

Testimony Before House Consumer Protection, Technology and Utilities
Committee

HB 791

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Bucks County District Attorney's Office

June 6, 2023

Thank you Chairmen Matzie and Marshall and members of this Committee for the opportunity to appear before you today to speak in favor of HB 791 by Representative Isaacson. My name is Edward Furman, Jr., Deputy District Attorney with the Bucks County District Attorney's Office. As the Director of our office's Auto Theft Unit, I have had a first hand view of the rise in catalytic converter thefts. It was a crime that we saw occasionally before the pandemic, but a confluence of events has led to a dramatic spike. Pennsylvania, while being the 5th largest state, is 3rd in catalytic converter theft insurance claims. In 2020, there were 338 claims; in 2022, there were 2,757, a 716% increase. Anecdotally, the problem seems only to have gotten worse in 2023.

The easy access and high value of the precious metals inside of the catalytic converters make them extremely attractive targets. As of last week, the spot price of an ounce of platinum was \$1,013, an ounce of palladium was \$1,405, and an ounce of rhodium was \$7,000.

The quick buck thieves can get for catalytic converters make them brazen and dangerous. We have had cases where thieves have attempted to run over law enforcement officers to avoid being captured. It is routine for thieves to engage in high-speed chases to avoid apprehension knowing that law enforcement officers will often stop a pursuit to avoid putting innocent drivers at risk.

There are many stakeholders in combatting catalytic converter thefts: local municipalities, insurance companies, police departments, individual district attorneys' offices, the Pennsylvania Auto Theft Prevention Authority, the Pennsylvania District Attorneys Association, and, perhaps most important, the victims of catalytic converter thefts.

This crime is more than a mere simple theft of property. In reality, someone is essentially stealing the victim's vehicle. Not only is a replacement catalytic converter expensive, but as continued pandemic related supply chain issues persist, dealerships have reported that they are sometimes backordered months. During this period of months, a victim will not have access to his or her vehicle.

One of the problems in prosecuting catalytic converter thefts is that there are usually no identifying information on the converters. Successful prosecutions take tremendous effort to educate law enforcement officers, judges, and juries on catalytic converters. The converters themselves are extremely reliable, they often just don't break down. I have not seen a single instance where an officer has found

someone in possession of a catalytic converter that has turned out to have been lawfully removed from a vehicle.

There are telltale signs that a catalytic converter has been stolen. Ones that have been removed because they were defective have clean, straight cut marks as the mechanic will want a smooth pipe to affix the replacement converter. Additionally, thieves do not care if they damage the vehicle, so they will often also cut the CO2 sensor off of the vehicle in the process of stealing the converter.

In the end the problem of catalytic converter thefts is fueled by the quick money the thieves can get from scrapyards or illegitimate businesses. In investigating some of these scrap yards, it is the same individuals over and over going back to the yards selling converters they stole just hours before. Legislation like HB 791 will help to significantly reduce the market for stolen converters. It will help us to target the bad actors, significantly reduce sales of the stolen converters, and simply make the theft of catalytic converters far less lucrative.

We also know that current law has requirements that significantly limit the sale of catalytic converters to scrap dealers and put other requirements in place when they are dealing with commercial enterprises. Unfortunately, based on the knowledge I have received prosecuting these cases, I have found that the unscrupulous yards have not been following current law. The proposed law will be helpful, largely based on the fact that it will require scrap yards to identify the VIN, year, make, and model of the vehicle the converter was removed from. That information would be an invaluable tool for law enforcement. Currently the only way to link a detached catalytic converter to a specific vehicle would be to physically attempt to match the cut pipes on the vehicle with the cuts on the stolen converter. Requiring the yards to obtain the VIN would provide a direct path for law enforcement from the individual selling the stolen converter to the specific victim. The lessons learned from the bad actors under current law demonstrate that outreach and training may be critical components to achieving the goals in the legislation.

Targeting individual cutters, is a game of whack a mole. It is unproductive, labor intensive with little to show for it. Most thefts are solved by the thieves having been caught in the act, but often the theft isn't discovered until the next day with the thieves long having left the area.

Putting direct pressure on scrap yards will hopefully act as a successful deterrent in their purchasing stolen converters. Any efforts to help dry up the market for stolen

converters will act as a deterrent. If thieves know they have nowhere to sell the stolen goods, it removes their incentive to steal them in the first place.

Finally, I would just note that it appears that several other states have taken or are considering taking a similar approach to that which is contained in Representative Isaacson's legislation. Theft of catalytic converters has become, unfortunately, a national problem, and I hope you will all work expeditiously to help all of us reduce the instances of this crime.

Thank you for allowing me to speak with you this morning.

Tuesday, June 6, 2023

Honorable Robert Matzie, Chair,
Honorable Jim Marshall, Republican Chair
House Consumer Protection, Technology, & Utilities Committee
202 Irvis Office Bldg.
Harrisburg, PA 17120-2016

Re: HB 791, an Act amending the Scrap Material Theft Prevention Act

Dear Chairman Matzie, Chairman Marshall, and Members of the Committee:

On behalf of the Institute of Scrap Recycling Industries (ISRI) Mid-Atlantic and Pittsburgh Chapters representing its member companies in the Commonwealth of Pennsylvania, ISRI respectfully opposes the catalytic converter transaction restrictions proposed in House Bill 791 and asks to work with the sponsors and this Committee on solutions that will give law enforcement and prosecutors the tools they need to combat catalytic converter thefts.

While ISRI commends the sponsors of HB 791 for seeking policy to combat this crime, the additional recordkeeping requirements and holding periods proposed are used in states where transactions with individuals are allowed. **Since 2008, the Scrap Material Theft Prevention Act has required scrap processors and recycling facility operators only purchase detached catalytic converters from commercial enterprises with existing commercial accounts, and to maintain detailed records of each transaction with an enterprise for at least 2 years.**

Instead of further restricting transactions with established commercial enterprises with requirements that will prove burdensome or impossible for many legitimate businesses to comply with, **ISRI believes the enforcement of current scrap theft prevention laws should be prioritized.**

The Problem

Thieves target catalytic converters because they can steal them with ease and there is not much law enforcement can do absent catching thieves in the act. Once a catalytic converter is detached from its vehicle, there are typically no ownership markings to create a chain of custody that links the thief to the crime. Particularly in hard economic times, thieves are eager to harvest the valuable nonferrous metals inside the catalytic converters, including platinum, palladium, and rhodium, for which commodity market prices are currently skyrocketing. It is a crime of ease and opportunity.

Unfortunately, this is not a new crime, but the Internet now makes it easy for thieves to offload the stolen devices quickly and easily. Once a catalytic converter is removed from the vehicle, it looks like any other catalytic converter and can effortlessly be traded to a mobile vendor advertising online asking few, if any, questions. This allows the black market to flourish with no records to be found. Furthermore, catalytic converter thieves are quick to evade the law so they rarely try to sell their stolen loot to responsible recyclers. **A major problem plaguing law enforcement involves the buyer of these unmarked catalytic converters advertising on Facebook Marketplace, etc., or operating mobile units who do business in a parking lot.** They pay in cash and take no records in blatant violation of the law.

The market for stolen catalytic converters is fueled by illegal buyers claiming they are not subject to state metals theft laws because they purchase “cores” or parts, and not scrap metal. However, catalytic converters are very rarely sold for reuse as parts and are not “core” parts like a transmission or engine. Catalytic converters are detached from scrap vehicles for the recycling of the valuable nonferrous metals within those devices. Any purchaser of a detached used catalytic converter should not be allowed to evade metals theft laws by saying otherwise.

The Solution

HB 791 proposes requirements for information from the vehicle a catalytic converter was removed from and holding periods for payment and material that are used in other states to restrict transactions with non-commercial sellers. **The Act already bans processors and operators from purchasing detached catalytic converters from individuals, making the proposals in this bill duplicative. Instead, this would impose unnecessary administrative burdens on motor vehicle dealers, fleet owner / operators, and other businesses selling catalytic converters removed from vehicles that they legally possess and maintain records of in the regular course of legitimate business.**

Since the Act already restricts sellers to a "commercial enterprise", the sponsors and this Committee should seek out solutions to best enforce the laws already on the books in Pennsylvania by educating law enforcement about the tools they have access to that combat theft. **Responsible recyclers are partners with law enforcement as part of the solution to metals theft with tools such as ScrapTheftAlert.com, a tool for law enforcement that allows you to alert the scrap industry of significant thefts of materials in the United States and Canada.**

Conclusion

ISRI supports laws that give law enforcement the tools they need to ensure that every buyer of catalytic converters complies with the state metals theft law and sellers are legal owners with authority to recycle the converters for the critical minerals this nation needs. These businesses are helping the environment and ensuring recovery of rare critical minerals essential for natural security while supporting the economy.

ISRI is the trade association that represents approximately 1,500 companies that are an essential and renewable sector of the manufacturing supply chain. **The recycled materials industry has a total economic impact in Pennsylvania of \$ 4.67 billion per year.**

ISRI is eager to provide industry experience and expertise to further the goals of combatting metals theft. If you have any questions or comments, please feel free to contact us.

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Catalytic Converter Theft and the Trucking Industry

Consumer Protection, Technology & Utilities Committee

Rebecca K. Oyler

June 6, 2023

Chairman Matzie, Chairman Marshall, and members of the committee, thank you for inviting me to participate in this important discussion about catalytic converter theft and steps we can take to prevent it. My name is Rebecca Oyler, and I am President and CEO of the Pennsylvania Motor Truck Association (PMTA). First, I would like to thank Rep. Isaacson for addressing this important issue by introducing HB 791, which PMTA supports in the effort to stop the epidemic of catalytic converter theft.

PMTA represents about 1200 members of the trucking industry, but we speak on behalf almost 69,000 companies that drive trucks in Pennsylvania, the vast majority of which are small, locally owned businesses like farmers, contractors, landscaping companies, utilities, trash and recycling haulers, foodbanks, and even hospitals. Trucks are an integral part of Pennsylvania's economy, transporting more than 96% of our manufactured tonnage and ensuring that businesses and consumers have access to the goods they need in every facet of life.

Over 341,000 hardworking Pennsylvanians are involved in trucking in the Commonwealth, accounting for one in every 15 jobs, which is a testament to how critical the industry is to our economy.

As you know, catalytic converters are an essential component of a vehicle's exhaust system that reduces pollutants in their emissions, including hydrocarbon, carbon monoxide, nitrous oxide, and carbon dioxide. They also increase an engine's performance by making it more responsive and stable at top speeds.

Catalytic converters have been required in vehicles since 1975 by EPA regulations under the Clean Air Act. However, their theft has more than doubled in recent years, and it is becoming a significant problem. In large part, this is due to the increased values of the precious metals in their core. The trend is exacerbated by the lack of identifying information on most catalytic converters that makes tracking them back to their owners difficult.

Platinum, palladium, and rhodium, which can be extracted from these components, have grown in value in recent years and are worth more per ounce than gold. As a result, there is a strong black market for catalytic converters, which HB 791 attempts to address by requiring that additional information be collected at scrap processors and recycling facilities. HB 791 would not prevent legitimate recycling but would put some breaks on thieves trying to offload stolen catalytic converters.

All vehicles are targets for theft of catalytic converter, which often requires less than a minute to remove with a reciprocating saw. However, trucks are particularly vulnerable for several reasons:

- Many trucks have **more than one catalytic converter**.

- Truck catalytic converters generally **fetch high prices in the aftermarket**. Even small trucks, which are typically used by small businesses to haul their trailers, are in demand. The Ram 2500 and Ford F-250 are the 2nd and 3rd most expensive catalytic converters.
- Catalytic converters are often **more exposed and vulnerable to theft on trucks**, especially box trucks that sit high off the ground and are easier to slide under. Depending on the type of truck, catalytic converters are sometimes installed in locations where thieves can access them without jacks or even having to get under the truck.
- Trucks are often parked closely together at dealers, truck rental companies, and small businesses with truck fleets, allowing thieves to target multiple vehicles quicker and more easily. Catalytic converters from newer vehicles fetch a higher price than from older vehicles, making truck dealers an especially vulnerable target.

The impact on truck owners of this crime is also different than is typically the case for owners of cars. For many drivers, their trucks are their livelihoods. For small businesses, trucks are often the only way they can get to their job sites and customers, deliver their products, or provide their services. Putting their trucks out of commission puts their business out of commission.

And though a catalytic converter can fetch anywhere from \$25 to \$1000 at a scrap yard, replacement of the part by the truck owner can cost between \$1000 and \$2500 for the parts and the labor to install it. And of course, this doesn't factor in the cost of the time and business lost due to a truck being out of service and a driver sidelined.

There are countless incidences of catalytic converter theft in Pennsylvania in recent years that are unfortunate examples of this. Here are just a few: a family-owned fireplace store in Larksville having both catalytic converters stolen from its only truck; a local HVAC parts distributor's trucks targeted last year; family farm trucks stripped of catalytic converters in Brownsville, and 14 work trucks with stolen catalytic converters at a business in Upper Moreland. In January, three men were charged in Allegheny County with stealing catalytic converters from dozens of businesses and individuals in three counties, including tow trucks.

Again, thank you for the opportunity to discuss this issue. I am happy to take any questions you may have.



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Testimony of

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Pennsylvania Independent Automobile Dealers Association (PIADA)

House Consumer Protection, Technology & Utilities Committee
House Bill 791 – Preventing Catalytic Converter Theft

June 6, 2023

Good morning, I'd like to thank Chairmen Matzie and Marshall, and the committee at large for inviting me today to discuss Rep. Isaacson's House Bill 791.

I am John Odorisio, Executive Director of the Pennsylvania Independent Automobile Dealers Association (PIADA), which is a professional trade association with a membership of approximately 500 licensed used vehicle dealerships in Pennsylvania. We provide our members with dealer services such as licensing, titling, and training courses.

The theft of catalytic converters has reached epidemic proportions in both Pennsylvania and across the country, with incidents of catalytic converter theft doubling in Pennsylvania in recent years. For example, a January 2023 Tribune-Review article titled: "*Surveillance work leads police to Western Pa. catalytic converter theft suspects*"ⁱⁱ provides a good example of how such thefts impact auto dealers in Pennsylvania. The article stated as follows:

"The catalytic converter thieves hit in early December at Jim Shorkey auto dealerships in North Huntingdon and North Union, Fayette County, police said. There were a total of 35 catalytic converters taken from Mitsubishi Outlanders at both locations — two were left behind on the ground — causing \$124,000 in damage." "Around the same time, Moon police were investigating the thefts of \$20,000 worth of catalytic converters from tow trucks."ⁱⁱ

Thefts have continued to increase along with the value of precious metals within the catalytic converters. Catalytic converters have valuable metals inside them and only take a matter of minutes to steal, especially for experienced thieves. These parts can then be sold at scrap yards for around \$50 to \$200, although most end up being shipped overseas.ⁱⁱⁱ

The theft of catalytic converters has severe financial repercussions on small automobile dealers. Once a catalytic converter is stolen from an automobile dealer, they are then responsible for covering the large insurance deductible (average \$2,500) associated with their policy. Replacing a stolen catalytic converter can cost anywhere from \$1,000 to \$2,500, accounting for both the part itself and the labor to install it. Many small automobile dealers across the state simply cannot afford multiple catalytic converters being stolen off their lot.

Several states, including Texas, Arkansas, and South Carolina, enacted new legislation last year to deter theft.

House Bill 791 (Isaacson-D) amends Scrap Material Theft Prevention Act, further providing for identification requirements for sale of scrap materials to scrap processors and recycling facility operators. It would also require scrap processors and recycling facilities to collect additional information for transactions that include a catalytic converter such as:

- The year, make, model and vehicle identification number of the vehicle from which the catalytic converter was removed.
- A photograph of the catalytic converter.
- A photograph of the seller.

In addition, House Bill 791 would empower the scrap processor or recycling facility to withhold payment to the seller for a period of 48 hours. During those 48 hours, the scrap processor or recycling facility operator shall keep the catalytic converter intact and safe.

Finally, House Bill 791 would be another tool in the tool box to help stem the ever-increasing tide of catalytic converter thefts across the Commonwealth and would help small

automobile dealers avoid the severe financial repercussions associated with catalytic converter theft on their lots.

In the interest of protecting automobile dealers across the Commonwealth, PIADA respectfully requests your support and consideration of this legislation.

Thank you.

ⁱ “Surveillance work leads police to Western Pa. catalytic converter theft suspects,” January 23, 2023
<https://triblive.com/local/westmoreland/surveillance-work-leads-police-to-western-pa-catalytic-converter-theft-suspects/>

ⁱⁱ IBID

ⁱⁱⁱ Cumberland County sees uptick in catalytic converter theft, consistent with rise across U.S.
https://cumberlink.com/news/local/crime-and-courts/cumberland-county-sees-uptick-in-catalytic-converter-theft-consistent-with-rise-across-u-s/article_a55524e-1f0b-11ed-ae32-1f6a4634a24b.html