
Written Statement of
Danielle F. Waterfield, Chief Policy Officer
On behalf of the
Institute Of Scrap Recycling Industries, Upper Midwest Chapter
to the
Senate Transportation Committee
Hearing on Senate Bill 2299
February 2, 2023

On behalf of the Institute of Scrap Recycling Industries (ISRI) Upper Midwest Chapter representing its member companies in the state of North Dakota, I respectfully submit this statement **in support of SB 2299**. ISRI commends the sponsor and cosponsors of SB 2299 for proposing restrictions on catalytic converter transactions that will help combat theft and itinerant buyers while preserving the ability of responsible recyclers to keep the valuable metals within end-of-life catalytic converters in the supply chain.

In North Dakota, the recycling industry supports more than 800 jobs, with annual wages of over \$49 million. As an essential and green sector of the manufacturing supply chain, the recycling industry has a total economic impact in North Dakota of approximately \$189.36 million per year. (see *attached*)

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 operating facilities in North Dakota. A major problem plaguing law enforcement involves the itinerant buyer of these unmarked catalytic converters advertising on Facebook Marketplace, etc., or operating mobile units who do business out of a van 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 is a scrap metal dealer and should not be allowed to evade metals theft laws by saying otherwise. As such, ISRI fully supports the scrap dealer registration in S.2299 providing law enforcement the necessary tool enabling immediate identification and enforcement against purchasers of detached catalytic converters who do not meet requirements of the state metals theft law.

The Solution

Catalytic converter theft prevention needs a multi-stakeholder approach that involves property owners, recyclers, law enforcement, and the public. Responsible recyclable metal dealers partner with law enforcement by providing invaluable records that aid in investigations. Of course, enforcement of the law is essential, which can be aided by property owners who

take recommended steps to protect their vehicles. The public can be on watch for not only the thieves, but unscrupulous mobile purchasing activities that occur in vacant parking lots and other venues and reporting it to law enforcement.

ISRI commends the sponsor of SB 2299 for seeking policy that will provide law enforcement the tools it needs to better partner with recyclers and the public to combat this crime. Specifically, SB 2299 strengthens the North Dakota metals theft statute to help curb the illicit trade in stolen catalytic converters by:

- Adding detached used catalytic converters to the definition of scrap metal to specify that the purchase of these devices is subject to the scrap metal theft laws.
- Creating a business registration issued and enforceable by the Attorney General that includes a properly zoned fixed business premises for scrap metal dealers as defined by the statute.
- Allowing immediate access to converter transaction records for inspection by law enforcement.
- Requiring that sellers of catalytic converters either:
 - Be employed by and are acting on behalf of a business that manufactures or generates detached catalytic converters as a regular course of its business, or
 - Provide a signed statement of ownership or other proof of ownership.
- Creating strict penalties for catalytic converter thieves that account for the full cost of repair, and for any purchaser who does not comply with the law's catalytic converter purchase requirements.

ISRI applauds the sponsor of SB 2299 for including provisions designed to enhance law enforcement access to the records kept for catalytic converter purchases, along with restricting conditions for the purchase and sales of converters. By requiring that only registered "scrap metal dealers" may purchase detached catalytic converters, and that sellers must do so at a fixed location of a registered "scrap metal dealer", the law will greatly restrict problematic unmarked mobile parking lot transactions that are evading law enforcement. The legislation will also allow for closer scrutiny of purchase transactions made at a seller's place of business by requiring that registered scrap metal dealers can only buy from a seller either employed by or are acting on behalf of a licensed business that manufactures or generates detached catalytic converters as a regular course of its business, or who provides a signed statement of ownership or other proof of ownership.

Conclusion

ISRI is pleased to support SB 2299 so law enforcement has additional tools 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. In doing so, it is important to keep this problem in context as we look to solutions. While there are certainly too many converters being stolen, this number is a tiny fraction of the converters being legitimately recycled each year. More than 10 million vehicles on average per year – each with a minimum of one catalytic converter, except for the electric vehicles – are recycled by "scrap metal dealers" and have been for decades. These businesses are helping the environment and ensuring recovery of rare critical minerals essential for national 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 North Dakota of 189.36 million per year (see attached). The ISRI Upper Midwest Chapter represents 59 member companies, 11 facilities of which are in the state of North Dakota. The ISRI Upper Midwest Chapter also covers South Dakota, Minnesota, Wisconsin, Iowa, and Nebraska.

Responsible recyclers are partners with law enforcement as part of the solution to metals theft, and ISRI is eager to provide industry experience and expertise to further the goals of SB 2299. If you have any questions or comments, please contact me at DWaterfield@ISRI.org or 202.714.3295.



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Economic Impact

Jobs

Wages

Taxes Generated

	Direct	Supplier	Induced**	Total
Economic Impact	\$72,211,800	\$55,538,500	\$61,614,000	\$189,364,300
Jobs	283	213	305	801
Wages	\$20,123,700	\$13,800,000	\$15,086,800	\$49,010,500
Taxes Generated				\$14,172,000

The Recycling Industry's Total Economic Impact in North Dakota

**\$189.36
MILLION**



The U.S. recycling industry processes approximately 130 million metric tons of metal, paper, plastics, glass, electronics, textiles, and rubber annually.



More than 70 percent of the recycled material processed in the U.S. is used in domestic manufacturing.



The U.S. exports commodity-grade recyclable material to roughly 150+ countries each year for use in manufacturing.



The material recycled annually in the U.S. saves the CO2 equivalent of 410 million tons of greenhouse gas emissions, the amount of energy used in 43 million homes in one year.

*The for-profit U.S. recycling industry, consisting of all operations from both privately held and publicly traded firms engaged in the processing and brokering of recycled commodities.

**Re-spending by employees of industry and supplier firms.

Direct Impacts	Jobs	Wages	Economic Impact
Recyclers	278	\$19,727,900	\$71,037,300
Brokers	5	\$395,800	\$1,174,500
TOTAL DIRECT IMPACTS	283	\$20,123,700	\$72,211,800

Supplier Impacts	Jobs	Wages	Economic Impact
Agriculture	17	\$371,800	\$4,043,800
Mining	11	\$787,900	\$6,229,600
Construction	1	\$84,600	\$273,500
Manufacturing	23	\$1,599,200	\$14,605,200
Transportation & Communication	20	\$1,756,200	\$5,701,100
Wholesaling	15	\$1,304,100	\$4,396,600
Retailing	2	\$73,300	\$197,500
Finance, Insurance, & Real Estate	28	\$1,739,500	\$7,385,900
Travel & Entertainment	13	\$393,600	\$1,003,300
Business & Personal Services	80	\$5,433,700	\$11,104,400
Government	3	\$256,100	\$597,600
TOTAL SUPPLIER IMPACTS	213	\$13,800,000	\$55,538,500

Induced Impacts	Jobs	Wages	Economic Impact
Agriculture	32	\$368,400	\$7,937,600
Mining	5	\$397,200	\$3,039,300
Construction	2	\$121,900	\$405,400
Manufacturing	14	\$939,600	\$9,972,200
Transportation & Communication	15	\$1,371,100	\$5,113,800
Wholesaling	7	\$663,200	\$2,359,200
Retailing	36	\$1,220,400	\$3,100,500
Finance, Insurance, & Real Estate	43	\$2,320,200	\$14,302,700
Travel & Entertainment	39	\$1,061,600	\$2,882,200
Business & Personal Services	102	\$6,076,800	\$11,266,000
Government	3	\$275,000	\$763,300
Other	7	\$271,400	\$471,800
TOTAL INDUCED IMPACTS	305	\$15,086,800	\$61,614,000

TOTAL IMPACTS	801	\$49,010,500	\$189,364,300
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Taxes	Federal	State	Total Taxes
	\$9,641,100	\$4,530,900	\$14,172,000

Some details may not add up due to rounding.