

2023 SENATE TRANSPORTATION

SB 2299

2023 SENATE STANDING COMMITTEE MINUTES

Transportation Committee
Fort Totten Room, State Capitol

SB 2299
2/2/2023

Relating to scrap metal dealer registration, catalytic converters, and catalytic converter theft; relating to purchases by scrap metal dealers; and to provide a penalty.

10:00 AM Vice Chairman Conley opened hearing.

Senators present: **Clemens, Conley, Larsen, Rummel, Paulson**

Discussion Topics:

- Transient scrappers
- Catalytic theft
- Theft penalties
- Thief prosecutions

10:00 AM Senator Vedaa introduced bill.

10:06 AM Jason Kraft – Captain at the Ward County Sheriff’s Department in Minot, in favor. #17422

10:12 AM Russ Hanson- Contractors Association, verbally in favor.

10:13 AM Molly Barnes – Executive Vice President & Equipment Manager at Northern Improvement Company, in favor. #18814

10:18 AM Aric Spencer – ND Motor Carriers Associations, verbally in favor.

10:18 AM Johnathan Byers – ND State Attorney’s Association, verbally in favor.

10:26 AM Robert Vallie – District 46, verbally in favor.

10:31 AM Danielle Waterfield – Institute of Scrap Recycling Industries, in favor. #18696

10:43 AM Vice Chairman Conley adjourned hearing.

11:27 AM Senator Larsen motioned a Do Pass.

11:27 AM Senator Conley seconded.

Senators	Vote
Senator David A. Clemens	Y
Senator Cole Conley	Y
Senator Doug Larsen	Y
Senator Bob Paulson	Y
Senator Dean Rummel	Y

Motion passed 5-0-0

11:28 AM Senator Larsen will carry.

Additional written testimony:

Craig Sepich #16333

Kirby Farner #17118

Ashley Lies #17932

Adam Parr #18551

11:29 AM Chairman Clemens adjourned meeting.

Nathan Liesen, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2299: Transportation Committee (Sen. Clemens, Chairman) recommends **DO PASS** (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2299 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

2023 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2299

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

SB 2299
3/7/2023

Relating to purchases by scrap metal dealers; and to provide a penalty.

Chairman Louser called meeting to order 9:30 AM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Christy, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Discussion Topics:

- Purchaser records
- Registration
- Definitions
- Originator
- Record keeping
- Increase purchase price

In Favor:

Senator Shawn Vedaa, District 6 Velva, ND, Primary bill sponsor, (no written testimony)

Jason Kraft, Captain, Ward County Sheriff's Department, #22197

Russ Hanson, Associated General Contractors (no written testimony)

Molly Barnes, Executive Vice President & Equipment Manager, Northern Improvement Company, #22694

Amanda Remyse, on behalf of the ND Motor Carriers (no written testimony)

Additional written testimony:

Craig Sepich, Assistant Director, Office of Strategy, Policy, & Government Affairs, National Insurance Crime Bureau, #21973

Chairman Louser adjourned the meeting 10:08 AM

Diane Lillis, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

SB 2299
3/14/2023

Relating to purchases by scrap metal dealers; and to provide a penalty.

Chairman Louser called meeting to order 3:30 PM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Christy, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Discussion Topics:

- Committee action

Representative Ruby presented an amendment, LC #23.0909.01001 moved to adopt. Representative Koppelman seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	AB
Representative Ben Koppelman	Y
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 13-0-1

Representative Ruby moved to further amended LC #23.0909.01002. Representative Koppelman seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y

Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	AB
Representative Ben Koppelman	Y
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Moton passed 11-2-1

Representative Koppelman moved a do pass as amended.
Representative Ruby seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	AB
Representative Ben Koppelman	Y
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 13-0-1

Representative Ruby will carry the bill.

Chairman Louser adjourned the meeting 3:55 PM

Diane Lillis, Committee Clerk

March 14, 2023

JA
3-14-23

PROPOSED AMENDMENTS TO SENATE BILL NO. 2299

Page 2, line 14, overstrike "selling,"

Page 2, line 23, overstrike "twenty-five" and insert immediately thereafter "fifty"

Page 3, line 24, remove "at any"

Page 3, remove line 25

Page 3, line 26, remove "converters"

Page 4, after line 8 insert

"1."

Page 4, line 10, overstrike "1." and insert immediately thereafter "a."

Page 4, line 12, overstrike "2." and insert immediately thereafter "b."

Page 4, line 13, overstrike "3." and insert immediately thereafter "c."

Page 4, line 17, overstrike "4." and insert immediately thereafter "d."

Page 4, line 21, replace "5." with "e."

Page 4, after line 25, insert:

"2. Excluding a detached used catalytic converter, section 51-35-02 and section 5 of this Act do not apply to the purchase, trade, or barter of scrap metal, between an owner or agent of a residential, commercial, or agricultural property and another person, for the purpose of removing scrap metal, from the owner or agent's residential, commercial, or agricultural property. This subsection applies only to the initial transaction between the owner or agent and the person removing the scrap metal, and does not apply to a subsequent sale of the same scrap metal."

Page 6, line 8, remove "or attempts to take"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2299: Industry, Business and Labor Committee (Rep. Louser, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2299 was placed on the Sixth order on the calendar.

Page 2, line 14, overstrike "selling,"

Page 2, line 23, overstrike "twenty-five" and insert immediately thereafter "fifty"

Page 3, line 24, remove "at any"

Page 3, remove line 25

Page 3, line 26, remove "converters"

Page 4, after line 8 insert

"1."

Page 4, line 10, overstrike "1." and insert immediately thereafter "a."

Page 4, line 12, overstrike "2." and insert immediately thereafter "b."

Page 4, line 13, overstrike "3." and insert immediately thereafter "c."

Page 4, line 17, overstrike "4." and insert immediately thereafter "d."

Page 4, line 21, replace "5." with "e."

Page 4, after line 25, insert:

"2. Excluding a detached used catalytic converter, section 51-35-02 and section 5 of this Act do not apply to the purchase, trade, or barter of scrap metal, between an owner or agent of a residential, commercial, or agricultural property and another person, for the purpose of removing scrap metal, from the owner or agent's residential, commercial, or agricultural property. This subsection applies only to the initial transaction between the owner or agent and the person removing the scrap metal, and does not apply to a subsequent sale of the same scrap metal."

Page 6, line 8, remove "or attempts to take"

Renumber accordingly

2023 HOUSE APPROPRIATIONS

SB 2299

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

SB 2299
3/30/2023

Relating to scrap metal dealer registration, catalytic converters, and catalytic converter theft

10:12 AM Chairman Vigesaa Called the meeting to order and roll call was taken-

All Members Present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

Discussion Topics:

- Attorney General Registration
- Stolen and Sold Converters
- Illegal Sales

Representative Louser- Introduces the bill and its purpose.

10:23 AM Chairman Vigesaa Closed the meeting for SB 2299

10:43 AM Chairman Vigesaa Called the meeting back to order.

Representative Monson Moved for a Do Pass

Representative Nathe Seconds the Motion

Committee Discussion- Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y

Representative Corey Mock	A
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	A
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 21-0-2 Representative D. Ruby will carry the bill.

10:47 Chairman Vigesaa Closed the meeting for SB 2299

Risa Berube, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2299, as amended: Appropriations Committee (Rep. Vigesaa, Chairman)
recommends **DO PASS** (21 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB
2299, as amended, was placed on the Fourteenth order on the calendar.

2023 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2299

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

SB 2299
4/3/2023

Relating to purchases by scrap metal dealers; and to provide a penalty.

Chairman Louser called the meeting to order 4:07 PM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Christy, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Discussion Topics:

- Committee action

Representative Ruby moved to reconsider.
Representative Kasper seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	Y
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	y

Motion passed 14-0-0

Representative Ruby moved to further amended, #27272, LC #23.0909.01003.
Representative Thomas seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y

Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	Y
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 14-0-0

Representative Ruby moved a do pass as amended.
Representative Thomas seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	Y
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 14-0-0

Representative Ruby will carry the bill.

Chairman Louser adjourned the meeting 4:16 PM

Diane Lillis, Committee Clerk

23.0909.01003
Title.03000

Prepared by the Legislative Council staff for
Representative D. Ruby
March 27, 2023

DR
191
4-3-2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2299

In addition to the amendments adopted by the House as printed on page 1231 of the House Journal, Senate Bill No. 2299 is further amended as follows:

Page 6, line 1, replace "subsection 4" with "subdivision d of subsection 1"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2299, as amended: Industry, Business and Labor Committee (Rep. Louser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2299, as amended, was placed on the Sixth order on the calendar.

In addition to the amendments adopted by the House as printed on page 1231 of the House Journal, Senate Bill No. 2299 is further amended as follows:

Page 6, line 1, replace "subsection 4" with "subdivision d of subsection 1"

Renumber accordingly

TESTIMONY

SB 2299



January 24, 2023

Chair David A. Clemens and Members of the Committee
Transportation Committee
North Dakota Senate

RE: Senate Bill 2299 – Catalytic Converters

Dear Chair Clemens and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in North Dakota. Working hand-in-hand with our member companies and North Dakota law enforcement, we help to detect, prevent, and deter insurance crimes, including vehicle and catalytic converter theft. While NICB provides value to our member companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance crime causes to individual policyholders across the country every year.

Catalytic converter theft has skyrocketed in recent years in part due to the significant rise in the price of various precious metals, including rhodium, platinum, and palladium. All are used in the construction of catalytic converters. Criminals are seizing the opportunity to profit off these increased prices by removing the catalytic converter from vehicles – in relatively easy fashion – and selling the stolen part on the black market. The component precious metals can be recycled into new products. Nationally, catalytic converter thefts more than quadrupled from 3,389 in 2019 to 14,433 in 2020. Thefts jumped dramatically yet again to over 52,000 in 2021, an increase of 1,215% since 2019.

Installing a replacement catalytic converter can cost thousands of dollars. Because thieves try to remove the converters as quickly as possible, their hastiness often causes higher repair costs due to incidental damage. Moreover, businesses with large vehicle fleets, such as vehicle dealerships or utility companies, are often targeted due to the number of potential marks in a small area. Thefts from commercial carriers can lead to replacement costs in excess of tens of thousands of dollars, and additional lost revenue due to halted operations.

Senate Bill 2299 seeks to curb catalytic converter thefts by adding metals contained within detached catalytic converters to the list of nonferrous metals and detached catalytic converters for which scrap metal businesses would be required to maintain sales records. Further, the bill requires a scrap metal dealer to register with the Attorney General, make business records involving transactions of detached catalytic converters available for inspection by law enforcement, and establish penalties for those who willfully fail to comply.

Accordingly, we respectfully request your support for SB 2299.

Thank you for your consideration. If you have any questions or need additional information, please contact me at csepich@nicb.org or (847) 772-7667.

Sincerely,

Craig Sepich

Craig Sepich
Assistant Director
Office of Strategy, Policy, & Government Affairs
National Insurance Crime Bureau



January 26, 2023

Senator David Clemens, Chairman
Senate Transportation Committee
Fort Totten Room – ND State Capitol
Bismark, ND 58505

RE: Senate Bill 2299 - In Support of

Pacific Steel and Recycling (Pacific) conducts recycling services in ten (10) U.S. States and Canada. Pacific operates a facility in Williston and supports strengthening ND metal theft law in a way that punishes illegitimate traders and disincentivizes thieves. Consequently, Pacific supports **SB 2299** and the following language therewithin:

“No person should be permitted to purchase a catalytic converter unless he/she is registered with the Office of the Attorney, which requires a properly zoned fixed business location licensed with the Secretary of State.” AND “An offense under this section constitutes a class C felony if the replacement value of the catalytic converter unlawfully obtained including any repair costs is \$1,000 or more”

Pacific commends the sponsor and cosponsors of **SB 2299** for addressing this matter. Pacific is grateful to the Institute of Scrap Recycling Industries (ISRI) and Ms. Danielle Waterfield in helping with this effort.

Sincerely,

A handwritten signature in blue ink that reads 'Kirby' followed by a stylized flourish.

Kirby Farnar
HSET Director
Pacific Steel and Recycling



Sheriff's Department



Robert Roed
Sheriff

January 26th, 2023

Chairman Clemens and members of the committee,

For the record my name is Jason Kraft, I am a Captain at the Ward County Sheriff's Department in Minot, and initially I had submitted testimony in support of Senator Vedaa's earlier scrap metal bill, Senate bill 2174, however once we discovered the addition of this bill, we decided to delay our testimony, and I am now here in support of Senate bill 2299 as well. I will use two of our agencies recent investigations in to catalytic converter thefts as justification to pass this bill.

Through the summer of 2021 in to the spring of 2022, our agency investigated a multitude of catalytic converter thefts in the Ward County area. For months our investigators tried to identify where these catalytic converters were being sold and the people involved. After a breakthrough in the case, which came from a reputable scrap yard that properly keeps records, a local Minot resident was implicated in the crimes and questioned.

This individual informed us that he was in the business of buying and reselling catalytic converters to make money, often meeting with people in parking lots to conduct business. In total, investigators determined that between March 2021 and February 2022, this individual sold approximately 585 catalytic converters either in state or out of state. He was clearly a scrap metal dealer as defined in the law, yet there was no business registered in his name, no clear business premise for us to search for his records, and we had no idea he was buying and selling catalytic converters until that first breakthrough.

This individual was charged in district court and plead guilty to dealing in stolen property. He was also charged with a lesser offense of failing to keep records by a scrap metal dealer but that was dismissed pursuant to a plea agreement.

Since that investigation began approximately 11 months ago, our agency compared a 11-month time frame before and after that investigation to determine if this individual's business model was a major contributor to the theft of catalytic converters in our area. The 11 months prior to that investigation our agency had 37 catalytic converters reported stolen, but have had only 11 since. That is a significant reduction.

The second case was an attempt by our agency to inspect the business records of another individual that clearly met the definition of a scrap metal dealer. This individual was advertising on Minot Facebook pages that they would be driving through the area in a van and would be purchasing catalytic converters. Our investigators determined the person lived in the Fargo area and tried to meet with them in an undercover capacity on one of his trips through Minot, but were unsuccessful. Eventually they ended up calling the person, explaining they were law enforcement and asked him for the records of his purchases. The person seemed hesitant to say he had records but eventually said he could get them together. The next call our office received wasn't from that initial person, but from an attorney that vouched for the individual, stating he had records, however we still never received any.



Sheriff's Department



Robert Roed
Sheriff

This person had a business registered in their name that appeared to be the scrap metal business they were running, however the address of the business was that of an apartment. An unlikely location for a scrap metal business. With the inability to know exactly where law enforcement would be allowed to search for his records in accordance with the current law, the case was filed inactive. We have also not seen any further ads of this person travelling through our area to purchase converters.

Looking back at these two investigations our agency asked what simple changes could help us prevent more of these thefts in the future. First it would be helpful to have a registry of all scrap metal dealers so we know who's buying. Second, it would also be helpful to know the address of their business records so they can be inspected according to the law. This bill goes one step further and requires scrap metal dealers to have a fixed business premise, which would easily establish where we could examine records and conduct inspections.

As for the other provisions in this bill requiring proof of ownership, while a dishonest individual can very easily bypass that proof by signing a false statement, we would support this provision as a step in the right direction.

Last, we also support the creation of specific penalties regarding the theft of catalytic converters outside the standard theft of property statutes. The creation of this section clearly establishes that the value for grading the offense is based upon replacement and repair costs, and not the scrap metal value.

With that, I'd like to thank the sponsors of this bill and will answer any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Kraft".

Jason Kraft, Captain
Ward County Sheriff's Department
204 Front Street
Minot, North Dakota 58701
Office Phone: 701-857-6500
Cell Phone: 701-240-7334
Email: Jason.kraft@wardnd.com

North Dakota State's Attorneys' Association

January 28, 2023

To: Transportation Committee
Hon. Chairman Clemens
Hon. Vice-Chair Conley
Members of the Committee

RE: Senate Bill No. 2299

Chairman Clemens, Vice-Conley Karls, and Members of the Transportation Committee:

The North Dakota State's Attorneys' Association (NDSAA) is submitting this letter in **SUPPORT** of Senate Bill 2299 and to urge you to issue a **DO PASS** on this bill.

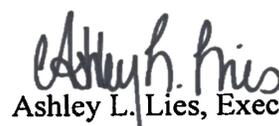
In November of last year, Mandan reported a surge of thefts of catalytic converters from vehicles in the area. Earlier last year, five people were arrested in Minot for catalytic converter thefts going back to 2021. With these items being easy to steal in less than 5 or 10 minutes and then being sold for over \$150.00, this is a serious problem in North Dakota and across the country for people looking to make quick, untraceable money.

Taking the steps outlined in Senate Bill 2299 will, we believe, cut down on the number of catalytic converter thefts we are seeing as dealers will need to become licensed with the state, or face heavy bookkeeping requirements for their transactions. In addition, dealers who fail to comply with the new laws and the thieves alike, will be faced with more severe penalties, which have been proven to be a deterrent to crime.

We support the steps in Senate Bill 2299 to hold scrap dealers and thieves each accountable for any role they play in the continued theft and sale of catalytic converters in our state.

On behalf of the North Dakota State's Attorneys:


Roza Larson, President


Ashley L. Lies, Executive Director



February 1, 2023

Senator David Clemens, Chairman
Senate Transportation Committee
Fort Totten Room – ND State Capitol
Bismarck, ND 58505

Re: Senate Bill 2299 – In Support of

Dear Chairman Clemens and members of the Senate Transportation Committee,

I write to convey GerdaU's support for Senate Bill 2299. Proposed restrictions on transactions involving catalytic converters would strengthen metals theft law to combat theft and hold to account those who operate illegitimate businesses, while allowing responsible recyclers the continued ability to process valuable metals.

GerdaU is one of the world's largest steelmakers and recyclers. In North America, the company operates a network of steel mills, downstream locations and metals recycling facilities, including scrap yards in Bismarck, Fargo, Jamestown, and Minot. Our metals recycling locations are fully licensed, comply with all existing metals theft legislation, and have extensive procedures in place to screen incoming material, to document transactions, and to prevent stolen goods from ending up in our facilities. We are an ally of the law enforcement community and are proud to play an integral role in stopping the theft of metals, including catalytic converters.

As a responsible member of the recycling community, GerdaU commends the sponsor and cosponsors of this legislation for working to address this important issue.

Please contact me if we can provide any assistance.

Sincerely,

A handwritten signature in blue ink that reads 'Adam Parr'.

Adam Parr
Director, Communications & Public Affairs
GerdaU Long Steel North America
Phone: 813-373-0081
Email: adam.parr@gerdau.com



ISRI is the voice of the recycling industry, promoting safe, economically sustainable, and environmentally responsible recycling through networking, advocacy, and education.

**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

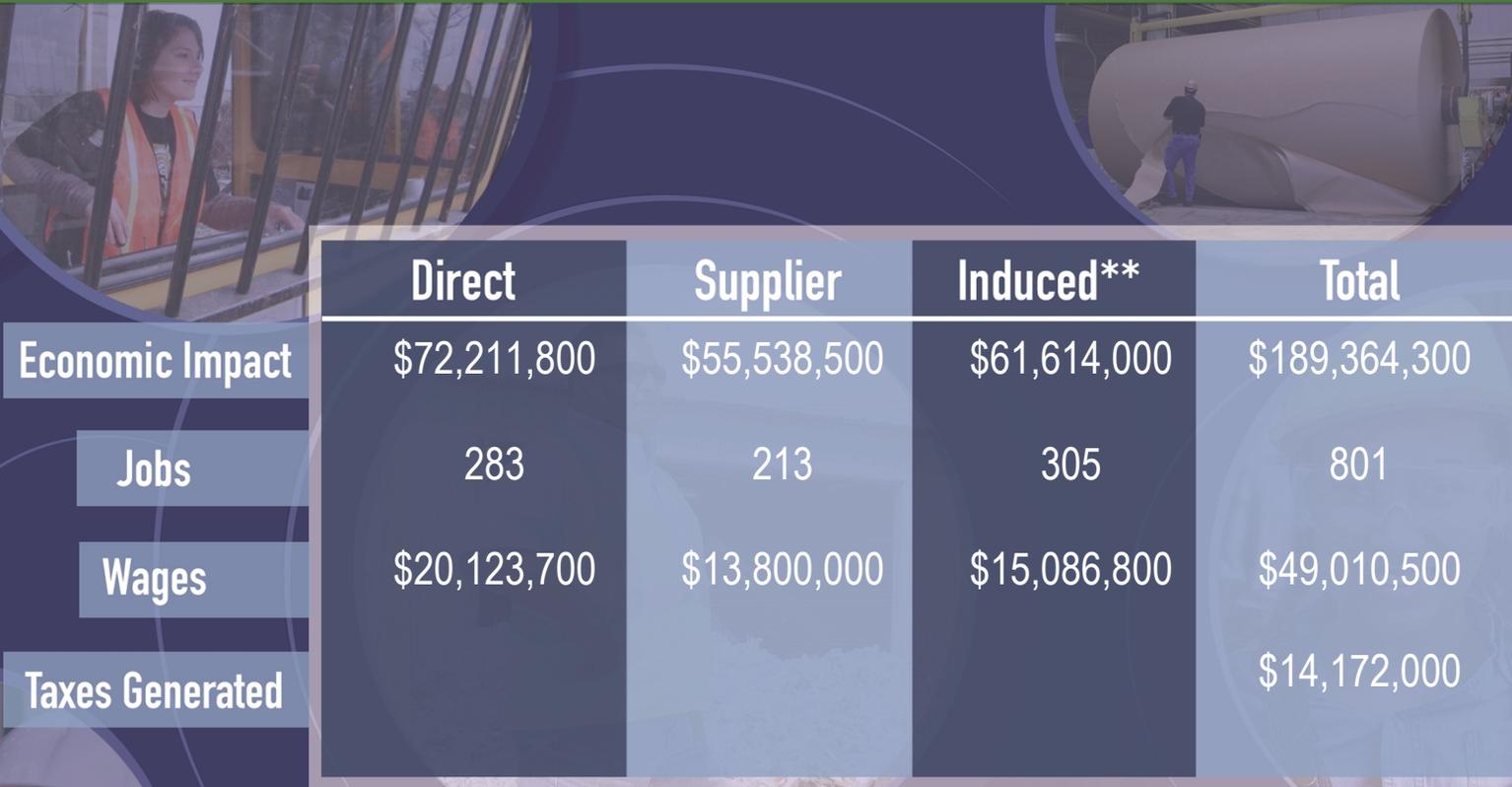
ISRI is pleased to support SB 2299 so law enforcement has additional tools to ensure that every buyer of catalytic converters complies with the state metals theft law and sellers are legal owners with authority to recycle the converters for the critical minerals this nation needs. In doing so, it is 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 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 North Dakota of 189.36 million per year (see attached). The ISRI Upper Midwest Chapter represents 59 members 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.



Danielle F. Waterfield, Esq.
Chief Policy Officer, ISRI



	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.

Testimony SB 2299
Senate Transportation Committee
February 2, 2023

Mr Chairman and members of the Senate Transportation Committee, my name is Molly Barnes and I am Executive Vice President & Equipment Manager at Northern Improvement Company. Northern Improvement is a 5th generation owned highway, heavy & municipal construction company with North Dakota offices in Fargo, Bismarck, and Dickinson. We have been in business since 1935 and are one of the founding members of the AGC of ND when it formed in 1951.

I appreciate the opportunity to testify today in support of SB 2299. We appreciate the Senators introducing this and the Senate considering implementing it.

A catalytic converter is part of modern vehicle exhaust systems. A catalytic converter uses precious metals to convert the hydrocarbons, carbon monoxide and nitrogen oxides produced within an internal combustion engine into less harmful carbon dioxide and water. Basically, it cleans up the emissions coming from the tailpipe of a vehicle.

Catalytic converter theft has been a continuing issue with our business. Our Fargo location has a fenced in yard, yet in the 2020 & 2021, we had 5 catalytic converters stolen off pickups. Our Bismarck location has had 11 catalytic converters stolen in the same time period. Our Dickinson location, also has a fenced yard and has had 6 stolen (one of them was a dualled up) in 2022. Catalytic converters range from \$1200 to \$3300 installed for our vehicles. If we take the low end of that dollar range, \$1200 * 22 catalytic converters stolen from us, that is over \$26,400. These are just the cost to install the converter. This does not include the labor cost to shuffle the vehicles to and from the dealership. Nor does it account for downtime waiting for the parts and being without the vehicle.

Why are catalytic converters sought after? Precious metals such as Platinum, Palladium and Rhodium. Platinum value is \$1058.17 per oz. Palladium is \$1650.50 per oz and Rhodium is \$20,250 per oz. Compare these metals to copper at \$0.27 per oz. For the thieves that stole from us, that is a \$13,000 payday. There is a YouTube video that shows two thieves jacking up

a car and stealing the converter in 60 seconds! This problem will not be fixed unless there are check and balances within the used parts industry.

According to the Fargo Forum, in April of 2021 about 90 catalytic converters were stolen from West Fargo. Between Nov 1, 2020 and March 31, 2021 there were reports of 130 stolen in the Red River Valley.

According to Fox Business, Chicago Police are recommend painting your catalytic converter a bright color, which we have begun to do. Reputable scrap yards won't buy converters if they are painted, as it indicates theft. According to this article published in August of 2022, catalytic converter thefts are up 1,215% from 2019.

<https://www.foxbusiness.com/lifestyle/toyota-subaru-honda-owners-beware-car-part-theft-epidemic-targeting-your-catalytic-converter>.

This is such a large problem across the United States, that US Rep Jim Baird, R-Indiana introduced a bill called "Preventing Auto Recycling Thefts Act" which would require auto makers to stamp the vin number into the converter. This bill coupled with SB2299 would make it easier for Police to match the converter to the title or registration provided at the scrap yard to determine if it was stolen.

Thanks for the opportunity to comment on SB 2299. We offer our support to this legislation and request the Senate Transportation Committee issue a Do Pass Recommendation. If you have any questions, I would be pleased to attempt to address them.



March 3, 2023

Chair Scott Louser and Members of the Committee
Transportation Committee
North Dakota House of Representatives

RE: Senate Bill 2299 – Catalytic Converters

Dear Chair Louser and Members of the Committee

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in North Dakota. Working hand-in-hand with our member companies and North Dakota law enforcement, we help to detect, prevent, and deter insurance crimes, including vehicle and catalytic converter theft. While NICB provides value to our member companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance crime causes to individual policyholders across the country every year.

Catalytic converter theft has skyrocketed in recent years in part due to the significant rise in the price of various precious metals, including rhodium, platinum, and palladium. All are used in the construction of catalytic converters. Criminals are seizing the opportunity to profit off these increased prices by removing the catalytic converter from vehicles – in relatively easy fashion – and selling the stolen part on the black market. The component precious metals can be recycled into new products. Nationally, catalytic converter thefts more than quadrupled from 3,389 in 2019 to 14,433 in 2020. Thefts jumped dramatically yet again to over 52,000 in 2021, an increase of 1,215% since 2019.

Installing a replacement catalytic converter can cost thousands of dollars. Because thieves try to remove the converters as quickly as possible, their hastiness often causes higher repair costs due to incidental damage. Moreover, businesses with large vehicle fleets, such as vehicle dealerships or utility companies, are often targeted due to the number of potential marks in a small area. Thefts from commercial carriers can lead to replacement costs in excess of tens of thousands of dollars, and additional lost revenue due to halted operations.

Senate Bill 2299 seeks to curb catalytic converter thefts by adding metals contained within detached catalytic converters to the list of nonferrous metals and detached catalytic converters for which scrap metal businesses would be required to maintain sales records. Further, the bill requires a scrap metal dealer to register with the Attorney General, make business records involving transactions of detached catalytic converters available for inspection by law enforcement, and establish penalties for those who willfully fail to comply.

Accordingly, we respectfully request your support for SB 2299.

Thank you for your consideration. If you have any questions or need additional information, please contact me at csepich@nicb.org or (847) 772-7667.

Sincerely,

Craig Sepich

Craig Sepich
Assistant Director
Office of Strategy, Policy, & Government Affairs
National Insurance Crime Bureau



Sheriff's Department



Robert Roed
Sheriff

March 6th, 2023

Chairman Louser and members of the committee,

For the record my name is Jason Kraft, I am a Captain at the Ward County Sheriff's Department in Minot, and I am providing testimony in support of Senate bill 2299. As I did for the Senate, I will use two of our agencies recent investigations in to catalytic converter thefts as justification to pass this bill.

Through the summer of 2021 in to the spring of 2022, our agency investigated a multitude of catalytic converter thefts in the Ward County area. During those investigations, investigators identified two different individuals that were engaged in the business of buying and reselling catalytic converters in a manner that we suspected was contributing to the overall number of thefts in our area.

Investigators discovered that both of these individuals would meet with people in locations like parking lots and would conduct business out of their vehicles. Paying cash for used catalytic converters. They would then take these catalytic converters and resell them for a profit. Both of these individuals fit the legal description of a scrap metal dealer under the current law and were subject to keeping records of their transactions. However, investigation revealed that at least one of the individuals kept no records and was buying stolen catalytic converters. That individual was arrested for dealing in stolen property and failing to keep records by a scrap metal dealer and pursuant to a plea agreement they plead guilty to dealing in stolen property. The second individual referenced has not been charged and the investigation is inactive.

Since those investigations began approximately one year ago, and word got out that we were going after scrap metal dealers that weren't complying with the law, our agency decided to compare the number of reported catalytic converter thefts for one year prior and one year after, to determine whether or not the business model of buying converters in parking lots for cash had any effect on the number of thefts.

What we found is that for the 12 months prior to those investigations, we had 37 catalytic converters reported stolen, but only 11 in the 12 months after. That is an approximate 70% reduction in the number of reported thefts.

This bill seeks to eliminate those parking lot transactions, which were clearly contributing to theft in our area by requiring scrap metal dealers to have to register and have a fixed business premise. Without those requirements, it is difficult for investigators to find stolen catalytic converters when they don't know where to look in the first place.

As for the other provisions in this bill requiring proof of ownership, while a dishonest individual can very easily bypass that proof by signing a false statement, we would support this provision as a step in the right direction.



Sheriff's Department



Robert Roed
Sheriff

Last, we also support the creation of specific penalties regarding the theft of catalytic converters in lieu of the standard theft of property statutes. The creation of this section clearly establishes that the value for the grading of the offense is based upon replacement and repair costs, and not the scrap metal value.

With that, I'd like to thank the sponsors of this bill and will answer any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "JKraft".

Jason Kraft, Captain
Ward County Sheriff's Department
204 Front Street
Minot, North Dakota 58701
Office Phone: 701-857-6500
Email: Jason.kraft@wardnd.com

Testimony SB 2299
House Transportation Committee
March 7, 2023

Mr Chairman and members of the House Transportation Committee, my name is Molly Barnes and I am Executive Vice President & Equipment Manager at Northern Improvement Company. Northern Improvement is a 5th generation owned highway, heavy & municipal construction company with North Dakota offices in Fargo, Bismarck, and Dickinson. We have been in business since 1935 and are one of the founding members of the AGC of ND when it formed in 1951.

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Prepared by the Legislative Council staff for
Representative D. Ruby
March 27, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2299

In addition to the amendments adopted by the House as printed on page 1231 of the House Journal, Senate Bill No. 2299 is further amended as follows:

Page 6, line 1, replace "subsection 4" with "subdivision d of subsection 1"

Renumber accordingly