

Date of Hearing: April 8, 2024

**ASSEMBLY COMMITTEE ON TRANSPORTATION**

Lori D. Wilson, Chair

AB 2536 (Hoover) – As Introduced February 13, 2024

**SUBJECT:** Vehicles: local registration fees

**SUMMARY:** Defines “vehicle theft crimes” to include vehicle parts for the purposes of what a county can spend vehicle registration fee revenue on and requires a county to post its yearend report on collection of this fee on its website.

**EXISTING LAW:**

- 1) Authorizes a county board of supervisors to adopt a resolution to impose a \$1 or \$2 vehicle registration fee on most vehicle registrations within the county. (Vehicle Code Section (VEH) 9250.14)
- 2) Authorizes a county board of supervisors to adopt a resolution to impose a \$2 or \$4 fee on commercial motor vehicles with a declared gross vehicle weight of 10,001 pounds or more (VEH 9250.14)
- 3) Restricts the funds raised through this fee to be spent exclusively on programs that enhance the capacity of local police and prosecutors to deter, investigate, and prosecute vehicle theft crimes. (VEH 9250.14)
- 4) Authorizes counties with a population of 250,000 or less to additionally expend the funds for the prosecution of crimes involving driving while under the influence of alcohol or drugs, or both. (VEH 9250.14)
- 5) Requires counties that impose this fee to issue a fiscal year-end report to the Controller detailing the accounting of the funds received and expended in the immediately preceding fiscal year.

**FISCAL EFFECT:** Unknown

**COMMENTS:**

Counties are permitted to authorize a small fee on vehicle registration for counties to use to combat motor vehicle theft. As of 2024, 46 of the 58 counties have authorized this fee. According to the State Controller’s Office, as of February of 2024, those 46 counties have collected nearly \$27 million in revenue to combat motor vehicle theft. Alameda County was able to use their funds in 2022 to recover 1,420 of the reported 15,757 stolen vehicles. Under existing law, “motor vehicle theft” is undefined, but counties have traditionally used this revenue to recover vehicles. This bill allows the existing revenue to be spent on the theft of motor vehicle parts like catalytic converters.

*According to the author, “Our state is currently experiencing a considerable increase in vehicle break-ins and theft. While there is an existing program to allow counties to use revenue from vehicle registration fees to combat vehicle theft, this does not include the theft of vehicle parts or smash-and-grabs. AB 2536 gives our counties more flexibility to use millions in unspent vehicle registration fees to further address the rise in crime.”*

A catalytic converter is an exhaust emission control device that converts toxic gases and pollutants in exhaust gas from an internal combustion engine into less-toxic pollutants. Catalytic converter thefts were on the rise. The Bureau of Automotive Repair (BAR) reported about 1,600 converter thefts per month statewide in 2021. The National Insurance Crime Bureau (NICB) reported more than 64,000 catalytic converter thefts nationwide from 2020 to 2022. California accounted for 24,102 of those thefts. According to data provided by the Personal Insurance Federation of California, insurance claims for catalytic converter thefts in California grew from a monthly average of 183 in 2020 to 477 claims in January 2022. Claims rose by 308% from 2019 to 2020 and 100% from 2020 to 2021. California had the highest number of claims in the United States, accounting for 28% of all theft claims in the country. The insurance industry paid over \$23 million in repair costs for catalytic converters in 2021 alone, an 11.5% increase from the year before.

Catalytic converter thefts have slowed down in 2023. State Farm, for example, reported 14,500 claims nationwide for catalytic converter thefts in the first half of the year, down from 23,000 the year before. California accounted for 5,400 of those 14,500 claims and paid a total of \$17.8 million for those claims.

Catalytic converters are stolen because they are coated with precious metals such as rhodium which is valued at over \$14,000 per ounce and palladium which is valued at \$2,500 per ounce. According to NICB, metal recyclers pay between \$50 to \$250 for a catalytic converter and up to \$800 for one removed from a hybrid vehicle. Replacing them can be expensive, costing between \$1000 and \$3,500. Toyota and Honda vehicles have been particularly attractive to thieves, because the location of the converters on certain vehicles makes it so that a thief can steal one with basic tools, such as a pipe wrench or cordless saw, in a matter of minutes.

The California Legislature has passed numerous bills to address the rise in catalytic converter theft. In 2022, the Legislature passed and the Governor signed AB 1740 (Muratsuchi), Chapter 513, Statutes of 2022, and SB 1087 (Gonzalez), Chapter 514, Statutes of 2022 which prohibits a core recycler from entering into a transaction to purchase or receive a catalytic converter from any person that is not a commercial enterprise or verifiable owner of the vehicle from which the catalytic converter was removed. These two laws place strict record-keeping requirements on core recyclers on where they got their catalytic converters.

AB 1653 (Patterson), Chapter 105, Statutes of 2022 added vehicle burglary and theft of vehicle parts and accessories to the California Highway Patrol regional property crimes task force for organized retail theft. SB 366 (Umberg), Chapter 601, Statutes of 2021 increased the fines for being an unlicensed automobile dismantler and reconstituted the Vehicle Dismantling Industry Strike Team, which amongst other things, requires a study of the number of unlicensed automobile dismantlers investigated and the number of investigations that resulted in an enforcement action for the theft of catalytic converters.

The Legislature also passed AB 641 (Fong), Chapter 537, Statutes of 2023 which makes it a misdemeanor for a person to possess nine or more used catalytic converters that have been cut from a vehicle unless they are a licensed automobile dismantler or are expressly excluded from having to be a licensed automobile dismantler.

Finally, the legislature passed SB 55 (Umberg) Chapter 858, Statutes of 2023, which requires a motor vehicle dealer, with exceptions, when selling a vehicle equipped with a catalytic converter, to permanently mark the catalytic converter with the vehicle's identification number (VIN), unless the buyer declines the marking offered by the dealer.

Ultimately, the best way to reduce catalytic converter theft is not a problem of law, but rather a problem of enforcement. According to the United States Department of Justice, in October and November 2022, federal, state, and local law enforcement partners from across the United States executed a nationwide, coordinated takedown of leaders and associates of a national network of thieves, dealers, and processors for their roles in conspiracies involving stolen catalytic converters sold to a metal refinery for over \$600 million. In October 2023, three members of a California family from Sacramento pleaded guilty to their roles in a \$600 million nationwide catalytic converter theft ring that operated for three years.

The California District Attorneys Association, writing in support of this bill, argues “The theft of vehicle parts or components has become an increasingly alarming problem in communities across the state. For example, according to State Farm, California continues to lead the nation in catalytic converter thefts, with more than 5,400 claims filed and approximately \$17.8 million paid out through the first six months of 2023. The theft of vehicle parts or components is difficult to enforce and prosecute because the crime is often committed within minutes and the stolen vehicle part is often devoid of any identifying information of the victim. AB 2536 recognizes these challenges and provides for a more flexible funding source to programs that are currently being used to investigate and prosecute vehicle theft crimes. By expanding vehicle theft crimes to include the theft of vehicle parts or components, counties will be better able to allocate resources to address this problem.”

*Previous legislation:* AB 641 (Fong), Chapter 537, Statutes of 2023 makes it a misdemeanor for a person to possess nine or more used catalytic converters that have been cut from a vehicle unless they are a licensed automobile dismantler or are expressly excluded from having to be a licensed automobile dismantler.

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AB 1740 (Muratsuchi), Chapter 513, Statutes of 2022 and SB 1087 (Gonzalez), Chapter 514, Statutes of 2022 prohibit a core recycler from entering into a transaction to purchase or receive a catalytic converter from any person that is not a commercial enterprise, as defined, or verifiable owner of the vehicle from which the catalytic converter was removed.

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**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California District Attorneys Association

**Opposition**

None on file

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