

**REPORT OF THE  
CHIEF LEGISLATIVE ANALYST**

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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-S29  
Assignment No: 23-03-0108

SUBJECT: Resolution to SUPPORT SB 55 (Umberg)

CLA RECOMMENDATION: Adopt Resolution (Blumenfield – Lee – Soto-Martínez) to include in the City’s 2023-2024 State Legislative Program, support for SB 55 (Umberg), which would prohibit the sale of vehicles without an etched or engraved vehicle identification number on the catalytic converter.

SUMMARY

The Resolution (Blumenfield – Lee – Soto-Martínez), introduced February 15, 2023, states that 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. 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 SB 55 (Umberg) has been introduced in the California Senate to address the problem of catalytic converter theft by prohibiting the sale of new or used vehicles unless the vehicle identification number (VIN) has been engraved or etched onto the converter.

Therefore, the Resolution requests that the City support SB 55 (Umberg), which would prohibit the sale of vehicles without an etched or engraved vehicle identification number on the catalytic converter.

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.

SB 55 (Umberg) would prohibit a dealer or retailer from selling new motor vehicle equipped with a catalytic converter unless the catalytic converter has been engraved or etched with the vehicle identification number of the vehicle to which it is attached. A violation of this provision would be punishable as an infraction.

The bill notes that, by creating a new infraction, this bill would impose a state-mandated local program.

#### DEPARTMENTS NOTIFIED

None

#### BILL STATUS

01/18/23

Referred to Senate Committee on Transportation and Senate Committee on Public Safety.

  
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Christopher Fields  
Analyst

Attachment: 1. Resolution (Blumenfield – Lee – Soto-Martínez)  
2. SB 55 (Umberg)

## 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, SB 55 (Umberg) has been introduced in the California Senate to address the problem of catalytic converter theft by prohibiting the sale of new or used vehicles unless the vehicle identification number (VIN) has been engraved or etched onto the converter;

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 State Legislative Program SUPPORT for SB 55 (Umberg), which would prohibit the sale of vehicles without an etched or engraved vehicle identification number on the catalytic converter.

PRESENTED BY:

BOB BLUMENFELD

Councilmember, 3rd District

SECONDED BY:

*[Signature]*

*[Signature]*

ORIGINAL

FEB 15 2023

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**Introduced by Senator Umberg**December 6, 2022

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An act to add Section 24020 to the Vehicle Code, relating to vehicles.

## LEGISLATIVE COUNSEL'S DIGEST

SB 55, as introduced, Umberg. Vehicles: catalytic converters.

Existing law licenses and regulates motor vehicle dealers and retailers. Existing law prohibits a motor vehicle dealer or retailer from selling any motor vehicle that is not in compliance with the requirements enumerated in the Vehicle Code.

This bill would prohibit a dealer or retailer from selling a new motor vehicle equipped with a catalytic converter unless the catalytic converter has been engraved or etched with the vehicle identification number of the vehicle to which it is attached. A violation of this provision would be punishable as an infraction.

By creating a new infraction, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 24020 is added to the Vehicle Code, to  
2     read:

1     24020. (a) No dealer or person holding a retail seller's permit  
2 shall sell a new or used vehicle equipped with a catalytic converter  
3 unless the catalytic converter has been engraved or etched with  
4 the vehicle identification number (VIN) of the vehicle to which it  
5 is attached.

6     (b) This section does not apply to a collector motor vehicle.

7     SEC. 2. No reimbursement is required by this act pursuant to  
8 Section 6 of Article XIII B of the California Constitution because  
9 the only costs that may be incurred by a local agency or school  
10 district will be incurred because this act creates a new crime or  
11 infraction, eliminates a crime or infraction, or changes the penalty  
12 for a crime or infraction, within the meaning of Section 17556 of  
13 the Government Code, or changes the definition of a crime within  
14 the meaning of Section 6 of Article XIII B of the California  
15 Constitution.