



March 10, 2021

The Honorable Chairman Zack Stephenson
Minnesota House of Representatives
Commerce Finance and Policy Committee
509 State Office Building
St. Paul, MN 55155

Dear Chairman Stephenson,

The Automotive Recyclers Association appreciates the opportunity to submit written testimony on H. 1589. Since 1943, the Automotive Recyclers Association (ARA) has represented professional automotive recyclers, a vibrant and thriving part of the automotive supply chain. ARA's mission is to advance the automotive recycling industry and promote its beneficial effects on society. ARA and its members are dedicated to the efficient removal and re-utilization of ROE-Recycled Original Equipment® which are genuine original equipment manufacturer (OEM) automotive parts – and the safe disposal of inoperable motor vehicles. **ARA has 15 member facilities in Minnesota including one of the most progressive professional automotive recycling operations in the country located in St. Cloud, Minnesota that resells EPA compliant used original equipment manufactured catalytic converters. ARA cannot support H. 1589 as it is currently written due to the bill making it illegal for an automotive recycler to resell an effective catalytic converter as a replacement part.**

Automotive recyclers process over 12 million vehicles per year, making automobiles the most recycled item in the world. The automotive recycling industry is in the top 20 largest in the U.S., valued at an estimated \$32 billion dollars annually. Professional automotive recycling facilities play an important role in the economic marketplace, providing a counterbalance to more expensive new replacement parts and ensuring competition in the automotive vehicle replacement parts market.

In addition to the critical role they play in the automotive supply chain and automotive vehicle replacement parts market, professional automotive recyclers play a valuable role in the efficient, environmentally friendly disposal of inoperable motor vehicles. Automotive recycling preserves natural resources, reduces the demand for scarce landfill space, and plays an important role in reducing air and water pollution.

Our association greatly appreciates your concern and interest in combatting catalytic converter theft. Many of our members have fallen prey to catalytic converter thieves both personally and in cases where their businesses have purchased vehicles only to discover that the catalytic converters have been stolen. The cost to our members themselves has been extremely great. After having looked over H. 1589, the bill creates a problem in that **victims of catalytic converter theft will be unable to purchase affordable repair catalytic converters – resulting in a double hit from the initial theft and the extremely expensive cost of replacing a catalytic converter.**

The problem of missing catalytic converters is even greater when catalytic converters are stolen off of vehicle owners' older vehicles. The availability of newly manufactured catalytic converters for older cars is more limited. As a result, there is an increasing need for availability of used OEM catalysts to serve as replacements. Additionally, those who own older vehicles tend to be more economically disadvantaged. Therefore, it is particularly important that there is an availability of alternative solutions for replacement catalytic converters other than new OEM catalytic converters. The Environmental Protection Agency (EPA) recognizes the need for affordable alternative replacement parts.

In 1986, the EPA published an enforcement policy regulating the resale of used original equipment manufactured catalytic converters (used OEM catalysts). The policy goal behind the creation of the 1986 Catalyst Policy was to allow consumers to have access to **“less expensive yet still effective aftermarket converters [which would] give owners more incentive to replace their worn-out converters, [thus] keeping our air cleaner.”** The reasoning behind the EPA's policy to create a market of effective and financially accessible catalytic converters, including aftermarket and used OEM catalysts, was due to the fact that new original equipment manufactured catalytic converters are expensive and that state and local vehicle emissions testing program officials are reluctant to require vehicle owners to replace missing or worn-out catalytic converters due to the high cost. For example, the price of a new OEM replacement catalyst for a 2015 Chevrolet Silverado costs \$1,511.69 and the cost of only one catalyst (out of two) on a 2015 Ford F150 costs \$660.11. These prices do not even take into account labor costs. Therefore, for the past 35 years, the EPA has held to the position that vehicle owners need to have access to affordable replacement catalytic converters because it would be better for overall air quality if vehicle owners could replace missing or worn-out catalysts with, higher-functioning, used OEM catalysts rather than not replacing the catalyst at all.

As currently drafted, H. 1589 is concerning because it would be detrimental to the EPA's policy of improving air quality by encouraging individuals to replace their vehicles' missing or worn-out catalytic converters. Subdivision 11 of H. 1589 states, *“Prohibition. It is unlawful for any person other than a scrap metal dealer to purchase a used catalytic converter unless it is attached to a motor vehicle.”* The language included in Subdivision 11 of H. 1589 is problematic and frustrates longstanding EPA policy because it prohibits automotive recyclers from selling effective used OEM catalysts to repair shops for vehicle repairs. By including language that prohibits any entity except for scrap metal dealers to purchase used catalytic converters, H. 1589 also prohibits vehicle owners from replacing missing or worn-out catalysts with affordable replacements, thereby negatively impacting air quality.

ARA recommends that H. 1589 be amended so as not to impeded vehicle owners' ability to purchase affordable replacement parts and to not outlaw a currently legal form of commerce, which provides a substantial public benefit.

Sincerely,

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