subsection "(c)" attached.

Our previous efforts to amend this bill (and a similar Senate bill) were inadvertently over-broad and the testimony of the attorney general on a prior version of this bill caused the amendments to be removed rather than clarified.

This exemption is consistent with that found in many 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.

SECTION 2. Section 289-6, Hawaii Revised Statutes, is amended to read as follows:

**"§289-6 Records to be kept.** (a) Every licensee shall keep a record, and maintain it for three years, in the form the director of finance prescribes, of the purchases, consignments, sales, and exchanges, moneys, commissions, or any other thing of value paid or agreed to be paid to any person for each wrecked, salvaged, or rebuilt motor vehicle, used motor vehicle part or accessory purchased, sold, consigned to be sold, or exchanged, and the records shall be at all times open to the inspection of the director of finance, or the director of finance's authorized representative, or any police officer. The records shall contain:

(1) The name, address, vehicle registration, and driver's license number of all persons from whom any wrecked, salvaged, or rebuilt motor vehicle, or used motor vehicle part or accessory is purchased or received, the date of their receipt or acquisition, and the consideration given;

(2) The name and address of any person to whom any wrecked, salvaged, or rebuilt motor vehicle, or used motor vehicle part or accessory is sold, consigned to be sold, or otherwise exchanged, the consideration received therefor, and its date of disposition;

(3) The name and address of any person who has received any money, commissions, or anything of value, or to whom the same is due and owing, in connection with the sale or purchase of any [~~such~~] motor vehicle, or used motor vehicle part or accessory; and

(4) A description of every [~~such~~] motor vehicle, used motor vehicle part, or accessory, including the identifying number or numbers for each [~~such~~] motor vehicle or used motor vehicle part or accessory.

(b) If the seller does not provide a copy of the information required under subsection (a) (1), the licensee shall not purchase the wrecked, salvaged, or rebuilt motor vehicle, or used motor vehicle part or accessory and shall report the attempted sale to the police.

(c) Subsection (b) shall not apply to a catalytic converter presented for purchase by a manufacturing, industrial, or other commercial vendor that generates or sells catalytic converters in the ordinary course of its business such as a licensed scrap dealer, towing company or muffler repair shop.



March 23, 2021

**TESTIMONY BEFORE THE SENATE COMMITTEE ON  
COMMERCE AND CONSUMER PROTECTION  
ON HB 446 HD3 RELATING TO MOTOR VEHICLES**

Aloha Chair Baker, and committee members. I am Gareth Sakakida Managing Director of the Hawaii Transportation Association (HTA) with over 375 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 a cmv.

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

Mahalo.



March 22, 2021

Chair Rosalyn Baker and Members of the Committee  
Committee on Commerce and Consumer Protection  
Hawaii Senate

RE: House Bill 446 HD 3 – Catalytic Converter Theft

Dear Chair Baker and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in Hawaii. Working hand-in-hand with our member companies and law enforcement, we investigate organized criminal conspiracies dealing with insurance and vehicle crime.

Catalytic converter theft is on a sharp rise, in part due to the rise in prices associated with precious metals, including rhodium, platinum, and palladium which are used in the construction of catalytic converters as these metals act as catalysts, removing toxic elements from the exhaust stream. The relative ease and speed in which a thief can remove a catalytic converter, coupled with the financial reward a thief can reap selling the scrap metal is what drives thefts.

Installing a replacement catalytic converter can cost individual Oregonians hundreds to thousands of dollars, and because thieves try to remove the converters as quickly as possible, their hastiness often causes repair costs to be higher due to other areas of the car being damaged.

Additionally, businesses with large numbers of vehicles, such as vehicle dealerships or utility companies, are highly targeted due to the large number of converters all in the same place. Thefts from commercial operations can lead to replacement costs in excess of tens of thousands of dollars, and additional lost revenue due to halted operations.

Subsequently, we ask for your support of HB 446 HD 3 which, among other things, establishes the offense of theft of catalytic converter as a class C felony and requires licensed used motor vehicle part dealers to collect the vehicle registration records from the person selling the used vehicle parts to the dealer.

Thank you for your review and consideration; if you have any questions or need additional information, please contact me at [hhandler@nicb.org](mailto:hhandler@nicb.org) or 847-544-7083.

Sincerely,

A handwritten signature in blue ink that reads "Howard Handler".

Howard Handler  
Senior Director, Government Affairs



To: The Honorable Rosalyn H. Baker, Chair  
The Honorable Stanley Chang, Vice Chair  
Senate Committee on Commerce and Consumer Protection

From: Mark Sektnan, Vice President

Re: **HB 446 HD3**– Relating to Motor Vehicles  
**APCIA Position: SUPPORT**

Date: Tuesday, March 23, 2021  
10:00 a.m.; Conference Room 229

Aloha Chair Baker, Vice Chair Chang, and members of the Committee:

The American Property Casualty Insurance Association of America (APCIA) is pleased to **support HB 446 HD3**, which requires licensed used motor vehicle part dealers to obtain certain information by a seller of a catalytic converter that the seller has the lawful right to sell and dispose of the catalytic converter and establishes the offense of theft of catalytic converter as a class C felony. 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.

Catalytic converter theft is on the rise, in part due to the rise in prices associated with precious metals, including rhodium, platinum, and palladium, which are used in the construction of catalytic converters as these metals act as catalysts, removing toxic elements from the exhaust stream.

The relative ease and speed in which a thief can remove a catalytic converter, coupled with the financial reward a thief can reap selling the scrap metal is what drives thefts. Installing a replacement catalytic converter can cost several hundred to several thousand dollars, and because thieves try to remove the converters as quickly as possible, their hastiness often causes repair costs to be higher due to other areas of the car being damaged. Among the most targeted business establishments for catalytic converter thefts are vehicle dealerships and fleet operation such as shipping companies. This is due to the large number of converters all in the same place. Thefts from these types of places can lead to replacement costs in excess of tens of thousands of dollars, and additional lost revenue due to halted operations.



HB 446 HD3 would establish the offense of theft of catalytic converter as a class C felony and require scrap dealers to follow the same requirements regarding a written statement for the purchase of a catalytic converter as is required for the purchase of copper, beer kegs, and urns.

For these reasons, APCIA asks the committee to **pass** this bill.

## TESTIMONY OF MICHAEL ONOFRIETTI

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COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
Senator, Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair

Tuesday, March 23, 2021  
10:00 a.m.

### **HB 446, HD3**

Chair Baker, Vice Chair Chang, and members of the Committee on Commerce and Consumer Protection, 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 platinum which currently trades for nearly \$1,300 per **ounce**. Compare this to copper, another frequent target of thieves, which trades for about \$4 per **pound**.

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. Any measures that may prevent these increased claims costs will be a benefit to Hawaii insurance consumers.

Thank you for the opportunity to testify.

**HB-446-HD-3**

Submitted on: 3/21/2021 7:33:12 PM

Testimony for CPN on 3/23/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
SUSAN WONG	Individual	Support	No

Comments:

We must have laws which will stop the rampant theft of catalytic converters.

This bill contains a reasonable amount of paperwork the seller must present to the buyer. And, the amount of record keeping by the buyer is minimal.

Sellers than are dealing with stolen cats may stop knowing the buyer must report them to the police if the seller is unable to provide the documentation requested in this bill. With surveillance cameras, even if the seller refuses to provide personal information, the police may be able to identify the criminal.

Unless we have a law in place to stop cats from being stolen, people will stop buying hybrids which is bad for our environment.

News reports indicate the older Prius models are targeted at this time more than newer models. Unfortunately, frequently the market value of the victim's car (even with a working cat) may be less than to cost of replacing the stolen unit (Prius \$2,900 for part alone) therefore owners may decide not to replace the cat converter. This may result in older hybrid vehicles being removed from use and replacement by gas vehicles. The continued theft of hybrids will discourage people from buying new hybrids.

Source of part price:

<https://www.kitv.com/story/43274212/why-thieves-after-after-your-cars-catalytic-converter-and-what-one-hawaii-lawmaker-is-doing-about-it>

March 23, 2021

**LATE**

Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair  
Members of the Senate Committee on Commerce and Consumer Protection

**RE: HB446 HD3 Relating to Motor Vehicles. – SUPPORT**

AAA Hawaii **supports** HB446 HD3. This bill establishes a new offense for theft of a catalytic converter. It also holds businesses that buy and sell used motor vehicle parts more accountable over suspicious transactions involving catalytic converters.

Catalytic converters change harmful substances in a car's exhaust gasses (carbon monoxide, nitric oxide, nitrogen dioxide and hydrocarbons) into less harmful substances like carbon dioxide and water vapor by means of chemical reactions. The earning potential for catalytic converters is high when sold to metal scrappers. Cities across the country have reported a spike in thefts, especially from auto repair facilities and businesses with fleet vehicles. However, theft of catalytic converters is also a problem in neighborhoods where idle vehicles are left in the same location for a long time.

Replacement parts are not cheap. New catalytic converters are usually \$1,000 minimum plus labor costs. More importantly, catalytic converters are critical emissions components. The EPA forbids the sale and installation of any used catalytic converter that is not refurbished and certified by an approved manufacturer.

AAA Hawaii was founded in 1915 in Honolulu and is a leader in motorist services and a strong advocate for traffic safety. With almost 170,000 members in Hawaii and 60 million nationwide, we coordinated a national media campaign last month to highlight the rise catalytic converter thefts and provide motorists with tips to safeguard their vehicles. Unfortunately, education is not enough. We support making theft of catalytic converters a crime that can be tracked and holding dealers more accountable in identifying and reporting suspicious sales. We urge a yes vote on HB446 HD3.

Sincerely,

**Liane Sumida**

Liane Sumida  
General Manager

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March 23, 2021

Roberts Hawaii, Inc.  
444 Niu Street, Suite 300  
Honolulu, HI 96815

Honorable Chair Rosalyn Baker,  
Vice Chair Stanley Chang & Members of the Senate Committee on Commerce  
and Consumer Protection

Re: Testimony in Support of HB446 HD3

Chair Baker, Vice-Chair Chang and Members of the Senate Committee on  
Commerce and Consumer Protection:

[www.robertshawaii.com](http://www.robertshawaii.com)

Roberts Hawaii *strongly* supports House Bill 446 HD3, which makes theft of catalytic converters a class C felony and requires scrap dealers to perform certain responsibilities and to obtain information and documentation from the seller at the time of sale.

As the largest ground transportation and tour operator in the State of Hawaii, Roberts Hawaii has a large fleet of vehicles that support a diverse range of transportation services to our community. In 2020 and 2021, we were the victims of theft and damage of no less than 40 catalytic converters that were installed on Special Education vehicles that we use to service students on our Department of Education routes. The theft and damage occurred on multiple occasions, typically occurring at night or on the weekends. The approximate value of the parts was \$52,100, requiring more than 170 hours of labor to repair our vehicles.

Making theft of catalytic converters a class C felony and requiring licensees to secure proper ownership documentation will disincentivize the destruction and theft of our property and undermine any illegal after-market use or sale of our stolen catalytic converters. This law would also have the benefit of protecting our vehicles, thereby ensuring continuity of service to the Department of Education and our other partners.

Thank you for the opportunity to testify on this measure.

Sincerely,

Roy Pfund  
President & Chief Executive Officer