

**Written Statement of
Danielle F. Waterfield, Chief Policy Officer**
On behalf of the
Institute Of Scrap Recycling Industries, Upper Midwest Chapter
to the
House Transportation Committee
Hearing on Senate Bill 2242
March 11, 2021

Members of the Committee, I respectfully submit this statement in support of SB 2242, as amended, on behalf of the Institute of Scrap Recycling Industries (ISRI) Upper Midwest Chapter representing its member companies in the state of North Dakota. In addition to the state of North Dakota, the ISRI Upper Midwest Chapter covers South Dakota, Minnesota, Wisconsin, Iowa, and Nebraska.

The Institute of Scrap Recycling Industries, Inc. ("ISRI") is the voice of the recycling industry, promoting safe, economically sustainable and environmentally responsible recycling through networking, advocacy and education. As a trade association headquartered in Washington, D.C. with 20 regional chapters nationwide, ISRI represents approximately 1,300 companies that process, broker, and industrially consume recyclable commodities including metals, paper, plastics, glass, textiles, rubber, and electronics. The ISRI Upper Midwest Chapter represents 59 member companies, 11 facilities of which are located in the state of North Dakota.

In North Dakota, the recycling industry supports more than 950 jobs, with annual wages of nearly \$57 million. As an essential and green sector of the manufacturing supply chain, the recycling industry has a total economic impact in North Dakota of \$200.84 million per year. (*see attached*)

This statement follows numerous discussions ISRI member companies in North Dakota had in recent days with lawmakers about concerns with unintended consequences of SB 2242 as passed by the Senate. ISRI members in North Dakota fully support the goals outlined in SB 2242 and diligently worked with the sponsor to find a path to support SB 2242 without harming North Dakota recyclers operating responsibly under existing state scrap metal theft statutes. ISRI is pleased to be able to offer its full support of this legislation with the amendment offered today by Senator Kannianen.

The Problem

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 catalytic converter is a scrap metal dealer and should not be allowed to evade metals theft laws by saying otherwise.

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 quickly and easily offload the stolen devices. Once a catalytic converter is removed from the vehicle, it looks like any other catalytic converter and can easily be traded to a mobile vendor advertising online that it purchases any catalytic converter for cash and the black market flourishes with no records to be found.

Catalytic converter thieves are quick to evade the law and rarely try to sell their stolen loot to responsible recyclers operating facilities in North Dakota. Existing state metals theft laws require records of all nonferrous metal transactions exceeding \$25 (including the nonferrous metals in catalytic converters) to be kept and made available to law enforcement. The problem that needs to be addressed is breaking the theft chain at the first point buyer, which for the most part involves the itinerant buyer advertising on Facebook Marketplace, etc., or operating mobile units who set up “shop” out of a van in a parking lot somewhere. It would also include those few occasions where small auto repair shops or mechanics, for example, who may purchase catalytic converters but do not identify themselves as scrap metal dealers, and do not follow scrap metals theft laws.

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. Catalytic converters were mandated for vehicles in 1975, and, except for fully electric vehicles, every vehicle manufactured since has one or more converters. While the annual number of vehicles scrapped fluctuates, more than 10 million per year are recycled by scrap metal dealers, and have been for decades. These businesses are helping the environment while supporting the economy, and should not be harmed by unintended consequences of well-intentioned laws aimed at stopping the thieves.

The Solution

Catalytic converter theft prevention needs a multi-stakeholder approach that involves property owners, recyclers, law enforcement, and the general public. Responsible scrap metal dealers are part of the solution, and serve as partners with law enforcement in North Dakota by providing invaluable records on scrap sales. Enforcement of the law is essential, which can be aided by property owners who take recommended steps to protect their vehicles. The general public can be on watch for not only the thieves, but unscrupulous mobile purchasing activities that occur in vacant parking lots and other venues.

ISRI commends the sponsor of SB 2242 for seeking policy that will provide law enforcement the tools it needs to better partner with scrap metal dealers and the public to combat this crime. Some of the tools in SB 2242 that ISRI believes will help curb the illicit trade in stolen catalytic converters include:

- “Core Recyclers” are now defined within the state metals theft statute to eliminate the false claim that an individual purchasing catalytic converters is a “core recycler” and not a scrap metal dealer subject to the extensive recordkeeping laws.
- Catalytic converters are specifically added to the definition of nonferrous metals to make it perfectly clear that purchase of these devices is subject to the scrap metal theft laws.
- The purchase of catalytic converters is restricted to scrap metal dealers operating from a fixed location so as to eliminate any legal transactions from mobile units, such as a van in the parking lot; and sales of catalytic converters are required to be made at a fixed location.



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- Catalytic converter theft now faces penalties under the scrap metal theft laws as well as general criminal theft statutes.

Conclusion

ISRI is pleased to support SB 2242 as amended. State metals theft laws provide the tools law enforcement needs to identify sellers of scrap materials, and SB 2242 will ensure that every buyer of catalytic converters is required to comply with these laws. Responsible recyclers are partners with law enforcement as part of the solution, and SB 2242 restricts the purchase of catalytic converters to scrap metal dealers operating from a fixed location to ensure law enforcement has the tools it needs to crack down on thieves and unscrupulous mobile buyers.

ISRI is eager to provide industry experience and expertise to further the goals of SB 2242. If you have any questions or comments, contact David Borsuk, ISRI Upper Midwest Chapter President at BorsukD@sadoff.com; or Danielle Waterfield.

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The Scrap Recycling Industry's
TOTAL ECONOMIC IMPACT
IN NORTH DAKOTA IS

**\$200.84
MILLION**



	Direct	Supplier	Induced*	Total
Economic Impact	\$70,836,200	\$68,384,600	\$61,621,400	\$200,842,200
Jobs	320	282	355	957
Wages	\$21,987,600	\$18,336,500	\$16,397,400	\$56,721,500
Taxes Generated				\$15,840,800

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



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



More than **70 percent** of the scrap 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 a year.

Direct Impacts	Jobs	Wages	Economic Impact
Recyclers	310	\$21,187,000	\$68,384,900
Brokers	10	\$800,600	\$2,451,300
TOTAL DIRECT IMPACTS	320	\$21,987,600	\$70,836,200

Supplier Impacts	Jobs	Wages	Economic Impact
Agriculture	10	\$169,900	\$2,225,400
Mining	26	\$2,856,100	\$9,998,300
Construction	3	\$219,100	\$542,600
Manufacturing	32	\$2,260,000	\$19,573,000
Transportation & Communication	26	\$1,991,900	\$7,127,300
Wholesaling	16	\$1,408,400	\$4,279,100
Retailing	2	\$83,300	\$178,100
Finance, Insurance, & Real Estate	32	\$1,839,400	\$7,653,400
Travel & Entertainment	20	\$428,500	\$1,273,700
Business & Personal Services	111	\$6,756,800	\$14,683,600
Government	4	\$323,100	\$850,100
TOTAL SUPPLIER IMPACTS	282	\$18,336,500	\$68,384,600

Induced Impacts	Jobs	Wages	Economic Impact
Agriculture	35	\$578,500	\$7,885,100
Mining	12	\$1,193,700	\$4,007,700
Construction	4	\$268,200	\$681,200
Manufacturing	17	\$1,140,400	\$9,449,000
Transportation & Communication	15	\$1,237,900	\$5,347,900
Wholesaling	9	\$806,400	\$2,464,500
Retailing	44	\$1,523,800	\$3,711,300
Finance, Insurance, & Real Estate	37	\$1,737,400	\$12,124,600
Travel & Entertainment	47	\$979,200	\$2,998,600
Business & Personal Services	124	\$6,403,000	\$11,773,700
Government	4	\$295,200	\$1,041,300
Other	7	\$233,700	\$136,500
TOTAL SUPPLIER IMPACTS	355	\$16,397,400	\$61,621,400

TOTAL IMPACTS	957	\$56,721,500	\$200,842,200
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Taxes	Federal	State	Total Taxes
Business Taxes	\$10,976,600	\$4,864,200	\$15,840,800

Some details may not add up due to rounding.