

SENATE BILL REPORT

E2SHB 1815

As Passed Senate - Amended, March 4, 2022

Title: An act relating to deterring catalytic converter theft.

Brief Description: Deterring catalytic converter theft.

Sponsors: House Committee on Transportation (originally sponsored by Representatives Ryu, Boehnke, Johnson, J., Berry, Fitzgibbon, Orwall, Shewmake, Leavitt, Chase, Sells, Gregerson, Bateman, Fey, Goodman, Robertson, Macri, Ramos, Santos, Wylie, Simmons, Slatter, Bergquist, Tharinger, Valdez, Thai, Wicks, Pollet, Graham, Young and Frame).

Brief History: Passed House: 2/12/22, 68-30.

Committee Activity: Law & Justice: 2/21/22, 2/24/22 [DPA-TRAN].

Transportation: 2/26/22, 2/28/22 [DPA].

Floor Activity: Passed Senate - Amended: 3/4/22, 48-0.

Brief Summary of Bill (As Amended by Senate)

- Requires the Washington State University to convene a catalytic converter theft work group.
- Requires the Washington Association of Sheriffs and Police Chiefs, when funded, to establish a grant and training program to assist local law enforcement agencies targeting metal theft.
- Requires scrap metal businesses engaging in a transaction involving a catalytic converter removed from a vehicle to maintain documentation that the seller's private metal property was the result of the seller replacing private metal property from a vehicle registered in the seller's name.
- Imposes additional fines for violations of criminal laws related metal property.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

- Creates a Consumer Protection Act violation for facilitating the offer of used catalytic converters for sale without first verifying proof of ownership of the catalytic converter, or failing to retain verified records of ownership of used catalytic converters offered for sale for at least two years.
- Limits cash payments for nonferrous metal property to not more than \$30 while allowing the balance to be paid by check or electronic methods at the time of the transaction.
- Provides that vehicle wreckers businesses' record keeping requirements apply to catalytic converters.
- Prohibits cash payments by scrap metal businesses and vehicle wreckers for transactions involving catalytic converters.

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass as amended and be referred to Committee on Transportation.

Signed by Senators Dhingra, Chair; Trudeau, Vice Chair; Padden, Ranking Member; McCune, Assistant Ranking Member; Honeyford, Kuderer, Pedersen, Salomon and Wagoner.

Staff: Joe McKittrick (786-7287)

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended.

Signed by Senators Lias, Chair; Saldaña, Vice Chair; King, Ranking Member; Cleveland, Das, Fortunato, Holy, Lovelett, Lovick, Nguyen, Nobles, Padden, Randall, Sheldon, Wilson, C. and Wilson, J.

Staff: Hayley Gamble (786-7452)

Background: Scrap Metal. A scrap metal business is a scrap metal supplier, scrap metal recycling center, or scrap metal processor. Businesses engaged in purchasing or receiving private, nonferrous, or commercial metal property must comply with certain statutory requirements, including specific record keeping, restrictions on transactions, and obligations to cooperate with law enforcement. Certain violations of these requirements carry criminal penalties. For instance, it is a gross misdemeanor, punishable by 365 days in jail, a \$5,000 fine, or both, to knowingly make any false entry or misstatement of any material matter in any record required to be kept.

"Private metal property" means catalytic converters, either singly or in bundles, bales, or bulk, that have been removed from vehicles for sale as a specific commodity. Crimes involving theft of private metal property are classified by the value of the private metal property stolen. If a person commits theft of private metal property and the costs of the damage to the owner's property exceed \$5,000, the person is guilty of the class B felony of theft in the first degree. If the costs of the damage to the owner's property is over \$750, but do not exceed \$5,000, the person is guilty of the class C felony of theft in the second degree. If the costs of the damage to the owner's property do not exceed \$750, the person is guilty of theft in the third degree.

Metal Theft Grant Program. In 2013, the Legislature enacted a bill requiring the Washington Association of Sheriffs and Police Chiefs, when funded, to establish a grant program to assist local law enforcement agencies in support of special enforcement emphasis targeting metal theft. Funding has yet to be provided.

Grant applicants are required to:

- show a significant metal theft problem in the jurisdiction or jurisdictions receiving the grant;
- verify that grant awards are sufficient to cover increased investigation, prosecution, and jail costs;
- design an enforcement program that best suits the specific metal theft problem in the jurisdiction or jurisdictions receiving the grant;
- demonstrate community coordination focusing on prevention, intervention, and suppression; and
- collect data on performance.

Grant applications must be reviewed and awarded through peer review panels. Grant applicants are encouraged to utilize multi-jurisdictional efforts. The cost of administering grants may not exceed \$60,000, or 3 percent of appropriated funding, whichever is greater. Grant awards may not be used to supplant preexisting funding sources for special enforcement targeting metal theft.

Summary of Amended Bill: Work Group. Washington State University must convene a catalytic converter theft work group to examine ways to reduce catalytic converter theft in Washington State. The work group must consist of members of affected stakeholder groups including members of law enforcement, affected businesses, the insurance industry, and the criminal justice system.

At a minimum, the work group must study:

- state laws related to catalytic converter theft;
- national efforts to address catalytic converter theft to determine best practices to deter catalytic converter theft;
- data collection and analysis of catalytic converter theft incidents across the state;
- options to deter and end catalytic converter theft; and

- options and opportunities to reduce costs to victims of catalytic converter theft.

The work group must provide a preliminary report and recommendations to the transportation and public safety committees of the legislature by November 1, 2022, and a final report and recommendations by January 1, 2023. The recommendations must include:

- changes to state law to reduce catalytic converter theft;
- a potential pilot program that could be implemented to decrease catalytic converter theft; and
- cost estimates for the pilot program and recommendations on evaluation criteria and metrics to determine the efficacy and benefits of the pilot program.

Scrap Metal Business Transactions Involving Private Metal Property. A scrap metal business conducting a transaction specifically involving a catalytic converter that has been removed from a vehicle must maintain documentation indicating that the private metal property in the seller's possession is the result of the seller replacing private metal property from a vehicle registered in the seller's name.

A scrap metal business may pay up to a maximum of \$30 in cash, stored value device, or electronic funds transfer for nonferrous metal property. The balance of the value of the transaction may be made by nontransferable check, stored value device, or electronic funds transfer at the time the transaction is made if the scrap metal business digitally captures the required proof of identification.

Vehicle Wreckers Business Transactions Involving Catalytic Converters. Vehicle Wreckers businesses are prohibited from making payment to individual sellers of private metal property at the time of the transaction, and such payments must not be made earlier than three business days after the transaction was made. Vehicle Wreckers businesses are prohibited from paying cash for transactions involving catalytic converters and from entering into a transaction involving catalytic converters with any person who does not provide a street address and photographic identification. Vehicle Wreckers may make payments only by nontransferable check mailed to a street address no earlier than three days after the date the transaction was made.

Vehicle Wreckers must maintain books or files in which the wrecker must keep a record and description of catalytic converters acquired by the wrecker together with a bill of sale signed by a seller whose identity has been verified and the name and address of the person, firm, or corporation from whom the wrecker purchased the vehicle part. The catalytic converter must also be identified by the vehicle identification number of the vehicle from which the part came.

The records must also contain the following relating to the vehicle from which the catalytic converter came:

- the certificate of title number if previously titled in this state;
- name of the state where last registered;

- number of the last license number plate issued;
- name of vehicle;
- motor identification number and serial number of the vehicle;
- date purchased;
- disposition of the motor and chassis;
- yard number assigned by the licensee to the catalytic converter, which must also appear on the catalytic converter; and
- such other information as the Department of Licensing may require.

Consumer Protection Act. The consumer protection act violation for facilitating the offer of used catalytic converters for sale without first verifying proof of ownership of the catalytic converter or failing to retain verified records of ownership of used catalytic converters offered for sale for at least two years is created.

Statewide No-buy List Database Program. The statewide no-buy list database program is amended to require include individuals who have attempted to purchase or sell unlawfully obtained metals at licensed scrap metal recyclers and individuals who attempt to conduct a transaction while under the influence of controlled substances. Local jurisdictions applying for grants as discussed below must provide updates to the no-buy list database annual and 120 days after a grant is distributed.

Metal Theft Grant and Training Program. The Association of Sheriffs and Police Chiefs must develop a comprehensive state law enforcement strategy targeting metal theft in consultation with the criminal justice training commission. This must include:

- development of best practices for targeting illegal purchasers and sellers involved in metal theft, with specific enforcement focus on catalytic converter theft;
- strategies for development and maintenance of relationships between local law enforcement agencies and licensed scrap metal recyclers, including recommendation for scheduled or regular interactions, with a focus on deterring unlawful purchases and identifying individuals suspected of involvement in unlawful metal theft and individuals who attempt to conduct a transaction with under the influence of controlled substances; and
- establishment of a grant and training program to assist local law enforcement agencies in the support of special enforcement targeting metal theft.

Grant Applications must be reviewed by the Washington Association of Sheriffs and Police Chiefs in consultation with the criminal justice training commission after coordination with county and city elected officials in areas with a demonstrated increase in metal theft over the previous 24 months. Grant applications are encouraged to focus solely on metal theft and unlawful purchasing and selling of unlawfully obtained metal in their jurisdiction but may coordinate with other jurisdictions.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Engrossed Second Substitute House Bill (Law & Justice): *The committee recommended a different version of the bill than what was heard.* PRO: Catalytic converter theft is a rising crime in our state, and the Legislature needs to act. While we already have laws targeting catalytic converter theft, this bill represents another tool that will allow law enforcement officers to do their jobs. This bill brings together stakeholders to develop new strategies to drive down the rates of catalytic converter thefts. Washington is the fourth worst state in regard to catalytic converter theft, and this bill will help reverse this trend.

Communities throughout the state have seen a wave of catalytic converter thefts and we need new laws to address this rising issue. This crime can be devastating to its victims and often means that cost of replacing the catalytic converter is more expensive than the value of the car itself. It is a huge destruction to societal wealth when the cost of repairing the damage can cost around \$2,000 while those who steal the catalytic converters are getting about one tenth of that. This bill would help communities address this problem.

This is not the first time the Legislature has dealt with this problem, and the last time the work of the Legislature did not adequately address the issue. In particular, the work group in this bill is of vital importance to get to the facts surrounding what is going on with catalytic converter thefts.

Catalytic converter theft has impacted all aspects of the market. This issue is larger than Washington State, and while we need to do our part, it will take a multi-state effort to address this issue.

It is undeniable that something must be done to address catalytic converter theft. This bill provides steps in the right direction to prevent and deter catalytic converter theft in Washington.

OTHER: Scrap yards are already required to keep documentation of transactions involving catalytic converters and support the provision of this bill.

Persons Testifying (Law & Justice): PRO: Representative Cindy Ryu, Prime Sponsor; Matt Mahoney, Mayor - City of Des Moines; Taylor Gardner, WASPC; Jim King, Independent Business Association; Laurie Layne; Brad Tower, Schnitzer Steel.

OTHER: Holly Chisa, Institute of Scrap Recycling Industries.

Persons Signed In To Testify But Not Testifying (Law & Justice): No one.

Staff Summary of Public Testimony on Bill as Amended by Law & Justice (Transportation): PRO: We appreciate the language relating to used catalytic converters, this gives law enforcement something to act on when law enforcement comes across catalytic converters. Other non-regulated folks also purchase catalytic converters. In sections 8 and 9, this proposal strikes the words "when funded" in regard to specific programs. We would like those words restored. Please pass this bill. Stronger state laws are needed. Costs of replacing converters can result in older vehicles being written-off. Catalytic converter theft is a problem, but it is a small proportion of catalytic converter recycling that occurs at auto-wreckers. Auto wreckers mainly receive catalytic converters when they receive whole cars, not as a separate item. We support the funding and the task force, there is more discussion to be done.

Persons Testifying (Transportation): PRO: James McMahan, WA Assoc Sheriffs & Police Chiefs; Matt Mahoney, Mayor - City of Des Moines; Holly Chisa, Schnitzer Steel; Jim King, Independent Business Association.

Persons Signed In To Testify But Not Testifying (Transportation): No one.