

Date of Hearing: June 26, 2023

ASSEMBLY COMMITTEE ON TRANSPORTATION
Laura Friedman, Chair
SB 55 (Umberg) – As Amended June 19, 2023

SENATE VOTE: 39-0

SUBJECT: Vehicles: catalytic converters

SUMMARY: 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. **Specifically, this bill:**

- 1) Defines “permanently marked” as prominently engraved, etched, welded, metal stamped, acid marked or otherwise permanently imprinted using a similarly reliable method of imparting a lasting mark on the exterior case of the catalytic converter.
- 2) Defines “salvage disposal auction” as an auction where a person or entity, engaged primarily in the business of selling total loss salvage vehicles on behalf of insurance companies and that has more than eight business locations in California, sells total loss salvage vehicles.
- 3) Defines “wholesale motor vehicle auction” as an auction where the dealer conducting the auction does not take ownership of the vehicle and the vehicle is sold to a nonretail buyer for resale.
- 4) Allows core recyclers to make payments for catalytic converters by credit card or any other traceable form of payment other than cash.
- 5) Prohibits a dealer from selling any vehicle equipped with a catalytic converter unless the converter has been permanently marked with the VIN of the vehicle to which it is attached.
- 6) Allows dealers to not mark a vehicle's catalytic converter if a buyer declines the marking offered by the dealer and the dealer discloses the marking as a “body part marking product” in the sale contract.
- 7) Exempts from this requirement:
 - a) Collector motor vehicles;
 - b) Vehicles sold by a licensed automobile dismantler after being reported for dismantling;
 - c) Vehicles sold by or through a salvage pool after obtaining a salvage certificate, a certificate of title, or a similar ownership document;
 - d) Vehicles sold by or through a salvage disposal auction;
 - e) Vehicles sold by or through a wholesale motor vehicle auction; and,
 - f) Motorcycles.

- 8) Delays the implementation of this requirement until January 1, 2025 for vehicles purchased from a dealer licensed in California who is also licensed in another state and does not have a warranty servicing facility in this state.

EXISTING LAW:

- 1) Makes it a misdemeanor for a person to act as an automobile dismantler without first having an established place of business and without first having procured a license or temporary permit from DMV. Creates a fine of at least \$250 (\$1150 with penalty assessments) for first offense, \$500 (\$2130 with penalty assessments) for a second offense and \$1000 (\$4180 with penalty assessments) for a third offense. (VEH 11500)
- 2) Provides that no person shall install, sell, offer for sale, or advertise any device, apparatus, or mechanism intended for use with, or as a part of, a required motor vehicle pollution control device or system, including catalytic converters, that alters or modifies the original design or performance of the motor vehicle pollution control device or system. If the court finds that a person has willfully violated this section, the court shall impose the maximum fine that may be imposed in the case, and no part of the fine may be suspended. (VEH 27156 and 38391)
- 3) 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. (VEH 40000.9)
- 4) 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. (VEH 10853, 40000.9)
- 5) Provides that every person who defaces, damages or destroys real or personal property that is not their own, is guilty of vandalism. If the amount of the damage is less than \$400, the offense is a misdemeanor, punishable by imprisonment in a county jail, not exceeding one year, or by a fine of \$1,000 or by both. If the amount of the damage is \$400 or more, the offense is a felony, punishable imprisonment in a county jail not exceeding one year, or by a fine of not more than \$10,000, or both. (Penal code section (PEN) 594).
- 6) 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. (PEN 496)

- 7) 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. (PEN 487, 488, 489)
- 8) 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. (PEN 490, 490.2)

FISCAL EFFECT: According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

COMMENTS:

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 are 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 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.

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. 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 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.

According to the author, “Catalytic converter thefts more than quadrupled in 2021 from 2020 — and the trend shows no signs of slowing down this year. There are significant challenges in prosecuting the theft of catalytic converters under current California law. Law enforcement can make arrests of individuals in possession of suspected stolen catalytic converters, but are often unable to prove a case in court. Unlike most major parts of vehicles sold in the United States, under existing law, catalytic converters do not have a serial identification number on them. The serial number is crucial to establish that parts are stolen, even if the stolen vehicle has already been broken down. Therefore, SB 55 will require car dealers to give consumers the option of permanently marking a catalytic converter with its vehicle identification number (VIN) at the time of sale. Requiring the marking of catalytic converters would be a tremendous help to law

enforcement in their attempts to bring this significant theft issue under control.”

Last year 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, as defined, 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 from. The goal of that legislation is to make it harder for catalytic converter thieves to be able to sell their stolen catalytic converters to smelting operations. This removes the impetus to steal the catalytic converter to begin with as their value is not in the attachment of the device to another vehicle, but rather in the precious metals they contain.

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.

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 proposes for dealerships to etch the numbers, as state law is likely preempted from requiring auto manufacturers from etching the VIN or designing their vehicles in a manner that would make it more difficult for the catalytic converter to be stolen in the first place.

The Los Angeles District Attorney’s Office, which is sponsoring this bill, argues “While the number of catalytic converter thefts skyrocket across California, there are significant legal challenges to investigating and prosecuting these crimes under California’s existing statutes. These motor vehicle parts are very valuable and easily removed by thieves. Most major vehicle parts such as the engine block, transmission, frame, doors, and firewall sold in the United States are identified by an imprinted serial number relating to the unique VIN. These identification markings allow law enforcement to establish that parts are stolen, even if the stolen vehicle has already been fully broken down. However, this serial number identification process currently does not apply to catalytic converters, and as such, vehicle manufacturers do not mark these parts with a serial number. Consequently, law enforcement may arrest individuals in possession of hundreds of suspected stolen catalytic converters but be unable to prove a single case in court because without any identifying markers, it is impossible to determine the source of these parts. Unless police catch these individuals in the act of theft, there is virtually no way to identify the crime victims to prove that the parts were stolen. This legal loophole has resulted in an explosion in catalytic converter thefts, which currently is a crime that brings high profits with very little fear of legal repercussions.

SB 55 would close this loophole by adding section 24020 to the Vehicle Code to require new and used car dealers to mark the catalytic converters of vehicles on sale, with some specified exceptions”

Committee Comments: Last year Senator Umberg authored SB 986, which was similar to this bill and died on the Assembly floor. To address opposition concerns from last year’s bill, SB 55

permits dealerships to charge for the service of etching or other permanent mark, and authorizes customers to make the choice to not have his service performed.

Unlike AB 641 (Fong) of 2023, which criminalizes the mere possession of a catalytic converter regardless of any evidence that the catalytic converter was stolen, this bill attempts to help law enforcement find a victim of catalytic converter theft to make it easier to bring theft charges against them. AB 1519 (Bains) would make it a misdemeanor to remove a VIN number from a catalytic converter or to possess three or more catalytic converters where the VIN has been removed.

Double referral: This bill has been double-referred to the Assembly Public Safety Committee.

Related Legislation:

AB 641 (Fong) makes it a misdemeanor for a person to possess six 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. *AB 641 passed out of the Assembly and is currently pending in Senate Transportation Committee.*

AB 1519 (Bains) makes it a misdemeanor to remove a VIN number from a catalytic converter and to knowingly possess three or more catalytic converters where a VIN number has been removed. *AB 1519 passed out of the Assembly and is currently in Senate Transportation Committee).*

Previous Legislation:

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, as defined, or verifiable owner of the vehicle from which the catalytic converter was removed.

AB 1653 (Patterson), Chapter 105, statutes of 2022 adds 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 (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.

SB 986 (Umberg of 2022) would have required a traceable method of payment for catalytic converters and prohibits a dealer or retailer from selling a new or used 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, punishable by an infraction, with exceptions. That bill died on the Assembly Floor.

AB 1622 (Chen of 2022) would have required 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 died in the Assembly Transportation Committee.

AB 1659 (Patterson of 2022) would have revised 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 died in the Assembly Transportation Committee.

AB 1984 (Choi of 2022) would have prohibited 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 died in the Assembly Transportation Committee.

AB 2398 (Villapudua of 2022) 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 of 2022) would have required 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 was held on suspense in Senate Appropriations Committee.

AB 2682 (Gray of 2022) would have required any automotive repair dealer that installs or replaces a catalytic converter on a motor vehicle to ensure that the catalytic converter is permanently marked with the VIN of the vehicle on which it is being installed, as specified, with cost recovery and penalties, as specified. Requires a smog check station to notify a customer whether the catalytic converter is permanently marked, as specified. Prohibits a person from removing, altering, or obfuscating any VIN or other unique marking that has been added to a catalytic converter, or possessing a catalytic converter whether the VIN has been removed, altered, or obfuscated, and provides exceptions, as specified, and provides penalties, as specified. Requires no manufacturer shall deliver a new vehicle assembled after January 1, 2024, equipped with a catalytic converter for sale in this state unless the catalytic converter has been permanently marked with the VIN of the vehicle to which it is attached. That bill was held on suspense in Senate Appropriations Committee.

SB 919 (Jones of 2022) would have prohibited 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 died in Senate Public Safety Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Arcadia Police Officers' Association
Auto Club of Southern California
Burbank Police Officers' Association
California Association of Highway Patrolmen
California Coalition of School Safety Professionals
California Contract Cities Association
California District Attorneys Association
California Low-Income Consumer Coalition
California New Car Dealers Association
City of Alameda
City of Burbank
City of Chino
City of Encinitas
City of Hayward
City of La Canada Flintridge
City of Montebello
City of Santa Monica
City of Santa Rosa
City of South El Monte
Claremont Police Officers Association
Corona Police Officers Association
Crime Victims Alliance
CSAA Insurance Group
Culver City Police Officers' Association
Fullerton Police Officers' Association
Inglewood Police Officers Association
Los Angeles County District Attorney's Office
Los Angeles County Professional Peace Officers Association
Los Angeles School Police Officers Association
Newport Beach Police Association
Orange County Sheriff's Department
Orange County Transportation Authority
Palos Verdes Police Officers Association
Placer County Deputy Sheriffs' Association
Pomona Police Officers' Association
Prosecutors Alliance California
Riverside Police Officers Association
Riverside Sheriffs' Association
Santa Ana Police Officers Association
Upland Police Officers Association

Opposition
None on file

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