

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: March 10, 2023

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst Council File No. 23-0002-S31
Assignment No: 23-03-0109

SUBJECT: Resolution to SUPPORT S. 154, the Preventing Auto Recycling Thefts (PART) Act.

CLA RECOMMENDATION: Adopt the attached revised Resolution to include in the City's 2023-2024 Federal Legislative Program, SUPPORT for S. 154, the Preventing Auto Recycling Thefts (PART) Act, to prevent the theft of catalytic converters and other precious metal car parts.

SUMMARY

The Resolution (Blumenfield – Lee – Rodriguez), introduced February 15, 2023, states that over the past few years, catalytic converter theft has been on the rise. While California makes up about 12% of the population in the United States, it accounts for about 37% of the nation's catalytic converter theft. The Resolution notes that, according to CalMatters, 1,600 catalytic converters are stolen every month in California and there has been a vast increase during the last three years; and the National Insurance Crime Bureau estimated catalytic converter theft has increased by 1,215% between 2019 and 2022. The Resolution also states that, while the parts are easy to steal and stolen parts sell for a few hundred dollars, it can cost victims thousands of dollars and months of time to replace due to nation-wide parts shortages. The Resolution referenced a report in the *New York Times* indicating that the increase in thefts correlated with the rising black market prices of the precious metals found in catalytic converters. The Resolution also references a Department of Justice (DOJ) announcement in November 2022 that the DOJ had taken down two dozen alleged criminals in five states who ran a nationwide catalytic converter theft ring.

The Resolution further states that S. 5024, the Preventing Auto Recycling Thefts (PART) Act, was introduced in the United States Senate in 2022, to address the problem of catalytic converter theft by: 1) requiring new vehicles to have a Vehicle Identification Number (VIN) stamped onto the converter to allow law enforcement officers to link stolen parts to the vehicle from which they originate; 2) creating a grant program through which entities can stamp VIN numbers onto catalytic converters on existing vehicles; 3) improving record keeping standards for purchasers of used catalytic converters; and 4) establishing enforceability of laws around catalytic converter theft by codifying these crimes as a criminal offense.

Therefore, the Resolution requests that the City support the Preventing Auto Recycling Thefts (PART) Act to prevent the theft of catalytic converters and other precious metal car parts.

BACKGROUND

A catalytic converter is a device that looks like a small muffler along the exhaust system. It is designed to convert the environmentally hazardous exhaust emitted by the engine and convert the exhaust into less harmful gasses. To do this, the catalytic converter contains platinum, palladium, or rhodium. In recent years, however, the values of these precious metals have drastically increased. According to the National Insurance Crime Bureau (NICB), the value, per ounce, of these precious metals are:

- Rhodium: \$12,300
- Palladium: \$1,784
- Platinum: \$940

Removing a catalytic converter takes only minutes using some basic, readily available battery-operated tools from a local hardware store. For the vehicle owner, it is costly due to the potential impact on day-to-day activities such as time away from work, paying for alternate transportation and then paying anywhere from \$1,000 to \$3,000 for repairs.

Also according to the NICB, catalytic converter theft has skyrocketed across the country in recent years, from 1,298 reported thefts in 2018 to 52,206 in 2021.

Since the start of the pandemic, global supply chain issues have affected the production of goods and services including the processing of precious metals. Now there are concerns, stemming from the Russia-Ukraine War, that Russia, which supplies 40 percent of the world's palladium, according to Moody's analytics, could pull its supply off the market.

S. 5024 and Revised Resolution

S. 5024, the Preventing Auto Recycling Thefts (PART) Act, was introduced in September, 2022, during the 117th Congress. However, the bill was not adopted during the legislative term which ended December 2022. The author reintroduced the measure in January 2023, during the 118th Congress as S. 154. The language of S. 154 is similar in nature to the language in S. 5024. As such, our Office has prepared a revised resolution which references support for S. 154, the PART Act, to address the problem of catalytic converter theft.

DEPARTMENTS NOTIFIED

None

BILL STATUS

S. 154, the Preventing Auto Recycling Thefts (PART) Act

01/30/23 Introduced in Senate



Christopher Fields
Analyst

Attachment: 1. Revised Resolution
 2. Resolution (Blumenfield – Lee – Rodriguez)
 3. S. 154, the PART Act

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal government body or agency must have first been adopted in the form of a Resolution by the City Council; and

WHEREAS, over the past few years, catalytic converter theft has been on the rise; while California makes up about 12% of the population in the United States, it accounts for about 37% of the nation's catalytic converter theft; and according to CalMatters, 1,600 catalytic converters are stolen every month in California and there has been a vast increase during the last three years; and the National Insurance Crime Bureau estimated catalytic converter theft has skyrocketed by 1,215% between 2019 and 2022; and

WHEREAS, often in the middle of the night, this sort of theft can take mere minutes as criminals cut under an engine before moving to the next target; and while these stolen parts can be sold for a few hundred dollars, it can cost the victims thousands of dollars; and while hard working Angelenos continue to make car and insurance payments, they often have to wait months for their catalytic converters to be replaced to a nation-wide parts shortage; and

WHEREAS, this increase in thefts correlated with the rising black market prices of the precious metals found in catalytic converters; the *New York Times* confirmed that the price of an ounce of palladium jumped from \$500 in 2016 to between \$2,000-2,500 in 2021; and Rhodium jumped 3,000% from \$640 an ounce to over \$21,900 – 12 times the price of gold; and

WHEREAS, while many local governments and state legislature have advanced legislation to help protect car owners, the US Department of Justice (DOJ) has also become more tenacious in helping take down these criminal enterprises; in November 2022, the DOJ announced a takedown of two dozen alleged criminals in five states who ran a nationwide catalytic converter theft ring; and

WHEREAS, more must be done at all levels of government to stop the theft and resale of catalytic converters; and

WHEREAS, S. 154, the Preventing Auto Recycling Thefts (PART) Act, was introduced in the Senate in January 2023, to address the problem of catalytic converter theft by:

- Requiring new vehicles to have a Vehicle Identification Number (VIN) stamped onto the converter to allow law enforcement officers to link stolen parts to the vehicle from which they originate;
- Creating a grant program through which entities can stamp VIN numbers onto catalytic converters of existing vehicles;
- Improving record keeping standards for purchasers of used catalytic converters; and
- Establishing enforceability of laws around catalytic converter theft by codifying these crimes as a criminal offense;

NOW, THEREFORE, BE IT RESOLVED, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 Federal Legislative Program SUPPORT for legislation similar to S. 154, the Preventing Auto Recycling Thefts (PART) Act, to address the problem of catalytic converter theft.

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, over the past few years, catalytic converter theft has been on the rise; while California residents make up about 12% of the population in the United States, it accounts for about 37% of the nation's catalytic converter theft; and according to CalMatters, 1,600 catalytic converters are stolen every month in California and there has been a vast increase during the last three years; and The National Insurance Crime Bureau estimated catalytic converter theft has skyrocketed by 1,215% between 2019 and 2022; and

WHEREAS, often in the middle of the night, this sort of theft can take mere minutes as criminals cut under an engine before moving to the next target; and while these stolen parts can be sold for a few hundred dollars, it can cost the victims thousands of dollars; and while hard working Angelenos continue to make car and insurance payments, they often have to wait months for their catalytic converters to be replaced due to a nation-wide parts shortage; and

WHEREAS, this increase in thefts correlated with the rising black market prices of the precious metals found in catalytic converters; the New York Times confirmed that the price of an ounce of palladium jumped from \$500 in 2016 to between \$2,000-2,500 in 2021; and Rhodium jumped 3,000% from \$640 an ounce to over \$21,900- 12 times the price of gold; and

WHEREAS, while many local governments and state legislatures have advanced legislation to help protect car owners, the US Department of Justice has also become more tenacious in helping take down these criminal enterprises; in November 2022, the DOJ announced a take down of two dozen alleged criminals in five states who ran a nationwide catalytic converter theft ring, and

WHEREAS, more must be done at all levels of government to stop the theft and resale of catalytic converters; and

WHEREAS, S.5024, the Preventing Auto Recycling Thefts (PART) Act, was introduced in the United States Senate in 2022, to address the problem of catalytic converter theft by:

- Requiring new vehicles to have a Vehicle Identification number (VIN) stamped onto the converter to allow law enforcement officers to link stolen parts to the vehicle from which they originate;
- Creating a grant program through which entities can stamp VIN numbers onto catalytic converters of existing vehicles;
- Improving record keeping standards for purchasers of used catalytic converters; and
- Establishing enforceability of laws around catalytic converter theft by codifying these crimes as a criminal offense;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 Federal Legislative Program SUPPORT for legislation similar to S. 2024, the Preventing Auto Recycling Thefts (PART) Act.

PRESENTED BY

BOB BLUMENFELD

Councilmember, 3rd District

SECONDED BY

Monica Rodriguez

ORIGINAL

PK
FEB 15 2023

118TH CONGRESS
1ST SESSION

S. 154

To prevent the theft of catalytic converters and other precious metal car parts, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 30, 2023

Ms. KLOBUCHAR (for herself, Mr. BRAUN, Mr. WYDEN, and Mr. VANCE) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To prevent the theft of catalytic converters and other precious metal car parts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Preventing Auto Recy-
5 cling Theft Act” or the “PART Act”.

6 **SEC. 2. REQUIREMENTS FOR NEW MOTOR VEHICLE REGU-**
7 **LATIONS RELATING TO CATALYTIC CON-**
8 **VERTERS.**

9 (a) IN GENERAL.—Not later than 180 days after the
10 date of enactment of this Act, the Administrator of the

1 National Highway Traffic Safety Administration (referred
2 to in this section as the “Administrator”) shall—

3 (1) issue a notice of proposed rulemaking to re-
4 vise the motor vehicle theft prevention standard con-
5 tained in section 541.5 of title 49, Code of Federal
6 Regulations (or a successor regulation), to include
7 catalytic converters among the parts specified in
8 subsection (a) of that section;

9 (2) issue a notice of proposed rulemaking to re-
10 vise part 543 of title 49, Code of Federal Regula-
11 tions (or successor regulations), to require that, not-
12 withstanding the granting of a petition under that
13 part, all catalytic converters be marked in accord-
14 ance with section 541.5 of that title (as revised pur-
15 suant to paragraph (1)); and

16 (3) update other regulations, as necessary, to
17 ensure that, with respect to catalytic converters, the
18 requirements of section 541.5 and part 543 of title
19 49, Code of Federal Regulations (as revised in ac-
20 cordance with paragraphs (1) and (2), respectively),
21 apply to any vehicle covered by part 565 of that title
22 (or successor regulations).

23 (b) APPLICATION.—Notwithstanding any provision of
24 chapter 331 of title 49, United States Code, in the case
25 of a vehicle described in section 565.2 of title 49, Code

1 of Federal Regulations (or a successor regulation), that
 2 has not been sold to the first purchaser (as defined in sec-
 3 tion 33101 of title 49, United States Code), the require-
 4 ments added to section 541.5 of title 49, Code of Federal
 5 Regulations (or a successor regulation), by the Adminis-
 6 trator in accordance with paragraph (1) of subsection (a)
 7 shall apply to the vehicle beginning on the date that is
 8 180 days after the date on which the Administrator makes
 9 the revisions and updates required by that subsection, re-
 10 gardless of the model year of the vehicle or the date on
 11 which the vehicle is manufactured.

12 (c) MARKING OF CATALYTIC CONVERTERS NOT-
 13 WITHSTANDING AN EXEMPTION.—Section 33106 of title
 14 49, United States Code, is amended—

15 (1) in subsection (c)—

16 (A) in paragraph (2), by striking “and” at
 17 the end;

18 (B) by redesignating paragraph (3) as
 19 paragraph (4); and

20 (C) by inserting after paragraph (2) the
 21 following:

22 “(3) a certification that the catalytic converter
 23 will be marked in accordance with sections 33101
 24 through 33104, including associated regulations;
 25 and”; and

1 (2) by adding at the end the following:

2 “(f) REQUIREMENTS FOR MARKING CATALYTIC CON-
 3 VERTERS.—The Administrator of the National Highway
 4 Traffic Safety Administration shall promulgate regula-
 5 tions requiring catalytic converters on a vehicle line to be
 6 marked in accordance with sections 33101 through 33104,
 7 including associated regulations.”.

8 **SEC. 3. GRANT PROGRAM FOR VIN STAMPING.**

9 (a) DEFINITIONS.—In this section:

10 (1) COVERED ACTIVITY.—

11 (A) IN GENERAL.—The term “covered ac-
 12 tivity”, with respect to a motor vehicle, means
 13 die or pin stamping of the full vehicle identifica-
 14 tion number on the outside of the catalytic con-
 15 verter in a conspicuous manner.

16 (B) STAMPING.—For purposes of subpara-
 17 graph (A), the term “stamping” means stamp-
 18 ing—

19 (i) in a typed (not handwritten) font;

20 and

21 (ii) covered through the application of
 22 a coat of high-visibility, high-heat theft de-
 23 terrence paint.

24 (2) ELIGIBLE ENTITY.—The term “eligible enti-
 25 ty” means—

1 (A) a law enforcement agency;

2 (B) an automobile dealer;

3 (C) an automobile repair shop and service
4 center; and

5 (D) a nonprofit organization.

6 (3) SECRETARY.—The term “Secretary” means
7 the Secretary of Transportation.

8 (b) ESTABLISHMENT.—Not later than 180 days after
9 the date of enactment of this Act, the Secretary shall es-
10 tablish a program to provide grants to eligible entities to
11 carry out covered activities (excluding wages) relating to
12 catalytic converters.

13 (c) APPLICATION.—To be eligible to receive a grant
14 under this section, an eligible entity shall submit to the
15 Secretary an application at such time, in such manner,
16 and containing such information as the Secretary may re-
17 quire.

18 (d) REQUIREMENT.—A covered activity carried out
19 with a grant awarded under this section shall be carried
20 out at no cost to the owner of—

21 (1) the motor vehicle being stamped; or

22 (2) any motor vehicle otherwise receiving serv-
23 ice from an eligible entity.

24 (e) PRIORITY.—In awarding grants under this sec-
25 tion, the Secretary shall give priority to—

1 (1) eligible entities operating in areas with the
2 highest need for covered activities, including the
3 areas with the highest rates of catalytic converter
4 theft, as determined by the Secretary; and

5 (2) eligible entities that are in possession of
6 motor vehicles that are subject to the requirement
7 described in section 2(b).

8 (f) PROCEDURES FOR MARKING.—In carrying out
9 the grant program under this section, the Secretary shall
10 issue such regulations as are necessary to establish proce-
11 dures to mark catalytic converters of vehicles most likely
12 to be targeted for theft with unique identification numbers
13 using a combination of die or pin stamping and high-visi-
14 bility, high-heat theft deterrence paint without damaging
15 the function of the catalytic converter.

16 (g) ANNUAL REPORT.—Not later than 1 year after
17 the date of enactment of this Act, and annually thereafter
18 for 10 years, the Secretary shall submit to Congress a re-
19 port on the grant program established under subsection
20 (b) that includes a description of the progress, results, and
21 any findings of the grant program, including—

22 (1) the total number of catalytic converters
23 marked under the grant program; and

1 (2)(A) to the extent known, whether any cata-
 2 lytic converters marked under the grant program
 3 were stolen; and

4 (B) the outcome of any criminal investigation
 5 relating to those thefts.

6 (h) FUNDING.—

7 (1) UNOBLIGATED FUNDING AVAILABLE.—Of
 8 the unobligated amounts appropriated by the Amer-
 9 ican Rescue Plan Act of 2021 (Public Law 117–2;
 10 135 Stat. 4), \$7,000,000 shall be made available to
 11 carry out this section.

12 (2) AUTHORIZATION OF APPROPRIATIONS.—In
 13 the event that the total of \$7,000,000 of the funds
 14 described in paragraph (1) may not be made avail-
 15 able to carry out this section, there is authorized to
 16 be appropriated to carry out this section an amount
 17 equal to the remaining funding necessary to total
 18 \$7,000,000.

19 **SEC. 4. REQUIREMENTS FOR PURCHASE OF CATALYTIC**
 20 **CONVERTERS AND RETENTION OF SELLER**
 21 **INFORMATION.**

22 (a) INCLUSION OF CATALYTIC CONVERTERS.—Sec-
 23 tion 33101(6) of title 49, United States Code, is amend-
 24 ed—

1 (1) in subparagraph (K), by striking “and”
 2 after the semicolon at the end;

3 (2) by redesignating subparagraph (L) as sub-
 4 paragraph (M);

5 (3) by inserting after subparagraph (K) the fol-
 6 lowing:

7 “(L) the catalytic converter; and”; and

8 (4) in subparagraph (M) (as so redesignated),
 9 by striking “subclauses (A)–(K) of this clause” and
 10 inserting “subparagraphs (A) through (L) of this
 11 paragraph”.

12 (b) RETENTION OF RECORDS.—Section 33111 of the
 13 title 49, United States Code, is amended—

14 (1) in subsection (a), in the subsection heading,
 15 by striking “GENERAL REQUIREMENTS” and insert-
 16 ing “PROHIBITIONS RELATED TO SELLING MOTOR
 17 VEHICLE PARTS”;

18 (2) by redesignating subsections (b) and (c) as
 19 subsections (c) and (d), respectively; and

20 (3) by inserting after subsection (a) the fol-
 21 lowing:

22 “(b) RETENTION OF RECORDS.—

23 “(1) DEFINITION OF PRECIOUS METALS.—In
 24 this subsection, the term ‘precious metals’ has the
 25 meaning given the term in section 109–27.5101 of

1 title 41, Code of Federal Regulations (or a successor
2 regulation).

3 “(2) REQUIREMENT.—A seller of motor vehicles
4 or motor vehicle parts that contain precious metals,
5 including a person engaged in the business of sal-
6 vaging, dismantling, recycling, or repairing motor
7 vehicles or motor vehicle parts that contain precious
8 metals, shall provide to a purchaser on the sale of
9 the motor vehicle or motor vehicle part, as applica-
10 ble—

11 “(A) the name, address, telephone number,
12 and a photocopy of a government-issued identi-
13 fication of the seller; and

14 “(B) the make, model, vehicle identifica-
15 tion number, date of purchase, and a descrip-
16 tion of the motor vehicle or, with respect to a
17 motor vehicle part, a description of the motor
18 vehicle from which the part was removed.

19 “(3) DURATION OF RETENTION.—A person
20 shall retain the information described in paragraph
21 (2) for a period of not less than 2 years.”.

22 (c) PROHIBITION ON SALE OF PARTIAL CATALYTIC
23 CONVERTERS.—It shall be unlawful to sell or purchase
24 any—

1 (1) partial or de-canned catalytic converter
2 parts; or

3 (2) catalytic converter which has had identi-
4 fying markings removed or otherwise tampered with.

5 (d) REGULATIONS.—The Attorney General shall pre-
6 scribe regulations to carry out this section and the amend-
7 ments made by this section, including the enforcement and
8 penalties that apply to a violation of this section and the
9 amendments made by this section.

10 **SEC. 5. CRIMINAL PENALTIES.**

11 (a) THEFT OF CATALYTIC CONVERTERS.—Chapter
12 31 of title 18, United States Code, is amended—

13 (1) by adding at the end the following:

14 **“§ 671. Theft of catalytic converters**

15 “(a) DEFINITION.—In this section, the term ‘pre-
16 cious metals’ has the meaning given the term in section
17 109–27.5101 of title 41, Code of Federal Regulations, or
18 any successor regulation.

19 “(b) OFFENSE.—It shall be unlawful to steal or
20 knowingly and unlawfully take, carry away, or conceal a
21 catalytic converter from another person’s motor vehicle,
22 or knowingly purchase such a catalytic converter, with the
23 intent to distribute, sell, or dispose of the catalytic con-
24 verter or any precious metal removed therefrom in inter-
25 state or foreign commerce.

1 “(c) PENALTY.—Any person who violates subsection
 2 (b) shall be fined under this title, imprisoned not more
 3 than 5 years, or both.”; and

4 (2) in the table of sections, by adding at the
 5 end the following:

“671. Theft of catalytic converters.”.

6 (b) DEFINITIONS.—Section 2311 of title 18, United
 7 States Code, is amended by inserting after “for running
 8 on land but not on rails;” the following:

9 “‘Precious metals’ has the meaning given the term
 10 in section 109–27.5101 of title 41, Code of Federal Regu-
 11 lations, or any successor regulation;”.

12 (c) TRAFFICKING IN CAR PARTS CONTAINING PRE-
 13 CIOUS METALS.—Section 2321 of title 18, United States
 14 Code, is amended by adding at the end the following:

15 “(d) TRAFFICKING IN MOTOR VEHICLE PARTS CON-
 16 TAINING PRECIOUS METALS.—

17 “(1) OFFENSE.—It shall be unlawful to buy, re-
 18 ceive, possess, or obtain control of, with intent to sell
 19 or otherwise dispose of, a catalytic converter (includ-
 20 ing a de-canned catalytic converter), knowing that
 21 the catalytic converter has been stolen.

22 “(2) PENALTY.—Any person who violates para-
 23 graph (1) shall be fined under this title, imprisoned
 24 not more than 5 years, or both.”.

1 (d) CHOP SHOPS.—Section 2322(b) of title 18,
2 United States Code, is amended to read as follows:

3 “(b) DEFINITION.—For purposes of this section, the
4 term ‘chop shop’ means any building, lot, facility, or other
5 structure or premise where 1 or more persons engage in
6 receiving, concealing, destroying, disassembling, disman-
7 tling, reassembling, or storing any motor vehicle or motor
8 vehicle part that has been unlawfully obtained in order to
9 alter, counterfeit, deface, destroy, disguise, falsify, forge,
10 obliterate, extract any precious metal therefrom, or re-
11 move the identity, including the vehicle identification num-
12 ber or derivative thereof, or other identification marking,
13 of the vehicle or vehicle part and to distribute, sell, or dis-
14 pose of the vehicle or vehicle part, or precious metal ex-
15 tracted from the vehicle or vehicle part, in interstate or
16 foreign commerce.”.

○