
SENATE COMMITTEE ON PUBLIC SAFETY

Senator Steven Bradford, Chair
2021 - 2022 Regular

Bill No: SB 1087 **Hearing Date:** April 26, 2022
Author: Gonzalez
Version: April 6, 2022
Urgency: No **Fiscal:** Yes
Consultant: SC

Subject: *Vehicles: catalytic converters*

HISTORY

Source: Author

Prior Legislation: SB 366 (Umberg), Ch. 601, Stats. 2021
SB 627 (Calderon), Ch. 603, Stats. 2009
SB 691 (Calderon), Ch. 739, Stats. 2008
SB 844 (Berryhill), Ch. 731, Stats. 2008

Support: AAA Northern California, Nevada, and Utah; Automobile Club of Southern California; California Association of Highway Patrolmen; California District Attorneys Association; California New Car Dealers Association; California Police Chiefs Association; City of Paramount; City of Lakewood; League of California Cities

Opposition: None known

PURPOSE

The purpose of this bill is to prohibit any person and any core recycler from purchasing a used catalytic converter other than from specified sellers, including an automobile dismantler, an automotive repair dealer, or an individual possessing documentation that they are the lawful owner of the catalytic converter, as specified.

Existing law defines the term “core recycler” to mean “a person or business, including a recycler or junk dealer, that buys used individual catalytic converters, transmissions, or other parts previously removed from a vehicle. A person or business that buys a vehicle that may contain these parts is not a core recycler.” (Bus. & Prof. Code, § 21610, subd. (a).)

Existing law requires a core recycler who accepts a catalytic converter for recycling to maintain a written record that contains all of the following:

- The place and date of each sale or purchase of a catalytic converter made;
- The name, valid driver’s license number, and state of issue, or California-issued identification number, of the seller of the catalytic converter and the vehicle license number, including of issue of a motor vehicle used in transporting the catalytic converter to the core

recycler's place of business. If the seller is a business, the written record shall include the name, address, and telephone number of the business;

- A description of the catalytic converters purchased or sold, including the item type and quantity, amount paid for the catalytic converter, and identification number, if any, and the vehicle identification number; and,
- A statement indicating either that the seller of the catalytic converter is the owner of the catalytic converter, or the name of the person from whom he or she has obtained the catalytic converter, including the business, if applicable, as shown on a signed transfer document. (Bus. & Prof. Code, § 21610, subd. (b).)

Existing law requires a core recycler engaged in the selling or shipping of used catalytic converters to other recyclers or smelters shall retain information on the sale that includes all of the following:

- The name and address of each person to whom the catalytic converter is sold or disposed of;
- The quantity of catalytic converters being sold or shipped;
- The amount that was paid for the catalytic converters sold in the transaction; and,
- The date of the transaction. (Bus. & Prof. Code, § 21610, subd. (c).)

Existing law states that a core recycler shall not provide payment for a catalytic converter unless all of the following requirements are met:

- The payment is made by check and provided to the seller by mailing the payment to the address on the seller's driver's license or identification card, or if the seller is a business, mailing the payment to the seller's business address;
- A clear photograph or video of the seller is obtained at the time of the sale;
- A copy of the seller's valid driver's license or a copy of s state or federal government issued identification card. If the seller prefers to have the check mailed to an alternative address, in addition to a copy of a driver's license or identification card, a gas or electric utility bill addressed to the seller at the alternative address with a payment due date no more than two months prior to the date of sale;
- A clear photograph or video of the catalytic converter being sold; and,
- A written statement from the seller indicating how the seller obtained the catalytic converter. (Bus. & Prof. Code, § 21610, subd. (d).)

Existing law provides that the requirements for sale listed above do not apply to a core recycler that buys used catalytic converters, transmissions, or other parts removed from a vehicle if the core recycler and the seller have a written agreement for the transaction. (Bus. & Prof. Code, § 21610, subd. (e).)

Existing law requires core recyclers accepting catalytic converters from licensed auto dismantlers or from recyclers who hold a written agreement with a business that sells catalytic converters for recycling purposes to collect only the following information:

- Name of seller or agent acting on behalf of the seller;
- Date of transaction;
- Number of catalytic converters received in the course of the transaction; and,
- Amount of money that was paid for catalytic converters in the course of the transaction. (Bus. & Prof. Code, § 21610, subd. (f).)

Existing law requires a core recycler to keep and maintain the information required for the purchase of catalytic converters for not less than two years and to make the information available for inspection by local law enforcement upon demand. (Bus. & Prof. Code, § 21610, subs. (g)-(h).)

Existing law states that a person who makes, or causes to be made, a false or fictitious statement regarding any information required pursuant to this section is guilty of a misdemeanor. (Bus. & Prof. Code, § 21610, subd. (i).)

Existing law provides that a person who knowingly and willfully violates these requirements shall be punished as follows:

- For a first conviction, by a fine of \$1,000;
- For a second conviction, by a fine of not less than \$2,000 and the court may order the defendant to cease engaging in the business of a core recycler for a period not to exceed 30 days; and,
- For a third conviction, by a fine not less than \$4,000 and the court shall order the defendant to cease engaging in the business of a core recycler for a period of not less than one year. (Bus. & Prof. Code, § 21610, subd. (k).)

This bill prohibits a core recycler from purchasing a catalytic converter from sellers other than the following:

- An automobile dismantler;
- A core recycler that maintains a fixed place of business and has obtained the catalytic converter following the requirements in law;
- A motor vehicle manufacturer, dealer, or lessor-retailer;
- An automotive repair dealer;
- Any other licensed business that may reasonably generate, possess, or sell used catalytic converters; or,

- An individual possessing documentation that they are the lawful owner of the used catalytic converter, including but not limited to, a certificate of title or registration identifying the person as the legal or registered owner of the vehicle from which the catalytic converter was detached that matches the vehicle identification number, and the date that the catalytic converter was removed from the vehicle as permanently marked on the catalytic converter.

This bill prohibits any person from purchasing a used catalytic converter, including for the purpose of dismantling, recycling, or smelting, except from the types of sellers specified above, and makes a violation of this provision punishable as an infraction.

This bill specifies that a first offense is punishable by a fine of \$1,000; a second offense is punishable by a fine of \$2,000; and a third or subsequent offense, by a fine of \$5,000.

COMMENTS

1. Need for This Bill

According to the author of this bill:

SB 1087 will address catalytic converter theft by prohibiting the purchase of detached catalytic converters unless it is purchased from the owner of the vehicle the catalytic converter was removed from, or from an automobile manufacturer, dealer, dismantler, auto repair specialist, or any other business that generates, possess, or sells used catalytic converters. The bill would make a violation of this law and infraction punishable with a fine between \$1,000-5,000.

Furthermore, SB 1087 would prohibit a core recycler from purchasing a catalytic converter from anyone other than automobile dismantlers, auto repair dealers, or an individual possessing documentation that they are the lawful owner of the catalytic converter.

More than 8,000 Californians have reported having their catalytic converter stolen in the first five months of 2021, and this number has only increased since then. According to police and auto insurance data analyzed by BeenVerified this shows a 33-percent increase for 2020 and a 380-percent increase over 2019, when only 1,254 thefts were reported.¹

There are six factors that have impacted the increase in catalytic converter theft: (1) there is demand within the scrap metal market for the valuable Platinum Group Metals contained within catalytic converters; (2) criminals can quickly and easily remove catalytic converters from vehicles; (3) catalytic converters are not readily traceable back to the vehicle they were removed from; (4) catalytic converters can be de-canned, which removes any ability for law enforcement to identify where they originated from; (5) catalytic converters can be sold in bulk without the need to advertise them for sale; and (6) there are many buyers that can purchase detached catalytic converters and accept bulk shipments with very limited scrutiny.

¹ <https://www.nbclosangeles.com/news/local/catalytic-converter-theft-reports-california-most-common-cars-models/2676510/>

The combination of all these factors create an environment where a catalytic converter can be easily stolen and illegally sold at scrap yards, metal recycling centers, shipped out of state, or dismantled in backyard operations. While there are existing laws that attempt to regulate the sale of catalytic converters, they are inadequate, and only apply to sales conducted by core recyclers.

2. Catalytic Converter Theft

Catalytic converters are devices that reduce pollution-causing emissions. Since 1975, all vehicles produced in the United States must have a catalytic converter as part of the exhaust system. Some vehicles may have more than one catalytic converter. The precious metals inside act as catalysts; when hot exhaust enters the converter, a chemical reaction occurs that renders toxic gases, such as carbon monoxide and hydrocarbons, into less harmful emissions.

According to the National Insurance Crime Bureau:

We have seen a significant increase during the pandemic. It's an opportunistic crime. As the value of the precious metals contained within the catalytic converters continues to increase, so do the number of thefts of these devices. There is a clear connection between times of crisis, limited resources, and disruption of the supply chain that drives investors towards these precious metals.”

A catalytic converter is a device that looks like a small muffler along with the exhaust system. It is designed to convert the environmentally hazardous exhaust emitted by an engine into less harmful gasses. To do this, manufacturers use platinum, palladium, or rhodium. In recent years, the values of these precious metals have increased significantly. As of December 2020, rhodium was valued at \$14,500 per ounce, palladium at \$2,336 per ounce, and platinum going for \$1,061 per ounce. Typically, recyclers will pay \$50 to \$250 per catalytic converter.

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. During this time period, the top five states for catalytic converter thefts were California, Texas, Minnesota, North Carolina, and Illinois. In 2020, there was a continual climb in thefts. January had the fewest number of thefts at 652, but it continued to climb markedly throughout the year, with December having 2,347 thefts.

(Catalytic Converter Theft Skyrocketing Nationwide, National Insurance Crime Bureau (March 2021) <https://www.nicb.org/news/news-releases/catalytic-converter-theft-skyrocketing-nationwide> [as of Apr. 11, 2022].)

In 2009, due to reports of increased catalytic thefts, California enacted SB 627 (Calderon), Chapter 603, Statutes of 2009. The law required core recyclers to comply with additional recordkeeping and identification procedures and new payment restrictions when purchasing catalytic converters. Specifically, the law required core recyclers to obtain identifying information about the seller of the catalytic converter including a copy of valid identification, a

photograph or video of the seller, a photograph or video of the catalytic converter and information about the sale including date of the transaction and a written statement from the seller indicating ownership of the catalytic converter. This information must be maintained by the core recycler for a minimum period of two years and to provide this information for inspection by local law enforcement upon demand. (Bus. & Prof. Code, § 21610.)

This bill prohibits a core recycler from purchasing a catalytic converter from sellers other than those specified, including an automobile dismantler, an automotive repair dealer, or an individual possessing documentation, as specified, that they are the lawful owner of the catalytic converter. The existing penalty for a violation of a core recycler's duties when purchasing a catalytic converter is a misdemeanor punishable by graduated fines as well as a court order prohibiting the person from engaging in their business for a specified period of time.

This bill also prohibits any person from purchasing a used catalytic converter other than from specified sellers, including an automobile dismantler, an automotive repair dealer, or an individual possessing documentation, as specified, that they are the lawful owner of the catalytic converter. A violation of this prohibition is punishable as an infraction with graduated fines of between \$1,000 to 5,000.

3. Related Legislation

Due to increased reports of catalytic converter thefts, several bills have been introduced this year to address the problem. In the Assembly, there are 7 bills that have been introduced on the issue of catalytic converters. In the Senate, there are 3 bills which include this bill, SB 986 (Umberg) and SB 919 (Jones).

SB 986 (Umberg) prohibits a car dealer or retailer from selling a new or used vehicle, except a collector motor vehicle, equipped with a catalytic converter unless the catalytic converter has been engraved or etched with the Vehicle Identification Number (VIN) of the vehicle to which it is attached and makes a violation of this prohibition punishable as an infraction. SB 986 also requires a core recycler to obtain and keep information regarding any identifying information etched or engraved on the catalytic converter. This bill requires payment for a catalytic converter to be made by any traceable method other than cash. Additionally, SB 986 amends existing law that exempts a core recycler from these recordkeeping requirements when the catalytic converter was purchased pursuant to a written agreement between the core recycler and the seller by requiring the core recycler to maintain a regularly updated log or record describing each catalytic converter received under the agreement.

SB 919 (Jones), among other things, makes it an alternate felony-misdemeanor to purchase, sell, receive, or possess a stolen catalytic converter, as specified. SB 919 also contains a similar provision to SB 986 on prohibiting a dealer or retail seller of a motor vehicle unless the catalytic converter has been engraved, etched, or otherwise permanently marked with the VIN of the vehicle to which it is attached. However, the punishment for that violation would be a misdemeanor versus the infraction in SB 986.

SB 919 (Jones), SB 986 (Umberg), and this bill are all set to be heard by this Committee on the same day.

4. Argument in Support

According to the City of Lakewood:

Catalytic converters have become a popular target of theft because they contain valuable metals and are untraceable and easy to sell. Catalytic converter thefts are rising and is a crime that is affecting an increasing number of families in Lakewood and across the state.

The City of Lakewood supports this bill because it addresses the factors that have impacted the increase in catalytic converter theft (demand within the scrap metal market for the precious metals contained within the catalytic converters; ease of removing the parts from vehicles; catalytic converters are not readily traceable back to the vehicle they were removed from; catalytic converters can be “decanned,” which removes the ability of law enforcement to identify origin; catalytic converters can be sold in bulk without the need to advertise them for sale; and there are buyers that can purchase detached catalytic converters and accept bulk shipments with very limited scrutiny). The bill prohibits the purchase of a detached catalytic converter unless it is purchased from specified parties, with a violation of the law punishable with a fine between \$1,000 and \$5,000. The bill also prohibits a core recycler from purchasing a catalytic converter from anyone other than automobile dismantlers, auto repair dealers or an individual possessing documentation that they are the lawful owner of the catalytic converter.

-- END --