

SF5 - 1A - Catalytic Converter Purchase Requirements

Chief Author: **John Marty**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **2/2/2023 3:35:46 PM**
 Lead Agency: **Public Safety Dept**
 Other Agencies:
 Corrections Dept Public Defense Board
 Sentencing Guidelines Supreme Court
 Comm

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:** 2/2/2023 3:35:46 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
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: **Commerce And Consumer Protection**
 Date Completed: **2/2/2023 3:35:46 PM**
 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

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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.

LBO Signature: Laura Cecko **Date:** 2/2/2023 3:34:56 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
General Fund	-	298	298	298	298	298
Total		-	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
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: amends Minn. Stat. 325E.21, Subd. 4 to permit the names and addresses of scrap metal dealers registered under this subdivision to be public data on individuals, as defined in section 13.02, Subdivision 15. This data must be provided by the commissioner of public safety upon request.

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

Section 7: 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 8: 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 9: 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 10: 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	\$13,000.00
Vehicle Maintenance	\$3,500.00
Radios	\$2,400.00
Phones	\$1,300.00
Computer Equipment	\$2,500.00
Miscellaneous Training & Supplies	\$5,000.00
Total supplies for a Special Agent	\$27,700.00

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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SF5 - 1A - Catalytic Converter Purchase Requirements

Chief Author: **John Marty**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **2/2/2023 3:35:46 PM**
 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:** 1/29/2023 7:13:40 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

S.F. 5 establishes new requirements for purchasing catalytic converters and amends existing requirements. Scrap-metal dealers must train employees on the new requirements, and new criminal penalties are established for violating requirements on purchasing or possessing catalytic converters: misdemeanor, gross misdemeanor, and felony (**section 5**).

Section 10 establishes that a catalytic converter possessed in violation of section 325E.21 will be considered contraband and will be summarily forfeited to the appropriate agency upon a conviction.

Assumptions

The Minnesota Sentencing Guidelines Commission assumed the following:

1. The commission assumes that because of the COVID-19 pandemic, the cases sentenced in 2020 and 2021 are not necessarily fair approximations of cases sentenced in the future.
2. According to the commission’s monitoring data, there was one felony case of precious metal and scrap dealers that was sentenced between 2017 and 2021. The case did not receive a prison sentence. From 2017 to 2021, there was one conviction for the existing misdemeanor under section 325E.21.
3. Existing convictions for scrap-metal dealers are low; the commission assumes that scrap-metal dealers and other possessors and purchasers of used, detached catalytic converters will comply with the new requirements.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

The bill is expected to have a minimal cost to local units of government.

References/Sources

Department of Corrections Staff

Minnesota Sentencing Guidelines Commission

Agency Contact:

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SF5 - 1A - Catalytic Converter Purchase Requirements

Chief Author: **John Marty**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **2/2/2023 3:35:46 PM**
 Agency: **Public Defense Board**

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:** 1/26/2023 4:54:36 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.

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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 would prohibit possession of a catalytic converter that is not attached to a motor vehicle unless the converter is marked with the date the converter was removed from the vehicle and the identification number of the vehicle from which the converter was removed, or the converter has been EPA certified for reuse as a replacement part.

The bill would also prohibit the purchase of a used catalytic converter that is not EPA certified by anyone who is not a registered scrap metal dealer unless the converter is attached to a motor vehicle.

The bill would also prohibit scrap metal dealers from purchasing a catalytic converter that is not attached to a motor vehicle unless it has the proper registration identification, and the converter may not be sold as a replacement part unless it has the proper registration numbers.

The possession, purchase or acquisition of one converter not properly registered or attached to the vehicle is a misdemeanor, two converters is a gross misdemeanor, and three to ten is a five year felony, 11-70 is 10 year felony, and 71 or more is a 20 year felony

Assumptions

We do not anticipate a significant increase in caseloads or workloads as a result of this bill.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

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SF5 - 1A - Catalytic Converter Purchase Requirements

Chief Author: **John Marty**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **2/2/2023 3:35:46 PM**
 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:** 1/26/2023 4:54:02 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 or acquisition by a non-dealer) prohibits purchasing or acquiring 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 or acquisition by a dealer) prohibits a scrap metal dealer from purchasing or acquiring 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 of catalytic converters purchased, acquired, or possessed, each crime is a misdemeanor (one), a gross misdemeanor (two), a felony with a 5-year statutory maximum (3 to 10), a felony with a 10-year statutory maximum (11 to 70), or a felony with a 20-year statutory maximum (71+).

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 (3 to 10) with a 5-year statutory maximum at SL 2; the new felony (11 to 70) with a 10-year statutory maximum at SL 3 or SL 4; and the felony (71+) with a 20-year statutory maximum at SL 6 (which is equivalent to theft over \$35,000). At SL 2, cases with a criminal history score of 6 or more are recommended prison

sentences (“Presumptive Commitment”); at SL 3 or 4, cases with a criminal history score of 4 or more are recommended prison sentences; and at SL 6, cases with a criminal history score of 3 or more are recommended prison sentences.

According to MSGC Monitoring Data, there was one felony case of precious metal and scrap dealers that was sentenced 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 people who acquire, possess, or purchase 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, the impact on state correctional resources is unknown.

Local Fiscal Impact

Based on the above assumptions, the local government fiscal impact is unknown.

References/Sources

MSGC Monitoring Data, 2017-2021.

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

Ferraro, N., “Bust of Nationwide Catalytic Converter Theft Ring Included MN Search Warrants,” *TwinCities.com Pioneer Press* (Nov. 3, 2022) (retrieved 1/13/2023, 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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SF5 - 1A - Catalytic Converter Purchase Requirements

Chief Author: **John Marty**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **2/2/2023 3:35:46 PM**
 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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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:** 1/26/2023 4:56:10 PM
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State Cost (Savings) Calculation Details

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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

SF5-1A amends Minn. Stat. § 325E.21, at subdivisions 1b, 2, 4, and 5, and adds a new subdivision 13 to modify the records, audit, 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, purchase, or acquisition 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, requiring that catalytic converters possessed in violation of section 325E.21 be summarily forfeited upon conviction.

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

References/Sources

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