

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

ON THE FOLLOWING MEASURE:

S.B. NO. 2733, RELATING TO CATALYTIC CONVERTERS.

BEFORE THE:

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

DATE: Tuesday, February 1, 2022 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 229, Via Videoconference

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

Chair Baker and Members of the Committee:

The Department of the Attorney General (Department) supports this bill with one minor amendment.

The purposes of this bill are 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 from the purchase of a catalytic converter;
- (3) Require dealers to keep records of purchases and sales of catalytic converters;
- (4) Require dealers to pay for catalytic converters by check;
- (5) Require scrap dealers to keep records of purchases and sales of palladium, platinum, and rhodium;
- (6) Require scrap dealers to pay for palladium, platinum, and rhodium by check;
- (7) Create penalties for engaging in unlawful activities involving the purchasing or selling of catalytic converters, palladium, platinum, or rhodium; and

- (8) 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. This bill seeks to address that problem.

On page 8 of the bill, at lines 2-5, the bill amends section 445-233(e), Hawaii Revised Statutes, to read in part:

. . . the scrap dealer shall take a photograph or photographs of all of ~~[the copper, beer keg, or urn,]~~ each individual item offered for sale[.]

As amended, this requirement may not be clear. If it is intended to require the scrap dealer to take separate photographs of each item offered for sale, the Department recommends the following wording:

. . . the scrap dealer shall take ~~[a photograph or]~~ one or more separate photographs of ~~[all of the copper, beer keg, or urn,]~~ each individual item offered for sale[.]

The Department respectfully requests the passage of this bill, with the proposed amendment.

DEPARTMENT OF THE PROSECUTING ATTORNEY
CITY AND COUNTY OF HONOLULU

ALII PLACE
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STEVEN S. ALM
PROSECUTING ATTORNEY



THOMAS J. BRADY
FIRST DEPUTY
PROSECUTING ATTORNEY

THE HONORABLE ROSALYN BAKER, CHAIR
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Thirty-First State Legislature
Regular Session of 2022
State of Hawai'i

February 1, 2022

RE: S.B. 2733; RELATING TO CATALYTIC CONVERTERS.

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 ("Department") submits the following testimony in support of S.B. 2733.

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. 2733, 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 Department

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/>

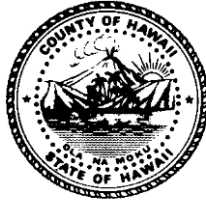
³ <https://www.nytimes.com/2021/02/09/climate/catalytic-converter-theft.html>

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. 2733 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. 2733. Thank you for the opportunity to testify on this matter.

Mitchell D. Roth
Mayor



Paul K. Ferreira
Police Chief

Kenneth Bugado, Jr.
Deputy Police Chief

County of Hawai'i

POLICE DEPARTMENT

349 Kapi'olani Street • Hilo, Hawai'i 96720-3998
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January 31, 2022

Senator Rosalyn H. Baker, Chair
Senate Committee On Commerce And Consumer Protection
Chair and Members
State Capitol
415 South Beretania Street, Room 229
Honolulu, Hawai'i 96813

RE : SENATE BILL 2733, RELATING TO CATALYTIC CONVERTERS
HEARING DATE : FEBRUARY 1, 2022
TIME : 9:30 A.M.

Dear Senator Baker:

The Hawai'i Police Department **strongly supports** Senate Bill 2733, which seeks to address the drastic increase that has occurred in recent years throughout the State, with the number of catalytic converters being stolen from motor vehicles and resold for profit.

The amendments being proposed by this legislation will provide a deterrent to individuals that seek to dispose of stolen catalytic converters as well as to any person(s) or businesses in acquiring stolen merchandise, similar to the current statutory requirements involving the sale/purchasing of used copper. Additionally, by requiring specific documentation and recordkeeping for the sale and acquisition of catalytic converters, these amendments will provide law enforcement with the means necessary for conducting thorough investigations into these crimes, thereby resulting in successful prosecutions.

It is for the reasons stated, that we urge this committee to approve this legislation. Thank you for allowing the Hawai'i Police Department to provide comments relating to Senate Bill 2733.

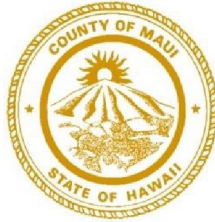
Sincerely,

PAUL K. FERREIRA
POLICE CHIEF

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. 2733 RELATING TO
CATALYTIC CONVERTERS

LATE

January 31, 2022

The Honorable Rosalyn H. Baker
Chair
The Honorable Stanley Chang
Vice Chair
and Members of the Committee on Commerce and Consumer Protection

Chair Baker, Vice Chair Chang, and Members of the Committee:

The Department of the Prosecuting Attorney, County of Maui respectfully submits the following comments concerning S.B. 2733, Relating to Catalytic Converters. Specifically, we would like to express our support for the increased regulation of the purchase of catalytic converters ("converters") by scrap dealers and used motor vehicle parts dealers ("dealers"), as well as the creation of a new offense for the theft of a catalytic converter.

Over time, our Department has observed an increase in the amount of catalytic 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. S.B. 2733 helps to alleviate this problem in two ways.

First, this bill makes it more difficult for converter thieves to sell stolen converters to licensed scrap and vehicle parts dealers by increasing the amount of information and record-keeping needed for a dealer to legally purchase a converter. Second, it creates a class C felony offense for not only the actual theft of a converter, but also for dealers that violate the new regulations, which in turn creates a strong disincentive for dealers to purchase stolen converters or circumvent the record-keeping regulations.

For these reasons, the Department of the Prosecuting Attorney, County of Maui supports the passage of S.B. 2733. 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.

SB-2733

Submitted on: 2/1/2022 7:24:43 AM

Testimony for CPN on 2/1/2022 9:30:00 AM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Allen Bartolome	Testifying for County of Hawaii, Office of the Prosecuting Attorney	Support	No

Comments:

We support the passing of this measure

TESTIMONY OF

LARRY S VERAY

HOUSE OF REPRESENTATIVES
TO THE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

MOST STRONGLY SUPPORT SB 2279 and SB 2733

RELATING TO CATALYTIC CONVERTERS

January 30, 2022

Aloha, Chair Rosalyn Baker, Vice Chair Stanley Chang and Committee members. Thank you for allowing me the opportunity to provide testimony on SB 2279 on SB 2733. I am submitting this testimony as Chair of the Pearl City Neighborhood Board No. 21 and the resolution our board unanimously passed on September 28, 2021 that included a number of recommendations to mitigate catalytic converter thefts.

In order to mitigate the rise in catalytic converter thefts caused by quick profiting of valuable items at local pawn shops and recycling centers, a new revised legislative law should include the following for vehicle and traffic laws as well:

- Any pawn shop, local scrap yard or recycler must tag every converter with the year, make, model, license plate number and VIN of the vehicle from which the converter was removed from, and the person who sold the converter
- Every converter received must be reported to the Honolulu Police Department, entered into a database and held for a period of 60 days before being recycled
- Anyone found in possession of a converter without a tag will be guilty of a Class "C" felony
- Initiate an education program for the community recommending that they take personal measures to prevent theft by having their auto service center paint their catalytic converter with auto high temperature orange paint and have the service technician engrave their vehicle VIN number on the converter. This will be another preventive measure to deter thieves from stealing a converter making it difficult to bring to the pawn shop or recycler.

I ask your committee to be creative in your enforcement plan for SB 2279/2733. We know the State and City lacks law enforcement resources to effectively police all the problem areas of our island and City. I suggest that you empower the public to provide video evidence, signed affidavits by witnesses who documented time/place of suspect thieves coupled with police reports to effectively make arrests and prosecute individuals who are involved with catalytic converter theft. Without this engagement plan, you will just have another update to the law and little to no enforcement because, as usual, for any prosecution, the law enforcement officer must witness the violator stealing the converter. Request SB 2279 and SB 2733 be combined.

I most strongly urge you to support and approve SB 2279 and SB 2733 coupled with the above recommended language for this bill. We are with you! Mahalo!

Very respectfully,

Larry S. Veray

TESTIMONY OF MICHAEL ONOFRIETTI

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair
Senator Stanley Chang, Vice Chair

Tuesday, February 1, 2022
9:30 a.m.

SB 2279 and SB 2733

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.

The Hawaii Insurers Council supports the intent of both SB 2279 and SB 2733 and hopes to support a final version that combines the two bills into one.

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 \$1,004 per troy ounce, palladium, which currently trades for about \$2,379 per troy ounce, and rhodium, which currently trades for about \$16,800 per troy ounce. By comparison, copper, another metal frequently targeted by thieves, trades for only \$0.29 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.

Because both of these measures 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, the Hawaii Insurers Council supports the intent of SB 2279 and SB 2733. We also hope to support the final version that merges the two bills into one.

Thank you for the opportunity to testify.

February 1, 2022
9:30 am
Hawaii State Senate
Committee on Commerce & Consumer Affairs

LATE

Re: SB 2279, Relating to Catalytic Converters

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

On behalf of Schnitzer Steel Hawaii, we are testifying on SB 2279, 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.

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.



February 1, 2022

**TESTIMONY BEFORE THE SENATE COMMITTEE ON
COMMERCE & CONSUMER PROTECTION
ON SB 2733 RELATING TO CATALYTIC CONVERTERS**

Aloha Chair Baker, and committee members. I am Gareth Sakakida Managing Director of the Hawaii Transportation Association (HTA) with over 350 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 CMVs, especially in these times of a sporadic supply chain.

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

Mahalo.

SB-2733

Submitted on: 1/29/2022 7:17:46 PM

Testimony for CPN on 2/1/2022 9:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Michael I Rice	Individual	Support	No

Comments:

I fully SUPPORT this legislation and think it is long overdue.

Valerie Chang

700 Richards Street, Suite 2410

Honolulu, HI 96813

starion06@yahoo.com

January 30, 2022

Honorable Chair Senator Roz Baker

Honorable Vice-Chair Senator Stanley Chang

Members of the Committee of Commerce and Consumer Protection

RE: Strong Support of SB2279, Relating to Catalytic Converters
Strong Support of SB2733, Relating to Catalytic Converters

Dear Senators Baker, Chang, and members of the Committee on Commerce and Consumer Protection,

This measure is extremely critical to our entire state as we are trying to encourage the use of non-fossil fuels and hybrid vehicles. **Please vote in favor of SB2279**, which will establish the offense of improperly handling catalytic converters as a Class C felony. **Please also vote in favor of SB2733**, which will detail the new requirements for motor vehicle parts dealers.

There are reports all over the world of increasing thefts of catalytic converters, particularly during the pandemic. This is a problem in Hawaii as well and there are frequently reports of thefts in NextDoor and elsewhere.

Thank you for taking this seriously and implementing legislation to help stop these thefts that are very expensive for the victims and also cause transportation hardships while they are awaiting parts and repairs. I am very glad that there is also SB2733 to detail the new requirements for motor vehicle parts dealers so everyone knows the rules.

Once again, thank you for taking this matter seriously and I urge you to **vote in favor of SB2279 and SB2733 and help both bills SB2279 and SB2733 to become law as quickly as possible.**

Very truly yours,

Valerie Chang

Valerie Chang

SB-2733

Submitted on: 1/31/2022 10:51:49 AM

Testimony for CPN on 2/1/2022 9:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
susan L kroe-Unabia	Individual	Support	No

Comments:

VICTIM STATEMENT**LATE**

From: Susan Kroe-Unabia

Address: 7086 Hawaii Kai Drive, Unit 11, Honolulu, HI 96825

Email: susankroe@gmail.com

Date: January 31, 2022

To: Representatives Rhoads, Dela Cruz

SUPPORT OF SB2733

Related To Catalytic Converters

I am a victim of a stolen Catalytic Converter. The theft happened from an assigned parking structure, and I have no other option than to continue to park in the same structure. The insurance agent confirms the widespread increase of stolen Catalytic Converters.

Stealing Catalytic Converters are easy, fast money because entities**continue to buy the stolen materials.**

I am in support of SB2733. Requires 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. Requires certain sellers to provide copies of receipts or a declaration from the purchase of a

catalytic converter. Requires dealers to keep records of purchases and sales of catalytic converters. Requires dealers to pay for catalytic converters by check. Requires scrap dealers to keep records of purchases and sales of palladium, platinum, and rhodium. Requires scrap dealers to pay for palladium, platinum, and rhodium by check. Creates a penalty for engaging in the unlawful business of purchasing or selling of catalytic converters, palladium, platinum, or rhodium. Establishes the offense of theft of catalytic converter and make it a class C felony.

Please help stop the easy stealing of CC and the growing number of victims.

Thank you for the opportunity to provide testimony.

SB-2733

Submitted on: 1/31/2022 12:20:18 PM

Testimony for CPN on 2/1/2022 9:30:00 AM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Valerie L Moss	Individual	Support	No

Comments:

I am support of this bill because we need stricter consequences for people who purchase stolen catalytic converters. Please feel free to contact me at 808-292-8393 or vcm.hawaii@gmail.com. Thank you.



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

TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER ALASKA & HAWAII
711 Kapiolani Blvd., Suite 300 ■ Honolulu, HI 96813-5238 ■ Email: tdayton@geico.com
Direct: (808) 593-1875 ■ FAX (808) 593-1876 ■ Cell: (808) 341-9252

LATE

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair
Senator Stanley Chang, Vice Chair

Tuesday February 1, 2022

SB2733 - RELATING TO Catalytic Converters

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

My name is Timothy M. Dayton, General Manager of GEICO. GEICO supports SB2733 which does a thorough job of describing this significant and growing problem of stolen catalytic converters in Hawaii and throughout the country. Even better, the Bill provides an approach to addressing the problem that is practical, comprehensive and does not appear to be burdensome to any lawful business. GEICO strongly supports this proposal and **respectfully requests the Committee to pass SB2733.**

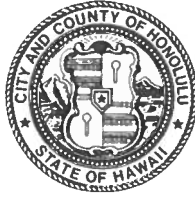
Thank you for the opportunity to submit this testimony.

Sincerely,

Timothy M. Dayton, CPCU

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 RT-KO

February 1, 2022

LATE

The Honorable Rosalyn H. Baker, Chair
and Members
Committee on Commerce and
Consumer Protection
State Senate
Hawaii State Capitol
415 South Beretania Street, Room 229
Honolulu, Hawaii 96813

Dear Chair Baker and Members:

SUBJECT: Senate Bill 2733, Relating to Catalytic Converters

I am Major Roland Turner of District 5 (Kalihi), Honolulu Police Department (HPD), City and County of Honolulu.

The HPD supports Senate Bill No. 2733, 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 180 offenses, which includes 168 completed thefts and another 12 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 provisions of Senate Bill No. 2733 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.

The Honorable Rosalyn H. Baker, Chair
and Members
February 1, 2022
Page 2

For the foregoing reasons, the Honolulu Police Department supports the passage of Senate Bill No. 2733, Relating to Catalytic Converters.

Thank you for the opportunity to testify in support of this bill.

Sincerely,


Roland Turner, Major
District 5

APPROVED:


Rade K. Vanic
Interim Chief of Police