

**WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2021**

ON THE FOLLOWING MEASURE:

H.B. NO. 446, RELATING TO MOTOR VEHICLES.

BEFORE THE:

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

DATE: Thursday, February 4, 2021 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Via Videoconference

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**
(For more information, contact Lance Goto,
Deputy Attorney General, at 586-1160)

Chair Johanson and Members of the Committee:

The Department of the Attorney General (Department) submits comments on this bill.

The purposes of this bill are to (1) establish a new offense of theft of a catalytic converter; (2) require vehicle registration records to be kept for businesses engaged in the selling or negotiating of the purchase of used motor vehicle parts or accessories; (3) specify that these businesses are required to refuse purchase of used motor vehicle parts or accessories and report the attempted sale to police if a seller does not provide certain information at the time of the attempted sale; and (4) increase the amount of the fine for violations of the used motor vehicle parts and accessories law.

The Department has no legal concerns about this measure.



improving the quality of lives of pets and their people.

Testimony by Alicia Maluafiti, Board President Poi Dogs & Popoki
In strong support of HB 446 - Relating to Motor Vehicles
House Committee on Consumer Protection and Commerce
Thursday, February 4, 2021

Aloha Chair Johanson and members of the Committee,

Poi Dogs & Popoki (PDP) is a nonprofit animal welfare organization with a mission to help people and their pets. We operate The Big Fix, a mobile spay/neuter and wellness vehicle on the island of Oahu which provides affordable services for low income pet owners in rural and at risk communities.

In less than 2 years, the catalytic converter has been stolen from our mobile clinic three times. Our vehicle is 26 feet long and looks like a recreation vehicle. The first time, the thief was unable to completely remove the converter but it was significantly damaged and required replacement. In December, the converter was stolen while our vehicle sat parked in the parking lot at the Town Center of Mililani. We were unable to secure the safety check with the missing part and had to wait 30 days for the part to be ordered and shipped to Hawaii. The converter was replaced in January and we immediately secured the safety check. Three weeks later – the converter was stolen again from the same parking lot.

The cost to replace one catalytic converter is \$2000. The thief is receiving about \$180 from illegal dealers. We are a small nonprofit and cannot afford to replace another converter. We have 11 months to save up enough money before we need to take the vehicle in for another safety check. **We recommend amending the bill to allow safety checks to be approved even if a catalytic converter is missing to give the owner enough time to save up the money to replace the piece. Owners would get one pass on the inspection and would need the part replaced by the next safety check.**

Mahalo for the opportunity to provide testimony.

February 4, 2021

Hon. Aaron Ling Johanson, Chair
Hon. Lisa Kitagawa, Vice Chair
Committee on Consumer Protection and Commerce
Hawaii State Capitol
Honolulu, HI 96813

RE: THEFT OF A CATALYTIC CONVERTER (HB 446), SUPPORT

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

AAA Hawaii **supports** HB 446 (Sayama). 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 HB 446.

Sincerely,

Liane Sumida

Liane Sumida
General Manager

1130 N. Nimitz Highway, Suite A170, Honolulu, HI 96817

Auto Club Enterprises provides service to more than 14 million members





February 3, 2021

Chair Aaron Johanson and Members of the Committee
Committee on Commerce and Consumer Protection
Hawaii House of Representatives

RE: House Bill 446 – Catalytic Converter Theft

Dear Chair Johanson 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 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 easy 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 costs 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.

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 type of places 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 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 or 847-544-7083.

Sincerely,

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

Howard Handler
Senior Director, Government Affairs



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER ALASKA & HAWAII
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HOUSE COMMITTEE ON CONSUMER PROTECTION

Representative Aaron Ling Johanson, Chair

Representative Lisa Kitagawa, Vice-Chair

Thursday February 4, 2020

HB446 - RELATING TO Motor Vehicles

HB 117-RELATING TO Scrap Dealers

Chair Johanson, Vice Chair Kitagawa and Members of the House CPC:

My name is Timothy M. Dayton, General Manager of GEICO. GEICO provides motor vehicle insurance for 178,000 Hawaii households which is more than one out of every three Hawaii households that have auto insurance. GEICO Supports this legislation aimed at preventing theft of motor vehicle catalytic converters.

Theft of Catalytic Converters is a relatively new and rapidly growing problem that we are seeing on Oahu. I have attached a simple chart of summary data on these claims that GEICO has covered which shows that it is growing. Replacement of these converters typically runs between \$2,500 - \$3,500 and the claim is covered by Comprehensive Coverage which most consumers carry on relatively newer vehicles which are the one targeted. The consumer pays the deductible (which can range up to \$1,000) and insurance covers the balance. In addition, most parts are not stocked in Hawaii, so the customer is without their vehicle for the time it takes to ship and install the part, typically a couple weeks.

The two (2) proposals seek to impose common-sense requirements which will help stem the theft of these parts. The proposals includes:

- HB 446 would define and make theft of a catalytic converter as a Class C Felony
- Requires purchasers of used car parts to ascertain the identity of the seller/vehicle owner and retain the records which is a standard practice for legitimate businesses
- Establishes a fine ranging from \$100 to \$2,000 for failure to retain the records

In addition, HB 117 would also add definitions of “catalytic converter” and “catalytic converter metals” to Section 445-232, Hawaii Revised Statutes, and include these objects and metals to the list of items in Section 445-233, Hawaii Revised Statute on which a licensed scrap dealer must obtain a copy of receipts from those seeking to sell such materials as “scrap” metal, or if they are unable to provide the same, report such sellers to the police. Such items or metals would be made subject to existing requirements imposed on scrap dealers to document and photograph the items being offered for sale and to confirm the identity of the seller.

GEICO supports HB447 as well as HB 117, however, GEICO respectfully requests the Committee consider combining the substance of the two bills into one bill so that a comprehensive consideration and discussion can be had on all possible methods to combat this latest form of property crime. GEICO respectfully asks that both measures be passed.

Thank you for the opportunity to submit this testimony.

Sincerely,



Timothy M. Dayton, CPCU

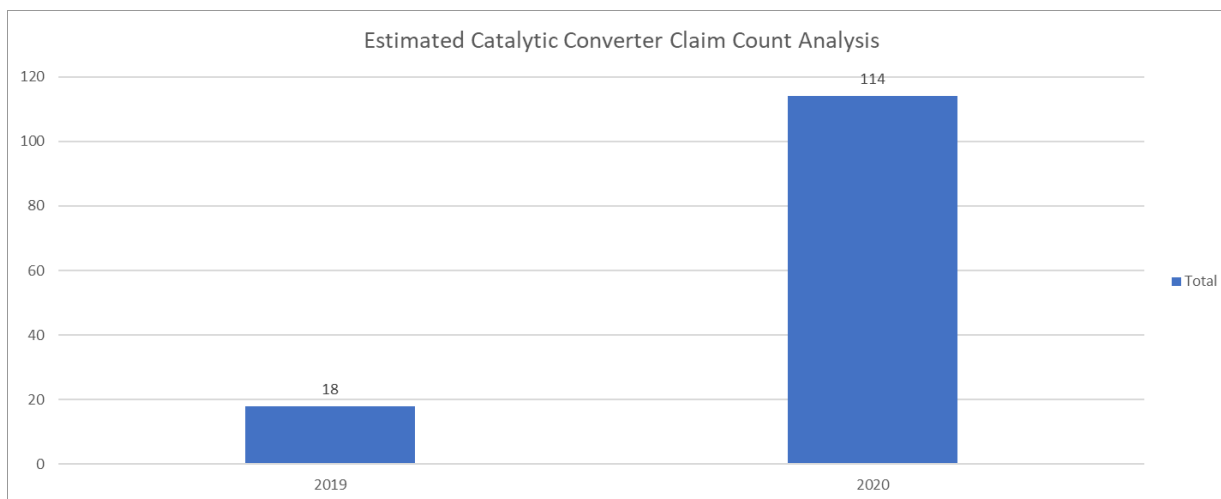
Analysis of Catalytic Converter Claims

GEICO has experienced a five-fold increase in the claim count from 2019 to 2020. In January 2021, we had 13 confirmed Catalytic converter cases reported thus far.

GEICO's average claim payout (excluding customer deductible) is \$2254. There are some claims where the payout is higher when there are incidental damages to surrounding panels during attempt of catalytic converter losses. Most of the losses are isolated on Oahu.

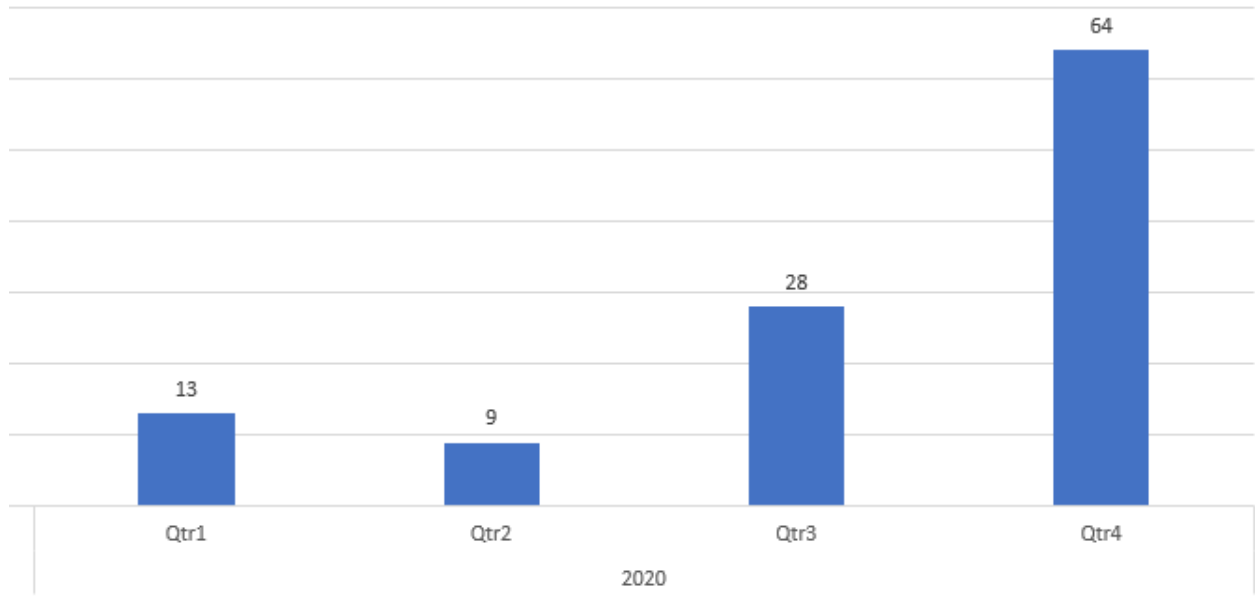
Toyota Prius is the most frequent vehicle targeted. They make up 50% of reported CAT converter claims.

Honda Element are a distant second at 23%.



In 2020; we saw more than double the amount from Q32020 to Q42020 in number of claims coming into GEICO

Estimated Catalytic Converter Claim Count 2020



LATE

HB-446

Submitted on: 2/4/2021 10:02:58 AM

Testimony for CPC on 2/4/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Roy Pfund	Roberts Hawaii	Support	No

Comments:

Chair Johanson & Members of the Committee on Consumer Protection & Commerce:

Roberts Hawaii strongly supports House Bill 446. Thank you for the opportunity to submit testimony on this measure.

HB-446

Submitted on: 2/3/2021 10:10:31 AM

Testimony for CPC on 2/4/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
R. Y.	Individual	Support	No

Comments:

To Hawaii State Legislature,

I am in support of HB446. I am purchasing a new hybrid vehicle and am concern about the on going thefts in Hawaii.

Thank you.

LATE

HB-446

Submitted on: 2/3/2021 4:04:33 PM

Testimony for CPC on 2/4/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Sayama	Individual	Support	No

Comments:

HB 446 seems to be a common sense way to stop the theft of catalytic converters which can be a major hassle and expense for families.

LATE

HB-446

Submitted on: 2/4/2021 7:55:41 AM

Testimony for CPC on 2/4/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Blair Suzuki	Individual	Support	No

Comments:

I strongly support this bill.

LATE

HB-446

Submitted on: 2/4/2021 12:40:17 PM

Testimony for CPC on 2/4/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
L Fong	Individual	Support	No

Comments:

I support HB 446. Our catalytic converter was stolen from our gated parking lot in Salt Lake. Yes, gated! When we spoke to a police officer, she said that she received 10 calls the day before. When we called our mechanic, he said he replaced a customer's catalytic converter only to have it stolen again. This bill needs to pass. Thank you for your time.

Sincerely,

L Fong

LATE

HB-446

Submitted on: 2/4/2021 1:25:52 PM

Testimony for CPC on 2/4/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Glenn Paul Vea	Individual	Support	No

Comments:

I am in support of Bill HB446. I am a victim of catalytic converter theft. This theft couldn't of happen in a worst time. I am financially hurting and am unemployed. My car insurance covered most of the bill but I still had to fork out \$1700 out of pocket. With this happening at night, I don't feel safe leaving my car unattended so the worrying keeps me and my other half from sleeping throughout the night. We haven't had a good nights sleep since this happens. Every sound we hear we think our car is being targeted again.