

HF30 - 1UE - Catalytic Converter Purchase Requirements

Chief Author: **Ruth Richardson**
 Committee: **Public Safety Finance & Policy**
 Date Completed: **2/9/2023 7:53:36 AM**
 Lead Agency: **Public Safety Dept**
 Other Agencies:
 Corrections Dept Sentencing Guidelines Comm
 Supreme Court

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Public Safety Dept						
General Fund	-	298	298	298	298	298
State Total						
General Fund	-	298	298	298	298	298
Total	-	298	298	298	298	298
Biennial Total			596			596

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Public Safety Dept					
General Fund	-	1	1	1	1
Total	-	1	1	1	1

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 2/9/2023 7:53:36 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Public Safety Dept						
General Fund	-	298	298	298	298	298
Total	-	298	298	298	298	298
	Biennial Total		596		596	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Public Safety Dept						
General Fund	-	298	298	298	298	298
Total	-	298	298	298	298	298
	Biennial Total		596		596	
2 - Revenues, Transfers In*						
Public Safety Dept						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total		-		-	

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 Committee: **Public Safety Finance & Policy**
 Date Completed: **2/9/2023 7:53:36 AM**
 Agency: **Public Safety Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	298	298	298	298	298
Total	-	298	298	298	298	298
Biennial Total			596			596

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	1	1	1	1
Total	-	1	1	1	1

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	298	298	298	298	298
Total	-	298	298	298	298	298
	Biennial Total		596			596
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	298	298	298	298	298
Total	-	298	298	298	298	298
	Biennial Total		596			596
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total		-			-

Bill Description

Section 1: Amends Minn. Stat. 325E.21, Subd. 1b to require certain documentation be kept by scrap metal dealers. Language is also modified to require the commissioner of public safety to conduct inspections and audits as necessary instead of law enforcement agencies in the jurisdiction.

Section 2: Requires that records be maintained by scrap metal dealers for three years.

Section 3: Requires that scrap metal dealers have a valid registration and that the commissioner must cancel or deny registration for a violation of specific statutes, resulting in 5 years of denial for scrap dealership registration.

Section 4: Requires under Minn. Stat. 325E.21, Subd. 5, that a scrap metal dealer engaged in the purchase or acquisition of used catalytic converters ensure employees handling catalytic converter transaction are specifically trained and familiar with the additional requirements for catalytic converters.

Section 5: Modifies criminal penalties related to possession, purchase, or acquisition of certain catalytic converters that violate the statutory requirements denoted earlier in the bill.

Section 5: Denotes that it is unlawful to possess catalytic converters not attached to a motor vehicle, with certain exceptions.

Section 6: Prohibits individuals who are not registered scrap metal dealers to purchase or acquire a used catalytic converter that is not EPA certified for reuse as a replacement part, except when it is attached to a motor vehicle.

Section 7: Permits the commissioner of public safety to conduct periodic audits of scrap metal dealers to ensure compliance with the requirements of this section of statute.

Section 8: States that it is unlawful for a scrap metal dealer to purchase or acquire a used catalytic converter not attached to a motor vehicle unless the converter is marked as a part of the auto theft prevention program and the seller provides a copy of the vehicle's title or registration in order to demonstrate the seller's ownership interest in the property. Certain entities may remove catalytic converters without this documentation as long as certain data elements are provided.

A scrap metal dealer who purchases or acquires a used catalytic converter not attached to a motor vehicle must record the information received under this subdivision and Subd. 11 and make the information available upon request to law enforcement and effective beginning August 1, 2024, enter the information into an electronic database available to a law enforcement agency as approved by the commissioner of public safety.

Section 9: Modifies the definition of “contraband” under chapter 609 to reflect catalytic converters possessed in violation of Section 325E.21.

Assumptions

It is assumed that the Bureau of Criminal Apprehension will purchase a system to meet the needs of this statute. The total cost of the purchase and ongoing maintenance of this system is \$100,000 per year and that a Special Agent will need to be hired to complete the auditing duties, and to act as the point of contact for Minnesota Law Enforcement.

Expenditure and/or Revenue Formula

In order to meet the auditing requirements noted within the bill, a Special Agent will need to be hired at an annual cost of \$170,364.73, including salary and fringe benefits.

This Special Agent will require the following equipment and supplies:

Equipment	Per Annum Costs
Vehicle	\$13,000
Vehicle Maintenance	\$3,500
Radios	\$2,400
Phones	\$1,300
Computer Equipment	\$2,500
Misc Training/Supplies	\$5,000
Total (per Special Agent)	\$27,700

In total, a Special Agent will cost the BCA \$198,064.73 in ongoing funding.

This amount combined with the \$100,000.00 in ongoing system investments results in a total cost, per year, of \$298,064.73

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Olivia Anderson 651-793-2713

Agency Fiscal Note Coordinator Signature: Dan Boytim

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HF30 - 1UE - Catalytic Converter Purchase Requirements

Chief Author: **Ruth Richardson**
 Committee: **Public Safety Finance & Policy**
 Date Completed: **2/9/2023 7:53:36 AM**
 Agency: **Corrections Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karen McKey **Date:** 2/9/2023 7:44:06 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

H.F. 30 sets out additional requirements for scrap metal dealers when purchasing catalytic converters and establishes criminal penalties for the unauthorized possession or purchase of a catalytic converter.

Assumptions

Based on the analysis by the Minnesota Sentencing Guidelines Commission, the bill is not expected to have an impact on state correctional resources.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

There is expected to be no impact to local units of government.

References/Sources

Department of Corrections Staff

Minnesota Sentencing Guidelines Commission

Agency Contact:

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HF30 - 1UE - Catalytic Converter Purchase Requirements

Chief Author: **Ruth Richardson**
 Committee: **Public Safety Finance & Policy**
 Date Completed: **2/9/2023 7:53:36 AM**
 Agency: **Sentencing Guidelines Comm**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karen McKey **Date:** 2/2/2023 3:25:29 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

The bill amends Minn. Stat. section 325E.21 (scrap metal dealers) to create three new crimes.

Subdivision 11 (possession) prohibits possessing a used, detached catalytic converter that is neither associated with a particular motor vehicle by permanent marking nor EPA-certified for reuse as a replacement part.

Subdivision 12 (purchase by a non-dealer) prohibits purchasing a used, detached catalytic converter by someone not a registered scrap metal dealer unless it is EPA-certified for reuse as a replacement part.

Subdivision 14 (purchase by a dealer) prohibits a scrap metal dealer from purchasing a used, detached catalytic converter without the markings required under subdivision 11 and without the seller providing proof of ownership of the vehicle. Limited exceptions apply. The subdivision also requires the dealer to input the identifying information into a law enforcement database beginning August 1, 2024; prohibits the dealer from processing, selling, or removing the catalytic converter for one week; and requires remote payment for the purchased catalytic converter, delayed five days after sale.

Depending on the number and/or value of catalytic converters purchased or possessed, each crime is a misdemeanor (one catalytic converter of a value of \$500 or less), gross misdemeanor (two catalytic converters; or one, if its value exceeds \$500 but not \$1,000), felony with a 5-year statutory maximum (three catalytic converters; or one or more, if their value exceeds \$1,000 but not \$5,000), or felony with a 10-year statutory maximum (any number of catalytic converters whose value exceeds \$5,000).

Catalytic converters possessed in violation of the section are classified as contraband and are summarily forfeited upon conviction under the section.

This bill is effective August 1, 2023, and applies to crimes committed on or after that date.

Assumptions

It is assumed that due to the COVID-19 health pandemic, the cases sentenced in 2020 and 2021 are not necessarily fair approximations of cases sentenced in the future.

One of the responsibilities of the Commission is to assign severity-level (SL) rankings to new felony offenses passed by the Legislature. The Commission bases its decisions, in part, on the level of harm caused and the culpability of the person. The statutory maximum is also considered.

There is an existing felony offense for precious metal and scrap dealers under Minn. Stat. section 609.526, which is ranked as follows: Second or subsequent (10-year stat. max.); ranked at SL 4; monetary value of \$1,000 or over (10-year stat. max.) ranked at SL 3; and monetary value of \$501 to \$999 (5-year stat. max.) ranked at SL 2. It is assumed the Commission would rank the new felony (5-year stat. max.) possessions or purchase of a catalytic converter at SL 2, based on the fact that it is the same statutory maximum. At SL 2, cases with a criminal history score of 6 or more are

recommended prison sentences (“Presumptive Commitment”). It is assumed the Commission would rank the new felony (10-year stat. max.) possessions or purchase of a catalytic converter at SL 3 or 4, based on the statutory maximum. At SL 3 or 4, cases with a criminal history score of 4 or more are recommended prison sentences (“Presumptive Commitment”).

According to MSGC Monitoring Data, there was one felony case of precious metal and scrap dealers that was sentence between 2017 and 2021. The case was ranked at SL 2 and did not receive a prison sentence. According to Minn. Judicial Branch data obtained by MSGC from its website, there was one conviction for the existing misdemeanor under Minn. Stat. section 325E.21, from 2017 to 2021.

Catalytic converter theft in Minnesota appears widely reported in media. According to officials interviewed for a recent Pioneer Press article, “[I]n St. Paul, catalytic converter thefts rose steadily between 2014 and 2019, when there were 345 reports filed to police, before soaring to 1,166 in 2020. Last year’s numbers came in at 1,877, and there’ve been 2,156 reported thefts in St. Paul through Oct. 13 of this year.” However, existing convictions for scrap metal dealers are very low and MSGC has no basis for assuming convictions will increase; rather, it is assumed that scrap metal dealers and other possessors and purchasers of used, detached catalytic converters will comply with the bill’s new requirements.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Based on the above assumptions, there will be no impact on state correctional resources.

Local Fiscal Impact

Based on the above assumptions, there will be no local government fiscal impact.

References/Sources

MSGC Monitoring Data, 2017-2021.

Minn. Judicial Branch Data, 2017-2021 (retrieved 1/13/2023 at <https://mncourts.gov/Help-Topics/Court-Statistics/District-Court-Criminal-Charges-Data.aspx>).

N. Ferraro, “Bust of Nationwide Catalytic Converter Theft Ring Included MN Search Warrants,” *TwinCities.com Pioneer Press* (Nov. 3, 2022) (retrieved January 13, 2023, at <https://www.twincities.com/2022/11/03/catalytic-converter-theft-ring-bust-mn-search-warrants>)

Agency Contact:

Agency Fiscal Note Coordinator Signature: Jill Payne

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HF30 - 1UE - Catalytic Converter Purchase Requirements

Chief Author: **Ruth Richardson**
 Committee: **Public Safety Finance & Policy**
 Date Completed: **2/9/2023 7:53:36 AM**
 Agency: **Supreme Court**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

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LBO Signature: Karen McKey **Date:** 2/9/2023 7:43:13 AM
Phone: 651-284-6429 **Email:** karen.mckey@lbo.mn.gov

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Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

HF30-1UE amends Minn. Stat. § 325E.21, at subdivisions 1b, 2, 4, and 5, and adds a new subdivision 13 to modify the records, registration, and training requirements for scrap metal dealers relating to catalytic converters; and amends subdivision 6 and adds new subdivisions 11, 12, and 14 to add misdemeanor, gross misdemeanor, and felony level penalties for unlawful possession or purchase of catalytic converters. The bill also amends section 609.5316, subdivision 3 to add catalytic converters to the forfeiture provisions governing weapons, telephone cloning paraphernalia, automated sales suppression devices, and bullet-resistant vests.

Assumptions

According to judicial branch data, no cases were filed between 2018 and 2022 charging a violation of the existing provisions in section 325E.21. Thus, although catalytic-converter related crimes are widely reported by the media, it is assumed that the provisions of this bill would not significantly increase case filings or measurably impact the judicial branch.

Expenditure and/or Revenue Formula

The provisions of this bill are not anticipated to have a significant fiscal impact on the judicial branch.

Long-Term Fiscal Considerations

None

Local Fiscal Impact

None

References/Sources

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