

STATE SENATOR KATHY BERNIER
TWENTY-THIRD SENATE DISTRICT



State Capitol • P.O. Box 7882 • Madison, WI 53707
Office: (608) 266-7511 • Toll Free: (888) 437-9436
Sen.Bernier@legis.wi.gov • www.SenatorBernier.com

From: Senator Kathy Bernier
To: The Senate Committee on Labor and Regulatory Reform
Re: Testimony on Senate Bill 408
Relating to: regulating scrap dealer purchases of catalytic converters.
Date: August 24, 2021

Thank you Chairman Nass and committee members for allowing me to provide testimony on Senate Bill 408 today. When Representative Moses, who like me represents portions of Dunn County, approached me about this bill that was brought up by local law enforcement I thought it'd be timely and necessary. Turns out the urgency is only growing!

Thefts of catalytic converters are on the rise. A catalytic converter is a part of the exhaust system of the vehicle that controls the level of toxic gases and pollutants released by catalyzing a reaction. This turns the exhaust gases into less-toxic pollutants. To do so requires precious metals such as platinum, palladium, and rhodium. Because of these metals and the external location of the catalytic converter, they are a prime target for thieves.

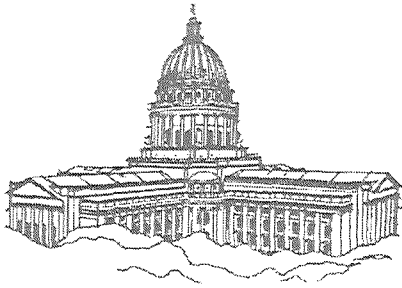
When we circulated this bill in late May, there had already been 52 thefts of catalytic converters in 2021 just in Eau Claire alone. Other recent headlines in my district read: "Uptick in catalytic converter thefts at UW-Stout" and "Chippewa Falls Police say catalytic converter thefts are increasing." In fact, two days after circulating this bill, even an intern in my office had her catalytic converter sawed off while parked overnight in Madison.

According to Chippewa Falls Police Officer James Harper, thefts can occur in "under a minute... All they have to do is get under the vehicle, make a few cuts using a power tool, and it is off."

This bill attempts to disincentivize thefts by regulating the purchase and sale of catalytic converters. By adding these items to our state's "proprietary articles" list - which currently covers items like copper and aluminum conductors and wires, metal beer kegs, manhole covers, metal grave markers, and railroad track components, to name a few - this would create an ID requirement, proof of ownership, and a paper trail for scrap dealers' catalytic converter purchases. A scrap dealer must either receive evidence that establishes that the seller lawfully possesses the catalytic converter or must document the sale and inform law enforcement that the sale occurred.

These steps will hopefully counteract the alarming trend in thefts by removing anonymity from sales and making it more difficult for these thieves to profit from their illegal acts.

I'd like to again thank Representative Moses, Chairman Nass, and all committee members for your work and time commitment today, and I am happy to answer any questions.



LENA C. TAYLOR

Wisconsin State Senator • 4th District

HERE TO SERVE YOU!

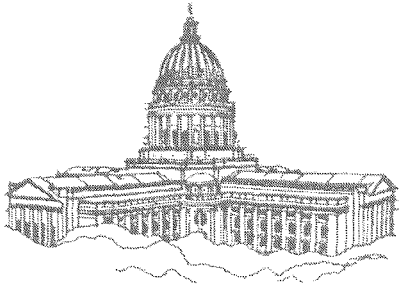
**Senate Committee on Labor and Regulatory Reform
Public Hearing SB 408
Testimony of State Senator Lena C. Taylor
August 24, 2021**

Good Morning Chairman Nass, Vice-Chair Wanggaard, and Members of the Committee, thank you for providing a public hearing on SB 408, regarding regulating scrap dealer purchases of catalytic converters. I would also like to thank Senator Bernier for her work in bringing this bill forward.

In March of 2021, my neighborhood app started receiving increased posts about stolen cars and more specifically, stolen catalytic converters. Some neighbors reported having their stolen catalytic converters replaced only to have them stolen again a few weeks later. Until they reached out, I never fully appreciated why anyone would steal a catalytic converter and how they were selling them to scrap dealers without identification. I reached out to the Legislative Reference Bureau that month and began getting a full education on the situation plaguing my community.

I asked for information about Wisconsin state law regarding ID requirements to sell catalytic converters. I was told that at present, it is not quite clear how catalytic converters fit into existing state law about the purchase and sale of scrap metal. This is the case because the relevant section of the statutes, [s. 134.405](#), separates metallic scrap into a number of categories subject to different ID requirements:

- “Ferrous scrap” is primarily iron or steel. A scrap metal dealer may purchase ferrous scrap from any adult.
- “Nonferrous scrap” is primarily metal other than iron or steel, with certain exceptions. For nonferrous scrap, a seller must present a government ID and the purchasing scrap dealer must record identification information, information about the seller or deliverer’s vehicle, and a description of the items received.
- A “metal article” is “a manufactured item that consists of metal, is usable for its original intended purpose without processing, repair, or alteration, and is offered for sale for the value of the metal it contains.” Metal articles have the same ID requirements as nonferrous scrap, and the purchasing scrap dealer must also obtain “the seller’s signed declaration that the seller is the owner of the items being sold.”
- A “proprietary article” is any of a defined list of certain items, such as copper conductors and wires, metal beer kegs, and manhole covers, which are subject to certain additional requirements for purchase or sale as scrap. Proprietary articles have the same ID requirements as nonferrous scrap, and the purchasing scrap dealer must either receive documentation from the seller that establishes that the seller lawfully possesses the article, or else must document “[document] that the scrap dealer has made a diligent inquiry into whether the person selling the proprietary article has a legal right to do so” and submit a report to the local enforcement department within one business day after purchase.



LENA C. TAYLOR

Wisconsin State Senator • 4th District

HERE TO SERVE YOU!

It was further explained that catalytic converters are not included in the list of “proprietary articles,” but state law does not make explicit which of the other three definitions they fit—the answer might depend on the metallic makeup and current condition of each individual catalytic converter. For example, much of the housing for the catalytic converter is typically made of steel, which would be ferrous scrap. However, the precious metals inside that have been motivating catalytic converter thefts are nonferrous. Whether a catalytic converter is “usable for its original intended purpose,” and therefore could count as a “metal article,” could depend on how the catalytic converter was removed from a vehicle.

In short, it wasn’t clear which definition catalytic converters fell into, and therefore it is not clear which requirements for ID and other documentation apply. Milwaukee requires scrap yards in the city to check IDs and keep records of who’s selling converters, but many cities and municipalities around the state may not have similar local laws.

That is why SB 408, is so important in reducing the illegal sale of catalytic converters to Wisconsin Scrap yards. Note that I did say Wisconsin scrap yards, because I have since learned how often these converters are sold across state lines. This isn’t just a Milwaukee or a Wisconsin problem. There is a huge increase in thefts of catalytic converters across the nation.

According to a Milwaukee’s CBS 58 news report on February 9, 2021, and as you likely know, converters contain precious metals that are in high demand. For example, at the time the story ran, gold was selling for more than \$1,800 per ounce, but gold is not found in catalytic converters. However, Palladium, which is in these converters, sells for more than \$2,300 per ounce. So is Rhodium, which sells for more than \$21,000 per ounce. Sellers, on average, are getting a few hundred dollars per converter. In neighboring Illinois, 14,000 converters were stolen last year. At \$200 a converter, that totals nearly \$3 million dollars, in money made from these thefts!

In the meantime, consumers or victims of these crimes can spend, on average \$2000 to replace these converters. In some cases, insurance may not cover these repairs. It is imperative that we do everything we can to address this issue. I am hopeful that you will join me in supporting SB 408.



CLINT P. MOSES

STATE REPRESENTATIVE • 29TH ASSEMBLY DISTRICT

Office: (608) 266-7683
Toll Free: (888) 529-0029
Rep.Moses@legis.wi.gov

P.O. Box 8953
Madison, WI 53708-8953

To: Senate Committee on Labor and Regulatory Reform

From: State Representative Clint Moses

Date: August 24, 2021

Subject: Testimony in Support of Senate Bill 408

Thank you Chairman Nass and members of the committee for the opportunity to testify in favor of Senate Bill 408. I appreciate your time and consideration of this important piece of legislation. I would like to thank the police officers in Western Wisconsin who brought forth this concern to me.

From rural Western Wisconsin to inner-city Milwaukee and even on campus parking lots across like UW-Stout, catalytic converter thefts have skyrocketed in Wisconsin. In Eau Claire, there was a total of 7 catalytic converter thefts in 2019, 50 in 2020, and 52 as of May 2021. Catalytic converters are stolen from vehicles for the precious metals inside the converter. Thieves slide under cars and trucks and brazenly saw off converters within a couple minutes. Most stolen catalytic converters are taken to junk yards for quick money. Junk yards are purchasing them for \$500 plus.

This bill will designate a catalytic converter as type of proprietary article.

Under Wisconsin State Statute 134.405 (1) (f) 9. "Proprietary articles" include copper and aluminum conductors and wires, metal beer kegs, manhole covers, metal grave markers, railroad track components and plastic bulk merchandise containers.

The bill will have the effect of creating an ID requirement, proof of ownership, and a paper trail for scrap dealers' catalytic converter purchases like many other auto parts.

Under current law, scrap dealers may purchase proprietary articles from any person who is over the age of 18 with ID and proof of ownership. The scrap dealer will have to document the purchase like they do for many other auto parts they purchase.

I appreciate your time and will now take any questions you might have.



STATE REPRESENTATIVE

JESSE JAMES

Thank you Chairman Nass and other committee members for holding this hearing. I'd also like to say thank you to Senator Kathy Bernier and Representative Clint Moses for advocating for this bill.

This bill would truly make a difference in the lives of our Wisconsin residents. I have heard from those in district and beyond of these thefts taking place at any time of the day and at any place. I have heard of catalytic converters being stolen from residences in the morning while people were eating breakfast. They watched the thief approach their car, but were able to get to his car, remove his keys from the ignition, and keep him on site while they locked themselves inside and waited for the police to arrive.

Near my district, a number of businesses have been hit across the Chippewa Valley region: places like Eau Claire Ford, Green Thumb, Mikkelson's Towing, Diesel Repair Shop, I-94 Towing, Julson's Service Center, and Steve's Hillcrest Auto. I talked to Steve just yesterday. He told me his business alone suffered over \$10,000 in damages as a result of catalytic converters being stolen from his car lot. His own camper was hit along with another RV. Ten vehicles in total were hit at his business alone, even vehicles of customers sitting at his business waiting for services. I asked him what happens to their vehicles and if he is held responsible. He said no, due to the fact this can happen in any regular parking lot, anytime, anywhere. However, he replaced the catalytic converters at cost, with no labor charged.

I have heard that some people will cut the oxygen sensors near where they cut the catalytic converters off. They do not care that when this is done, the owner can short circuit, or "fry" the internal computer when they start the car, causing more repair costs for them. I have heard people who store vehicles, trucks, and RV's at storage units have been hit, even in secure locations across the area.

Catalytic converters on average go for around \$200 to \$500 depending on make and model of vehicle. For hybrids like Priuses, depending on the type, catalytic converters can go up to \$2,000 due to the platinum and precious metals contained inside. I heard that entire vehicles get totaled out from insurance companies due to the costs associated for the replacement of the catalytic converters.

I heard from a constituent who was a victim in one of these cases, Bob writes:

In late December, I had the catalytic converter stolen from my truck while it was parked along CTH 'Q' just east of Lake Altoona. I had taken our dog for a run in the forest and in the time I was gone the catalytic converter had been removed. I called the sheriff and they came out but, of course, they said the chances of apprehending the thief was very low.



STATE REPRESENTATIVE

JESSE JAMES

They suggested I go through my insurance, which I did but it cost me a \$500 deductible and the insurance company almost another \$1000. In addition, the part was on back order and I didn't have use of my truck for weeks.

We have been in communication with the local Toyota dealer on this issue. We own a Prius which is often a target for catalytic converter theft. The Toyota dealer acknowledged that they have replaced "dozens" of stolen catalytic converters but had no solutions for prevention.

We are aware of Prius owners having this occur even while parked in the ramp at Mayo in Eau Claire. The theft only takes minutes. Not only has this issue cost us money and inconvenience, it has impacted where we feel comfortable leaving a vehicle parked even for a short time.

Being retired, this was mostly an imposition for us, but for many struggling families the expense and loss of use of a vehicle could be a serious problem.

I take this position seriously and bills are produced just like this one so we can protect our citizens of Wisconsin against those who want to serve their own needs. Please consider passing SB 408. This bill will help reassure those who have been victimized know we are working for them, and hear them.

Thank you.

Good morning and thank you committee members for hearing my testimony today.

My name is Maddy Hunt and I am the Legislative Assistant for Representative James. I am taking my lunch break early today to give testimony for this bill because I was a recent victim of catalytic converter theft.

I live in what I thought was a safe neighborhood off of Monroe Street on the West side of Madison. At about midnight on May 28th, my upstairs neighbor heard noises from where my car was parked. He went to grab his keys to set off the alarm and scare away anyone doing anything wrong, but by the time he returned, they were gone. Catalytic converter thieves had ripped out the cat from my 2006 Prius in less than three minutes while I was inside watching a movie.

The next day, I went to get a repair check and a full replacement was estimated at \$800-\$1200, worth most of the value of my car. I ended up selling my Prius for less than it was worth. Not only was the repair expense too great, but I didn't want to fruitlessly invest that money back into my car only to have it be stolen again by thieves who already had my address. There are measures to prevent theft, such as alarms or soldering on a metal plate over the bottom of the car, but these solutions were also expensive.

This loss was not only financial, but emotional. I had traveled to twenty states with that Prius and had hopes that it was going to last me another few years through my post-grad season of life. I also lost a sense of safety in my own neighborhood. I'm no longer able to say I live in a safe area without the qualifier, "except for that one time my catalytic converter got stolen." The theft made me feel helpless, exposed, and targeted.

Please support this bill. We need to make it harder for catalytic converter thefts to happen and to protect citizens from losing their valuable property so easily.

Thank you,

Madalyn Hunt



WISCONSIN SCHOOL BUS ASSOCIATION

P: 608.514.5470 * E: cherie@wi-sba.org * www.wi-sba.org

Testimony of the Wisconsin School Bus Association
IN SUPPORT OF SB408
Before the Senate Committee on Labor and Regulatory Reform
August 24, 2021

Good morning members of the Senate Committee on Labor and Regulatory Reform. My name is Cherie Hime and I am the Executive Director for the Wisconsin School Bus Association (WSBA) that represents more than 200 members including commercial operators, school districts, and suppliers to the school bus industry. I am here today to speak in support of SB408.

The Association's main purpose is to promote and encourage safety in school bus transportation in Wisconsin. The safety of school bus transportation has been jeopardized by the many catalytic converter thefts that have taken place across the state since the beginning of the year. This type of theft is not new to the industry; however, it became prevalent this year and prevented school buses from being operable. A catalytic converter is part of a vehicle's exhaust system and is designed to trap harmful gases from the engine. When the catalytic converter is taken off a school bus it is deemed inoperable and creates a very stressful situation to ensure children are still able to attend school.

School bus fleets are often targets for catalytic converter theft because the school bus yards are an easy target. There is a large concentration of vehicles that have a very predictive schedule and are almost never moving at night. Gasoline and propane school buses sit high off the ground leaving the catalytic converter easily accessible. If a bus yard is targeted, it could easily cause a school district to have to cancel classes while buses are repaired. Even with security cameras and bright exterior lights in the parking lots, thieves will boldly enter and quickly take what they are seeking, without a thought to the extensive loss to others.

Catalytic converters can be removed from a vehicle in just a few minutes. This not only impacts the transportation department bus also families that are already stressed due to the COVID pandemic. The effect on victims was not only loss of capital but also loss of time and money. The cost to replace the catalytic converter is between \$1,200 and \$1,800 per bus.

From July 1, 2020, to June 30, 2021, claims filed for catalytic converter theft grew close to 293% nationwide reaching 18,000 instances as compared to the 12 months prior, which amounted to an estimated 4,500, according to new claims data from State Farm.

The Association believes that SB408 will assist in deterring the theft of catalytic converters so that school buses are able to transport students safely. Thieves should not be able to transfer stolen property so easily and we believe this bill will help deter that.

Wisconsin School Bus Association would like to thank Representative Moses and Senators Bernier and Taylor for their work on this common-sense bill and all co-sponsors who are supportive of controlling this theft.

Thank you for your time today.

Cherie A. Hime
Executive Director