

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

ON THE FOLLOWING MEASURE:

S.B. NO. 2279, S.D. 2, H.D. 1, RELATING TO CATALYTIC CONVERTERS.

BEFORE THE:

HOUSE COMMITTEE ON JUDICIARY AND HAWAIIAN AFFAIRS

DATE: Wednesday, March 30, 2022 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 325, Via Videoconference

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

Chair Nakashima and Members of the Committee:

The Department of the Attorney General (Department) supports this bill but has comments regarding a newly added and concerning provision in House Draft No. 1.

This bill proposes to:

- (1) Require 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) Require certain sellers to provide copies of receipts or a declaration for the purchase of a catalytic converter;
- (3) Require dealers to keep records of purchases and sales of catalytic converters, report sales to the police, and retain the catalytic converter for sixty days after purchase;
- (4) Require dealers to pay for catalytic converters by check;
- (5) Create an exception to the documentation requirements for used auto parts dealers engaging in a transaction involving a catalytic converter, when the dealer is also a licensed scrap dealer purchasing the catalytic converter from another scrap dealer, a motor vehicle repair dealer, a mechanic, or a towing company;
- (6) Specify that persons who violate certain sections of chapter 289, Hawaii Revised Statutes (HRS), shall be guilty of a class C felony;

- (7) Require scrap dealers to keep records of purchases and sales of palladium, platinum, and rhodium;
- (8) Require scrap dealers to pay for palladium, platinum, and rhodium by check;
- (9) Require county police departments to maintain a database of certain reported information and initiate education programs to encourage its residents to take measures to prevent catalytic converter thefts; and
- (10) Establish 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, and this bill seeks to address that problem. The Department strongly supports this effort. However, the Department is concerned about the new provision included in House Draft No. 1, on page 7, lines 3-9, which reads as follows:

- (i) This section shall not apply when the licensee is:
 - (1) A scrap dealer licensed under section 445-232; and
 - (2) Purchasing a catalytic converter from a licensed commercial vendor, including a scrap dealer licensed under section 445-232, a motor vehicle repair dealer or mechanic licensed under section 437B-7, or a towing company regulated by the counties.

This provision creates an exception to the documentation requirements for used auto parts dealers engaging in a transaction involving a catalytic converter, when the dealer is also a licensed scrap dealer purchasing the catalytic converter from another scrap dealer, a motor vehicle repair dealer, a mechanic, or a towing company. It appears that the exception is being proposed because scrap dealers have their own documentation requirements. Licensed scrap dealers are not authorized to deal in used motor vehicle parts, such as catalytic converters, and scrap dealer documentation requirements would not apply to catalytic converter transactions. That is why the scrap dealer provisions in this bill specify palladium, platinum, and rhodium, and not catalytic converters. The sale of used auto parts, like catalytic converters, is controlled by chapter 289, HRS, entitled "Used Motor Vehicle Parts and Accessories." To deal in used auto parts, a dealer, including a scrap dealer, would have to be licensed under chapter 289. That is why

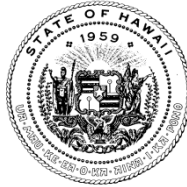
"scrap" is defined under section 445-231, HRS, as "any secondhand or used metal except those used motor vehicle parts provided in chapter 289 (emphasis added)."

That definition specifically excludes used motor vehicle parts. Whereas, section 289-1, HRS, defines "used motor vehicle part or accessory" as "a motor vehicle part or motor vehicle accessory which has been the subject of prior sale at retail, either individually or attached to a motor vehicle as a component part or accessory thereof." That definition would appear to include a catalytic converter.

The Department is also concerned that this provision may create a loophole in the documentation requirements by creating an exception for a dealer who purchases a catalytic converter from another scrap dealer, a motor vehicle repair dealer, a mechanic, a towing company, or other licensed commercial vendor. Thieves could sell their stolen catalytic converters to any of these people, who may not be licensed under chapter 289, HRS, who could then sell to licensed dealers who would not have to keep any documentation of the transactions.

Accordingly, the Department respectfully requests the passage of this bill with the provision on page 7, lines 3-9, deleted, as discussed above. Thank you for the opportunity to testify.

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

March 30, 2022

2:00 P.M.

State Capitol, Conference Room 325/Teleconference

**S.B. 2279, S.D. 2, H.D. 1
RELATING TO CATALYTIC CONVERTERS**

House Committee on Judiciary & Hawaiian Affairs

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.

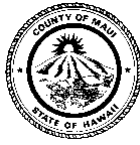
Thank you for the opportunity to provide testimony.

Council Chair
Alice L. Lee

Vice-Chair
Keani N.W. Rawlins-Fernandez

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Gabe Johnson
Kelly Takaya King
Michael J. Molina
Tamara Paltin
Shane M. Sinenci
Yuki Lei K. Sugimura



Director of Council Services
Traci N. T. Fujita, Esq.

Deputy Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 28, 2022

TO: Committee on Judiciary & Hawaiian Affairs
Representative Mark M. Nakashima, Chair
Representative Scot Z. Matayoshi, Vice Chair

FROM: Kelly Takaya King, Maui County Councilmember

HEARING: March 30, 2022 at 2:00 p.m., Via Videoconference, House
Conference Room 325

SUBJECT: **Testimony in support of SB2279, SD2 HD1 RELATING TO
CATALYTIC CONVERTERS.**

Dear Honorable Chair Nakashima, Vice Chair Matayoshi, and Committee Members,

I strongly support SB2279, SD2 HD1 which would require used motor vehicle parts dealers to document and verify catalytic converter sales, and impose other requirements designed to help curb the continuing rash of catalytic converter thefts. Importantly, SB2279, SD2 HD1 would establish a class C felony crime for certain violations by scrap dealers.

I was recently contacted by a detective of the Maui Police Department seeking my assistance to support enactment of legislation to assist police in combatting these thefts. He relayed that police have been frustrated with the absence of laws to hold the sellers of stolen catalytic converters accountable and by the nearly impossible task of tracing recovered catalytic converters back to victims due to the lack of identification numbers on the part, making prosecutions and return of property extremely difficult. I understand that stealing catalytic converters is currently quick, easy, profitable and often without repercussion for thieves.

Catalytic converter thefts are widespread and wreaking havoc on our communities. Last July, thieves stole catalytic converters from five Maui Economic Opportunity buses in a Maui baseyard, costing the nonprofit agency between \$6,000 and \$7,000 to replace. According to a [KHON news article dated July 29, 2021](#), "one of the buses was an eight-passenger vehicle with wheelchair accessibility and the other four 23-passenger buses are used to transport people

March 28, 2022

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with disabilities, children and kupuna.” This case illustrates that many are impacted, even indirectly, by these crimes.

In addition to the monetary losses suffered by victims of catalytic converter thefts, the environment suffers. The main purpose of a catalytic converter is to reduce harmful vehicle exhaust and reduce the amount of pollutants emitted. As Chair of the Climate Action, Resilience and Environment Committee of the Maui County Council, and a member of the Local Government Advisory Committee to the Environmental Protection Agency, I support this legislation for all of the foregoing reasons.

Please pass SB2279, SD2 HD1.

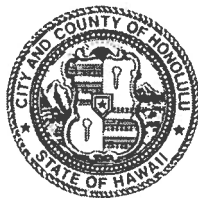
Mahalo nui loa,

A handwritten signature in cursive script that reads "Kelly T. King".

Kelly Takaya King, Maui County Councilmember
Chair, Climate Action, Resilience and Environment Committee

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

BY-KO

March 30, 2022

The Honorable Mark M. Nakashima, Chair
and Members
Committee on Judiciary and
Hawaiian Affairs
House of Representatives
Hawaii State Capitol, Room 325
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Nakashima and Members:

SUBJECT: Senate Bill No. 2279, S.D. 2, H.D. 1, Relating to Catalytic Converters

I am Brandon Yamamoto, Captain of District 5 (Kalihi) of the Honolulu Police Department (HPD), City and County of Honolulu.

The HPD supports Senate Bill No. 2279, S.D. 2, H.D. 1, 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 560 offenses, including 511 completed thefts and another 49 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.

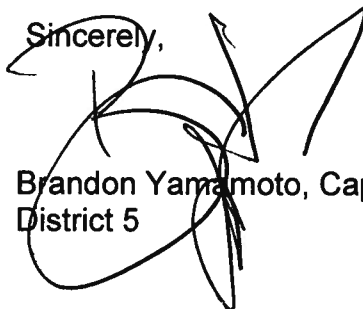
The Honorable Mark M. Nakashima, Chair
and Members
March 30, 2022
Page 2

The provisions of Senate Bill No. 2279, S.D. 2, H.D. 1, 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.

For the foregoing reasons, the Honolulu Police Department supports the passage of Senate Bill No. 2279, S.D. 2, H.D. 1, 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 'Brandon Yamamoto', written over a large, stylized scribble.

Brandon Yamamoto, Captain
District 5

APPROVED:

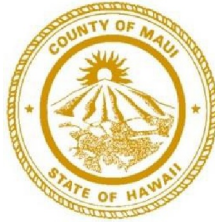


Rade K. Vanic
Interim Chief of Police

MICHAEL P. VICTORINO
Mayor

ANDREW H. MARTIN
Prosecuting Attorney

MICHAEL S. KAGAMI
First Deputy Prosecuting Attorney



DEPARTMENT OF THE PROSECUTING ATTORNEY
COUNTY OF MAUI
150 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
PHONE (808) 270-7777 • FAX (808) 270-7625

TESTIMONY
ON
S.B. 2279 SD2 HD1 RELATING TO
CATALYTIC CONVERTERS

March 29, 2022

The Honorable Mark M. Nakashima
Chair
The Honorable Scot Z. Matayoshi
Vice Chair
and Members of the Committee on Judiciary & Hawaiian Affairs

Chair Nakashima, Vice Chair Matayoshi, and Members of the Committee:

The Department of the Prosecuting Attorney, County of Maui respectfully submits the following comments concerning S.B. 2279 SD2 HD1, Relating to Catalytic Converters. Specifically, we would like to express our support for S.B. 2279 SD2 HD1 to reduce the theft of catalytic converters (“converters”) by increasing regulations for converters sold to scrap dealers and used motor vehicle parts dealers (“dealers”) and creating a new offense for the theft of a catalytic converter.

Over time, our Department has observed an increase in the amount of converter thefts. At the same time, our ability to prosecute these offenses is limited because it is rare that a suspect can be arrested, or even identified, when the theft occurs at an unattended vehicle. We believe that increased regulation of converter sales to dealers and the creation of a Class C felony offense for converter theft will have a deterrent effect on converter theft.

To the extent that the Legislature wishes to reduce the amount of paperwork necessary for legitimate converter transactions between licensed dealers, our Department believes that could be accomplished by allowing an exception for converter transactions involving sellers who possess both a scrap dealer license and a motor vehicle repair dealer license.

For these reasons, the Department of the Prosecuting Attorney, County of Maui supports S.B. 2279 SD2 HD1. Please feel free to contact our office at (808) 270-7777 if you have any questions or inquiries.

Thank you very much for the opportunity to provide testimony on this bill.

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

LATE

THE HONORABLE MARK M. NAKASHIMA, CHAIR
HOUSE COMMITTEE ON JUDICIARY AND HAWAIIAN AFFAIRS
Thirty-First State Legislature
Regular Session of 2022
State of Hawai`i

March 30, 2022

RE: S.B. 2279, S.D. 2, H.D. 1; RELATING TO CATALYTIC CONVERTERS.

Chair Nakashima, Vice-Chair Matayoshi and members of the House Committee on Judiciary and Hawaiian Affairs, the Department of the Prosecuting Attorney of the City and County of Honolulu ("Department") submits the following testimony in **support** of S.B. 2279, S.D. 2, H.D. 1, with **suggested amendments**.

The purpose of this bill is to impose strict record-keeping requirements when used motor vehicle parts dealers buy or sell catalytic converters, and only licensed used motor vehicle parts dealers would be permitted to buy or sell more than three catalytic converters per year. The specific provisions are very similar to those followed by scrap metal dealers, when they buy or sell copper, with the addition of requirements for used motor vehicle parts dealers to tag and label each catalytic converter, report these purchases to county police (who would then keep a database), and retain each catalytic converter for a minimum of sixty days.

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 value of 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 S.B. 2279, S.D. 2, H.D. 1, it may be relevant to note that a class C felony theft charge generally equates

¹ See <https://www.nytimes.com/2021/02/09/climate/catalytic-converter-theft.html>; last accessed March 29, 2022.

² See <https://www.motortrend.com/news/catalytic-converter-thefts-nationwide-on-rise/>; last accessed March 29, 2022.

³ See <https://www.nytimes.com/2021/02/09/climate/catalytic-converter-theft.html>; last accessed March 29, 2022.

to a charge of Theft in the Second Degree, section 708-831, Hawaii Revised Statutes (“HRS”), under our current statutes. In order to charge or convict someone with Theft in the Second Degree, prosecutors 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 8, lines 8-17), 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.

For the most part, S.B. 2279, S.D. 2, H.D. 1, proposes an approach very similar to that taken approximately 10-12 years ago, 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.

In addition to the measures previously implemented for copper, S.B. 2279, S.D. 2, H.D. 1, would also add requirements for used motor vehicle parts dealers to tag and label any catalytic converters purchased, report those purchases to county police (who would then keep a database), and retain these items for a minimum of sixty days (*see* pages 6-7, lines 12-2). The Department appreciates the Legislature’s foresight in considering these requirements, and defers to the county police departments about the most helpful period of retention and surrounding details (e.g. how often the information would be submitted, whether submitted in hard copy or electronic, etc.).

Notably, S.B. 2279, S.D. 2, H.D. 1, also contains language that would exempt scrap dealers who are purchasing catalytic converters from “licensed commercial vendors” (*see* page 7, lines 3-9). The Department understands the intent of this provision, but notes that the language appears to be overly broad in creating an exception for scrap dealers to purchase catalytic converters (at all), and in allowing them to purchase from other scrap dealers. **To keep the exception very narrow, and avoid any confusion created by allowing anyone to purchase catalytic converters without a used motor vehicle parts license, the Department proposes the following amendments:**

- (i) This section shall not apply when the **seller is also a licensee, and is further**[:
(1) ~~A scrap dealer licensed under section 445-232; and~~
(2) ~~Purchasing a catalytic converter from a licensed commercial vendor, including a scrap dealer licensed under section 445-232,]~~ **licensed under section 437B—7 as a motor vehicle repair dealer [or mechanic licensed under section 437B—7,] or [a towing company regulated by the counties] licensed under chapter 289 to engage in the business of wrecking, salvaging or dismantling motor vehicles for the purpose of reselling the parts or accessories thereof.**

Thus, anyone who wishes to *buy* more than 3 catalytic converters per year (*see* HRS §289-1, definition of “engaging in the business”) would still have to be licensed as a used motor vehicle parts dealer—including businesses already licensed as scrap dealers—and anyone who wishes to *sell* more than 3 catalytic converters per year would also have to be licensed as a used motor vehicle parts dealer. Please note, a used motor vehicle parts dealer license costs \$10 per year (*see* HRS §289-3(c)). If both parties are then licensed used motor vehicle parts dealers, and the seller is *also* a

licensed motor vehicle repair dealer or a licensed wrecking/salvage company, then the heightened record-keeping requirements for catalytic converters would not apply. While there is no guarantee that these exceptions could not be subject to abuse, at least there are significant application and licensing requirements that could act as safeguards, and an opportunity for oversight. In the alternative, the Committee could simply delete the language on page 7, lines 3-9, and not allow any exceptions to the record-keeping requirements, to ensure the highest degree of consistency.

For all of the foregoing reasons, the Department of the Prosecuting Attorney of the City and County of Honolulu **supports** the passage of S.B. 2279, S.D. 2, H.D. 1, with the **suggested amendments**. Thank you for the opportunity to testify on this matter.

TESTIMONY OF MICHAEL ONOFRIETTI

COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS
Representative Mark M. Nakashima, Chair
Representative Scot Z. Matayoshi, Vice Chair

Wednesday, March 30, 2022
2:00 p.m.

SB 2279, SD2, HD1

Chair Nakashima, Vice Chair Matayoshi, and members of the Committee on Judiciary & Hawaiian Affairs, 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.

The Hawaii Insurers Council supports the intent of SB 2279, SD2, HD1.

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 \$1,058 per troy ounce, palladium, which currently trades for about \$2,377 per troy ounce, and rhodium, which currently trades for about \$20,000 per troy ounce. By comparison, copper, another metal frequently targeted by thieves, trades for only \$0.30 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.

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.

Thank you for the opportunity to testify.



To: Representative Mark M. Nakashima, Chair
Representative Scot Z. Matayoshi, Vice Chair
House Committee on Judiciary & Hawaiian Affairs

From: Mark Sektnan, Vice President

Re: **SB 2279 SD2 HD1 – Relating to Catalytic Converters**
APCIA Position: SUPPORT

Date: Wednesday, March 30, 2022
2:00 p.m., Conference Room 325

Aloha Chair Nakashima, Vice Chair Matayoshi and Members of the Committee:

The American Property Casualty Insurance Association of America (APCIA) is pleased to **support SB 2279 SD2 HD1** 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.

SB 2279 SD2 HD1 seeks to deter catalytic converters by establishing the offense of a catalytic converter as a class C felony and by requiring 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 other scrap metal.

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 293 percent nationwide from mid-2020 to mid-2021 compared with the previous year.

For these reasons, APCIA asks the committee to support SB 2279 SD2 HD1.

March 29, 2022

Hon. Mark M. Nakashima and Members of the Committee
Committee on Judiciary and Hawaiian Affairs
Hawaii House of Representatives

RE: SB 2279, SD 2, HD 1 – Catalytic Converter Theft - SUPPORT

Dear Chair Nakashima 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 Hawaii state and local law enforcement, we help to detect, prevent, and deter insurance crimes, including vehicle theft. While NICB provides value to our member companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance crime causes to individual policy holders across the country every year.

Catalytic converter theft has skyrocketed over the past years in part due to the significant rise in the price of various precious metals, including rhodium, platinum, and palladium. All are used in the construction of catalytic converters. Criminals are seizing the opportunity to profit off these increased prices by removing the catalytic converter from vehicles – in relatively easy fashion – and selling the stolen part on the black market.

Additionally, installing a replacement catalytic converter can cost thousands of dollars. Because thieves try to remove the converters as quickly as possible, their hastiness often causes higher repair costs due to incidental damage. Moreover, businesses with large vehicle fleets, such as vehicle dealerships or utility companies, are often targeted due to the number of potential marks in a small area. Thefts from commercial carriers can lead to replacement costs in excess of tens of thousands of dollars, and additional lost revenue due to halted operations.

Senate Bill 2279, SD 2, HD 1 recognizes the significant rise in rates of catalytic converter by, among other things, establishing the offense of a catalytic converter as a class C felony and requiring scrap metal businesses to follow the same record keeping requirements for the purchase of palladium, platinum, and rhodium as they must with the purchase of copper, a beer keg, or urn.

Accordingly, we respectfully request your support for SB 2279, SD 2, HD 1.

We thank you for scheduling a hearing and for considering our views as you deliberate the merits of this bill. We strongly encourage you to utilize NICB as a resource and partner in the fight against catalytic converter theft. If you have any questions or need additional information, please contact me at hhandler@nicb.org or 847-544-7083.

Sincerely,



Howard Handler, MPPA
Senior Director, Government Affairs



AAA Hawaii

March 30, 2022

TO: Senator Karl Rhoads
Chair, Judiciary
Members of the Committee

FR: Amanda Gualderama
Government Affairs Specialist
Liane Sumida
Regional Manager

RE: **SB2279 SD2 HD1 – Relating to Catalytic Converters. – SUPPORT**

AAA Hawaii supports SB2279 SD2 HD1 as it intends to reduce the theft of catalytic converters by increasing regulations for catalytic converters sold to scrap dealers and automobile parts dealers and by creating a new offense for the theft of catalytic converters.

Catalytic converter theft has skyrocketed nationwide. According to the National Insurance Crime Bureau (NICB), the theft of catalytic converters has increased significantly during the pandemic. The precious metals found in catalytic converters make theft of these parts very lucrative, and thieves can cut the catalytic converters off a car in a matter of minutes.

According to NICB's Operations, Intelligence and Analytics study of reported thefts, there were 108 catalytic converter thefts per month on average in 2018, 282 average monthly thefts in 2019, and 1,203 average thefts per month in 2020. On Oahu alone, the Honolulu Police Department has received more than 1,800 reports of stolen catalytic converters in 2020.

Typically, recyclers will pay up to \$300 per catalytic converter, but it costs a vehicle owner anywhere from \$1,000 to \$3,000 to get a vehicle fixed. Along with the cost of replacing the catalytic converter, there are often other costs and inconveniences to automobile owners whose catalytic converter is stolen. Thieves often damage other components of the car when cutting off the catalytic converter, increasing the amount of damage. Also, the availability of new catalytic converters is becoming challenging, which delays a car's repair, causing the owner to be unable to utilize their car for extended timeframes.

For the reasons stated above, AAA Hawaii supports SB2279 SD2 HD1.

Respectfully Submitted,

Handwritten signature of Amanda Gualderama in black ink.

Amanda Gualderama
Government Affairs Specialist
Gualderama.Amanda@aaa-calif.com

Handwritten signature of Liane Sumida in black ink.

Liane Sumida
Regional Manager

SB-2279-HD-1

Submitted on: 3/29/2022 11:37:04 AM

Testimony for JHA on 3/30/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael Kitchens	Stolen Stuff Hawaii	Support	Written Testimony Only

Comments:

Hello Chair, Vice Chair and Committee Members,

I am founder of Stolen Stuff Hawaii, an anti-crime group with over 150,000 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. Weekly, we have numerous postings about the theft of catalytic converters...the repair and replacement of which can cost hundreds if not a thousand dollars for each incident not to mention time and the loss of use of the vehicle. Our community needs relief from this massive problem. I strongly urge the Committee to pass this bill...especially after the recent additions which have further strengthened it.

Thank you for your support of our community.

Mahalo,

Michael J. Kitchens
Stolen Stuff Hawaii

March 30, 2022

2:00 p.m.

Hawaii State House of Representatives
Committee on Judiciary and Hawaiian Affairs

Re: SB 2279, SD2, HD 1, Relating to Catalytic Converters

Aloha Chair Nakashima, Vice Chair Matayoshi and members of the committee:

On behalf of Schnitzer Steel Hawaii, we are testifying on SB 2279, SD2, HD1, Relating to Catalytic Converters. This bill requires licensed used motor vehicle parts 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.

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 requested an amendment which has been included in this bill on page 7, paragraph (i):

“(i) This section shall not apply when the seller is a scrap dealer licensed under section 445-232 and is purchasing a catalytic converter from a licensed commercial vendor, including a scrap dealer licensed under section 445-232, a motor vehicle repair dealer or mechanic licensed under section 437B-7, or a towing company regulated by the counties.”

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. We understand that there may be a proposal to tailor this section more narrowly and would like to be supportive of it, subject to reviewing the language. Mahalo for the opportunity to testify.

SB-2279-HD-1

Submitted on: 3/29/2022 12:34:40 PM

Testimony for JHA on 3/30/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jay Yada	Individual	Support	Written Testimony Only

Comments:

Catalytic converter theft is a plague on our citizenry and our community and is a frequent topic posted by victims on local social media. Weekly, we have numerous postings about the theft of catalytic converters...the repair and replacement of which can cost hundreds if not a thousand dollars for each incident not to mention time and the loss of use of the vehicle.

Our community needs relief from this massive problem. I strongly urge the Committee to pass this bill...especially after the recent additions which have further strengthened it.

I would also like to add that having these measures still may not be enough. How will regulation and checking up on businesses go? Action against offenders if and when this is in place is also important, and important for the public to see.

Thank you for your support of our community.

Mahalo,

Jay Yada

SB-2279-HD-1

Submitted on: 3/29/2022 12:39:49 PM

Testimony for JHA on 3/30/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael A Mastronardi	Individual	Support	Written Testimony Only

Comments:

I support SB2279 and strongly urge our Legislators to pass it. The cost of replacing a stolen catalytic converter is very prohibitive for a lot of our citizens. The scrapping of these converters MUST be strictly regulated to prevent the ever increasing thefts of them. Scrap dealers must be required to record and certify the identification of those selling them as scrap.