

Date of Hearing: April 18, 2022

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 2682 (Gray) – As Amended April 7, 2022

SUBJECT: Vehicles: catalytic converters

SUMMARY: Requires any automotive repair dealer that installs or replaces a catalytic converter on a motor vehicle to ensure the catalytic converter is engraved, etched, or otherwise permanently marked with the digits of the vehicle identification number (VIN) on which it is being installed. Specifically, **this bill:**

- 1) Requires a smog check station to inspect the exterior of the catalytic converter and notify the customer whether or not their converter is marked with the VIN.
- 2) Makes it a misdemeanor to remove, alter, or obfuscate the VIN on the catalytic converter, except when the catalytic converter is legally being placed on another vehicle, or the catalytic converter is being disabled, smelter or permanently destroyed and is in lawful possession.
- 3) Prohibits a car dealer or person holding a retail seller's permit from selling a new or used vehicle equipped with a catalytic converter without the VIN being marked on that converter, as specified, and makes it an infraction for a dealer that fails to comply with this section.

EXISTING LAW:

- 1) States that no person shall either individually, or in association with one or more other persons, willfully injure or tamper with any vehicle or the contents thereof or break or remove any part of a vehicle without the consent of the owner. This offense is a misdemeanor, punishable by imprisonment in the county jail not exceeding six months, or by fine not exceeding \$1,000, or by both.
- 2) States that no person shall with intent to commit any malicious mischief, injury, or other crime, climb into or upon a vehicle whether it is in motion or at rest, nor shall any person attempt to manipulate any of the levers, starting mechanism, brakes, or other mechanism or device of a vehicle while the same is at rest and unattended, nor shall any person set in motion any vehicle while the same is at rest and unattended. This offense is a misdemeanor, punishable by imprisonment in the county jail not exceeding six months, or by fine not exceeding \$1,000, or by both.
- 3) Defines "receiving stolen property" as buying or receiving any property that has been stolen knowing the property is stolen, or concealing, selling, or withholding any property from the owner, knowing the property is stolen. Receiving stolen property that does not exceed \$950 is a misdemeanor, as specified, and receiving stolen property that exceeds \$950 is a wobbler.
- 4) Defines "grand theft" as theft that is committed when the money, labor, or real or personal property taken is of a value exceeding \$950, except as specified, and states that grand theft is a wobbler.

- 5) Defines “petty theft” as obtaining any property by theft where the value of the money, labor, real or personal property taken does not exceed \$950 and states that petty theft is a misdemeanor, punishable by a fine not exceeding \$1,000 or by imprisonment in the county jail not exceeding six months, or both.

FISCAL EFFECT: Unknown

COMMENTS: Catalytic converter thefts are on the rise. The Bureau of Automotive Repair (BAR) reported about 1,600 converter thefts per month statewide in 2021. According to data provided by the Personal Insurance Federation of California, insurance claims for catalytic converter thefts in California have gone up from a monthly average of 183 in 2020 to 477 claims in January of 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.

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 theft has been on the rise because they are coated with precious metals such as rhodium that is valued at over \$14,000 per ounce and palladium which is valued at \$2,500 per ounce. Toyota and Honda vehicles have been particularly attractive to thieves, because the location of the converters on the vehicle that make it so that a thief can steal one with basic tools, such as a pipe wrench or cordless saw, in a manner of minutes.

The increase in theft, combined with supply chain issues has resulted in a shortage of replacement catalytic converters. This is likely to grow worse because of the war in Ukraine and Russia being the world’s largest producer of palladium.

BAR has made several recommendations to deter theft of catalytic converters, including parking cars in well-lit areas, installing motion-sensing alarm systems, installing theft prevention devices like steel cages, and etching the converter shell with a VIN or license plate number.

According to the author, “The rise of catalytic converter theft in recent years is like nothing the Legislature has seen before. This is not a simple problem, and the answer won’t be simple either. Reforms should be targeted and avoid creating additional unintended consequences by redirecting rather than reducing thefts. AB 2682 takes a reasonable and measured approach by imposing deterrents that make catalytic converters more traceable and less desirable to steal. It creates an opportunity for existing car owners to consider voluntarily having their catalytic converter marked during a smog check, and gives law enforcement an additional tool to arrest thieves who commit these crimes under cover of darkness.”

In line with one of BAR’s recommendations, this bill requires auto repair dealers and car dealers to etch a vehicles VIN onto the catalytic converter. Having the VIN, makes it easier for law enforcement to potentially identify the victim of a crime in the case that they recover the catalytic converter before it is smelted for the precious metals. The bill makes it a crime to scratch the number off, unless it’s being removed to be placed on another vehicle or being lawfully smelted. Finally, the bill requires smog check facilities to notify a customer that they do not have their VIN of their catalytic converter.

The California District Attorneys Association, writing in support of this bill, argues “Catalytic converter theft has become an increasingly alarming problem in communities across the state. Catalytic converter thefts were up 175% from July 1, 2020, to June 30, 2021, according to records from State Farm Insurance claims alone. The theft itself is often committed within minutes and the stolen catalytic converter, often devoid of any identifying information, is then typically sold to a core recycler for a significant profit. This makes enforcement and prosecution of catalytic converter theft extremely difficult, if not impossible, unless the perpetrator is caught in the act.

By requiring dealers, retail sellers, and automotive repair dealers to ensure that the vehicles they sell or repair contain catalytic converters that are permanently marked with the vehicle identification number (VIN) and by making it a crime to alter the VIN or to knowingly possess a catalytic with an altered VIN, this bill provides law enforcement and prosecutors with important tools that are necessary to discourage and prevent the growing crime of catalytic converter theft.”

IAA Inc., a digital marketplace that facilitates the marketing and sale of total-loss, damaged and low-value vehicles, writing in opposition to the bill, is asking for an exemption for vehicles sold through a dismantler or a salvage pool, arguing that the company has no way of knowing if a catalytic converter is marked with the VIN of the vehicle and no way of so marking a catalytic converter.

Committee comments: Not all catalytic converters are the same. While older Honda and Toyota models have catalytic converters that are visible to the naked eye and can be stolen in minutes, other manufacturers have installed the catalytic converters in a manner that would take hours to remove or access to etch the VIN as required under this bill. The author of this bill and other bills with similar requirements may want to consider whether the etching requirement as required under this bill should apply to all catalytic converters, or if it should be narrowed to ones that are more easily stolen.

Related Legislation:

AB 1622 (Chen) would require the Department of Consumer Affairs to provide a licensed smog check station with a sign informing customers about strategies for deterring catalytic converter theft, including the etching of identifying information on the catalytic converter, and require the sign to be posted conspicuously in all licensed smog check stations in an area frequented by customers. The bill would also authorize stations where licensed smog check technician repairs are performed to offer and recommend to customers the etching as an optional service provided in conjunction with the smog check. That bill is pending in the Assembly Transportation Committee.

AB 1653 (Patterson) adds vehicle burglary and theft of vehicle parts and accessories to the California Highway Patrol regional property crimes task force for organized retail theft. That bill passed out of the Assembly and is pending before the Senate.

AB 1659 (Patterson) would revise the definition of an “automobile dismantler” to include a person who keeps or maintains two or more used catalytic converters that are not attached to a

motor vehicle on property owned by the person, or under their possession or control, for specified purposes. That bill is pending in the Assembly Transportation Committee.

AB 1740 (Muratsuchi) requires a core recycler who accepts a catalytic converter for recycling to maintain a written record that contains the year, make, model, and VIN of the vehicle from which the catalytic converter was removed. Prohibits a core recycler from purchasing or receiving a catalytic converter from a person that is not a commercial enterprise or owner of the vehicle from which the catalytic converter was removed. That bill is pending in Assembly Appropriations Committee.

AB 1984 (Choi) would prohibit the purchase, sale, receipt, or possession of a stolen catalytic converter, as specified. The bill specifies that a peace officer would need not to have actual knowledge that the catalytic converter is stolen to establish probable cause for arrest, and that for prosecution, circumstantial evidence may be used to prove the stolen nature of the catalytic converter. That bill is pending in the Assembly Transportation Committee.

AB 2398 (Villapudua) would have made possession of a detached catalytic converter a wobbler, punishable by imprisonment in a county jail for not more than one year, or in the county jail for 16 months, or two, or three years. That bill failed passage in the Assembly Public Safety Committee.

AB 2407 (O'Donnell) would require a core recycler to report specified information about the purchase and sale of catalytic converters to the chief of police or the sheriff, as prescribed, and to request to receive theft alert notifications regarding the theft of catalytic converters from a specified theft alert system. The bill would also require a core recycler to obtain the thumbprint of a seller of a catalytic converter and to preserve the thumbprint for two years. The bill would limit the inspection or seizure of a thumbprint to that performed by law enforcement pursuant to a criminal search warrant based upon probable cause. AB 2407 passed out of Assembly Business and Professions Committee and is pending before Assembly Public Safety Committee.

SB 919 (Jones) would prohibit a core recycler from purchasing or otherwise receiving any catalytic converter that is not engraved, etched, or otherwise permanently marked with the VIN of the vehicle that it was removed from. The bill would require a core recycler to maintain a log that includes a description of all catalytic converters purchased or received by the core recycler, as specified. The bill would prohibit a person from buying, selling, receiving, or possessing a stolen catalytic converter as well as removing, altering, or obfuscating a VIN or other unique marking that has been added to a catalytic converter. This bill would prohibit a dealer or retail seller from selling a motor vehicle equipped with a catalytic converter unless the catalytic converter has been engraved, etched, or otherwise permanently marked with the VIN of the vehicle to which it is attached. SB 919 passed Senate Business, Professions and Economic Development Committee and is pending in Senate Public Safety Committee.

SB 986 (Umberg and Portantino) would, in part, prohibit a dealer or retailer from selling a new motor vehicle equipped with a catalytic converter unless the catalytic converter has been engraved or etched with the VIN of the vehicle to which it is attached. SB 986 passed out of Senate Business, Professions and Economic Development Committee and is pending in Senate Public Safety committee.

SB 1087 (Gonzalez) would, in part, prohibit any person from purchasing a used catalytic converter except 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. SB 919 passed out of Senate Business, Professions and Economic Development Committee and is pending before Senate Public Safety Committee.

Previous Legislation:

SB 366 (Umberg), Chapter 601, Statutes of 2021 reconstituted the Vehicle Dismantling Industry Strike Team (VDIST), which amongst other things, requires a study the number of unlicensed automobile dismantlers investigated and the number of investigations that resulted in an enforcement action for the theft of catalytic converters.

REGISTERED SUPPORT / OPPOSITION:

Support

California District Attorneys Association
Valley Clean Air Now

Oppose Unless Amended

California New Car Dealers Association
Insurance Auto Auctions, INC.

Analysis Prepared by: David Sforza / TRANS. / (916) 319-2093