



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

ON THE FOLLOWING MEASURE:

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

BEFORE THE:

SENATE COMMITTEE ON JUDICIARY

DATE: Monday, February 28, 2022 **TIME:** 10:30 a.m.

LOCATION: State Capitol, Via Videoconference

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

Chair Rhoads and Members of the Committee:

The Department of the Attorney General (Department) supports this bill with amendments.

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) Specify that persons who violate certain sections of chapter 289, Hawaii Revised Statutes (HRS), shall be guilty of a class C felony;
- (6) Require scrap dealers to keep records of purchases and sales of palladium, platinum, and rhodium;
- (7) Require scrap dealers to pay for palladium, platinum, and rhodium by check;

- (8) 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
- (9) 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 supports this effort, but has concerns about section 3 of the bill, from page 7, line 19, to page 8, line 5, establishing the offense of theft of catalytic converter:

- §708- Theft of catalytic converter.** (1) A person commits the offense of theft of catalytic converter if the person:
- (a) Obtains, receives, retains, disposes of, or exerts unauthorized control of a catalytic converter through any means described in section 708-830; or
 - (b) Violates chapter 289 or chapter 445 with regard to a catalytic converter.

Subsection (1)(a) attempts to partially craft a specific theft offense with the "obtains, receives, retains" wording, but then defers to the theft provisions of section 708-830. The Department is concerned that the wording appears to be inconsistent with other theft offense statutes and could be potentially confusing. To be consistent with the existing Penal Code provisions, subsection (1)(a) could simply read, "commits theft of a catalytic converter." This wording would be consistent with the theft of firearm and dynamite provisions of section 708-830.5, HRS, theft of copper provisions of section 708-835.7, HRS, and the theft of beer keg provisions of section 708-835.8, HRS. Written in this way, the theft provisions of section 708-830, HRS, would automatically apply.

We also recommend that subsection (1)(b) be deleted. The violations of chapters 289 and 445, HRS, involve violations of transaction documentation, identification, and record keeping requirements, and not theft itself. And violations of those chapters already have their own penalties.

Accordingly, the Department recommends subsection (1) of the new section establishing the offense of the theft of catalytic converter to read as follows:

§708- Theft of catalytic converter. (1) A person commits the offense of theft of catalytic converter if the person commits theft of a catalytic converter.

The Department respectfully requests the passage of this bill with the proposed amendments. Thank you for the opportunity to testify.

DEPARTMENT OF THE PROSECUTING ATTORNEY
CITY AND COUNTY OF HONOLULU

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STEVEN S. ALM
PROSECUTING ATTORNEY



THOMAS J. BRADY
FIRST DEPUTY
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THE HONORABLE KARL RHOADS, CHAIR
SENATE COMMITTEE ON JUDICIARY
Thirty-First State Legislature
Regular Session of 2022
State of Hawai`i

February 28, 2022

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

Chair Rhoads, Vice Chair Keohokalole, and members of the Senate Committee on Judiciary, 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. 1.

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 S.B. 2279, S.D. 1, 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 statutes. In order to charge or convict someone with Theft in the Second Degree, the

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>

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.

S.B. 2279, S.D. 1 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 S.B. 2279, S.D. 1. Thank you for the opportunity to testify on this matter.

TESTIMONY OF MICHAEL ONOFRIETTI

COMMITTEE ON JUDICIARY
Senator Karl Rhoads, Chair
Senator Jarrett Keohokalole, Vice Chair

Monday, February 28, 2022
10:30 a.m.

SB 2279, SD1

Chair Rhoads, Vice Chair Keohokalole, and members of the Committee on Judiciary, 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, SD1.

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.

February 25, 2022

Chair Karl Rhoads and Members of the Committee
Committee on Judiciary
Hawaii State Senate

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

Dear Chair Rhoads 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. The component precious metals can be recycled into new products. Nationally, catalytic converter thefts more than quadrupled from 3,389 in 2019 to 14,433 in 2020.

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 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 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



CATHOLIC CHARITIES HAWAII

TO: Senator Karl Rhoads, Chair
Senator Jarrett Keohokalole, Vice Chair
Committee on Judiciary

FROM: Rob Van Tassell, President and CEO

DATE: Monday, February 28, 2022 (10:30 a.m., Via Videoconference)

RE: **IN SUPPORT OF SB 2279, SD1, Relating to Catalytic Converters**

CCH supports SB 2279, SD1, as a means to deter thefts of catalytic converters and to increase accountability for sales and purchases of used catalytic converters.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been serving people in need in the State of Hawaii since 1947. We have operated a Transportation Services Program for seniors, age 60+ since 1974, helping frail and vulnerable elders to remain independent in the community through a door-to-door transportation option.

The recent increase in catalytic converter thefts have had a significant detrimental impact on our ability to get seniors to doctor appointments, grocery markets and other essential destinations.

During the last year, we have had catalytic converters stolen from eight (8) vehicles in our Transportation fleet. The cost to replace each has ranged from \$1,700 to \$2,500, depending on the type of vehicle since our fleet includes 14-passenger buses. In several instances, other auto parts were damaged in the process of removing the catalytic converters.

The repair expense has added additional cost burden to our Transportation Services Program, which has struggled financially during the pandemic. In order to protect the safety and health of our riders and our drivers, we have reduced ridership capacity and increased sanitation regimes – reducing program income streams and increasing operational expense.

In addition, this type of theft results in our vehicles being out for several days which negatively affects our ability to provide transportation for our elderly clients. Since the majority of our clients are going to medical appointments, this results in delayed medical care.

Catholic Charities Hawai'i asks for your support of SB 2279, SD1, in order to reduce theft and increase accountability.

For more information or questions, please feel free to email Diane Terada, Division Administrator, at diane.terada@catholiccharitieshawaii.org or call her via phone at (808) 527-4702.

Thank you for this opportunity to provide testimony.





AAA Hawaii

February 28, 2022

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

FR: Amanda Gualderama
Government Affairs Specialist

Liane Sumida
Regional Manager

RE: **SB2279 SD1 – Relating to Catalytic Converters. – SUPPORT**

AAA Hawaii supports SB2279 SD1 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 SD1.

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

LATE

February 28, 2022
10:30 am
Hawaii State Senate
Committee on Judiciary

Re: SB 2279, SD1, Relating to Catalytic Converters

Aloha Chair Rhoads, Vice Chair Keohokalole and members of the committee:

On behalf of Schnitzer Steel Hawaii, we are testifying on SB 2279, SD1, Relating to Catalytic Converters. This bill establishes the offense of catalytic converter as a class C felony. It defines "catalytic converter" and requires 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.

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.

On Page 7 of the bill, please add a new paragraph (i), renaming the existing paragraph (i) as new paragraph (j) by inserting:

"(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.

Mahalo for the opportunity to testify.



AAA Hawaii

LATE

February 11, 2022

Hon. Rosalyn Baker
415 South Beretania Street
Honolulu, HI 96813

RE: SB 2279 (Baker) – Relating to Catalytic Converters

Position: Support

Dear Senator Baker,

AAA Hawaii supports SB 2279 (Baker) 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 SB 2279.

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
General Manager