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## OLR Bill Analysis

**sSB 256 (File 309, as amended by Senate "A")\***

### ***AN ACT CONCERNING THE PURCHASE OR RECEIPT OF CATALYTIC CONVERTERS BY MOTOR VEHICLE RECYCLERS, SCRAP METAL PROCESSORS AND JUNK DEALERS.***

#### **SUMMARY**

This bill makes several changes affecting motor vehicle recyclers, scrap metal processors, junk dealers, junk yard owners and operators, and motor vehicle repair shops regarding the receipt and sale of catalytic converters.

For motor vehicle recyclers, the bill generally prohibits them from (1) receiving a vehicle's catalytic converter unless it is attached to a vehicle and (2) selling or transferring a converter unless they affix or write a stock number onto it.

For scrap metal processors, junk dealers, and junk yard owners and operators, the bill establishes several recordkeeping requirements and other conditions for receiving a catalytic converter that is not attached to a vehicle. Among other things, it prohibits anyone other than a motor vehicle recycler or motor vehicle repair shop from selling more than one unattached converter to a scrap metal processor, junk dealer, or junk yard owner or operator in a day.

Lastly, the bill makes technical and conforming changes.

\*Senate Amendment "A" principally (1) requires motor vehicle recyclers to affix or write a stock number on a converter instead of etching a vehicle identification number (VIN); (2) requires recyclers to create a written record of the converters they sell or transfer; (3) extends the bill's restrictions on scrap metal processors and junk dealers to junk yard owners and operators; and (4) provides different processes for scrap metal processors, junk dealers, and junk yard owners and

operators when converter transactions involve a motor vehicle recycler or motor vehicle repair shop.

EFFECTIVE DATE: July 1, 2022

## **§ 1 — RESTRICTIONS ON MOTOR VEHICLE RECYCLERS**

The bill eliminates a current law that (1) prohibits motor vehicle recyclers from receiving a vehicle's catalytic converter unless the seller provides proof that he or she owns the vehicle or is the owner's authorized agent and (2) requires recyclers to keep copies of the proof with their records. It instead (1) requires recyclers to keep copies of the written record they must create under the bill (see below) and (2) prohibits recyclers from receiving a vehicle's catalytic converter unless it is attached to a vehicle and received in compliance with existing state law. By law, recyclers cannot receive a vehicle unless they concurrently receive (1) the vehicle's title certificate, if it must have title, or (2) a copy of the vehicle's title certificate made by an insurance company under state law.

Additionally, the bill prohibits motor vehicle recyclers from selling or transferring a catalytic converter unless the recycler:

1. detaches the converter from a vehicle that was received in compliance with the above law;
2. affixes or writes a stock number onto the converter;
3. creates a written record that includes the (a) recycler's name, address, telephone number, and license number and (b) converter's corresponding VIN and stock number; and
4. keeps one copy of the record and gives another copy to the purchaser or transferee.

The bill provides the same penalties for violations of the bill's provisions that apply to violations of existing law described above. The motor vehicles commissioner may, after notice and hearing, impose a civil penalty of \$100 to \$500 for each violation. She may also suspend

the recycler's license (see CGS § 14-67p). In addition, violations of motor vehicle recycler laws are punishable as class C misdemeanors, punishable by up to three months in prison, a fine of up to \$500, or both (CGS § 14-67v).

## **§ 2 — RESTRICTIONS FOR SCRAP METAL PROCESSORS, JUNK DEALERS, AND JUNK YARD OWNERS AND OPERATORS**

The bill prohibits scrap metal processors, junk dealers, and junk yard owners and operators from receiving a catalytic converter that is not attached to its vehicle unless they concurrently:

1. record the place and date of the transaction, a description of the converter, including item type and any identification number, and the amount paid for the converter;
2. record (a) a description of the seller and the seller's name, residence address, and driver's license or identity card number or (b) if the seller is a business, its name, address, and telephone number;
3. record the license plate of the vehicle used to transport the converter;
4. obtain a statement from the seller (a) that the seller is the converter's owner or (b) identifying the name of the person from whom the seller obtained the converter, as shown on a signed transfer document; and
5. take a clear photograph or video of the seller, the seller's driver's license or identity card, and the converter.

However, if they receive an unattached catalytic converter from a motor vehicle recycler, the bill prohibits them from doing so unless:

1. the recycler has affixed or written a stock number on the converter and
2. at the time of receipt, they (a) receive a written statement on the recycler's letterhead that includes the converter's stock number

and the corresponding VIN number for the vehicle from which it was detached and (b) take a clear photograph or video of the recycler's employee who is transferring the converter and the employee's driver's license or identity card.

If they receive an unattached catalytic converter from a motor vehicle repair shop, the bill prohibits them from doing so unless:

1. the repair shop has (a) removed the converter from a vehicle it serviced and (b) affixed or written a stock number on the converter and
2. at the time of receipt, they (a) receive a written statement on the repair shop's letterhead that includes the converter's stock number, information on the vehicle from which the converter was detached, including its VIN and registration number, and a receipt for the services performed on the vehicle and (b) take a clear photograph or video of the repair shop's employee who is transferring the converter and the employee's driver's license or identity card.

If a transaction with a recycler or repair shop involves more than one converter, the bill allows for a single written statement.

The bill prohibits anyone other than a motor vehicle recycler or motor vehicle repair shop from selling more than one unattached catalytic converter to a scrap metal processor, junk dealer, or junk yard owner or operator in a day.

Under the bill, scrap metal processors, junk dealers, and junk yard owners and operators may only pay a seller of an unattached catalytic converter by check. If the seller is a motor vehicle recycler or motor vehicle repair shop, the check must be payable to the recycler or repair shop. For all other sellers, the scrap metal processors, junk dealers, and junk yard owners and operators must either (1) send the check to the address provided by the seller at the time of receipt or (2) hold it at their place of business for collection by the seller at least three business days after the converter's purchase date.

The bill restricts scrap metal processors, junk dealers, and junk yard owners and operators to only selling catalytic converters that they receive in compliance with the bill's requirements. But it allows them to sell these converters without limit on how many they may sell per day.

The bill requires them to submit to the Department of Emergency Services and Public Protection (DESPP) sworn statements of their catalytic converter transactions that:

1. describe the property received;
2. set forth the nature and terms of each transaction; and
3. identify the seller's name, description, and residence address or, in the case of motor vehicle recyclers and motor vehicle repair shops, the recycler's or repair shop's name and address.

The bill gives the DESPP commissioner discretion to require that these statements be submitted on a weekly basis or more often after considering the volume and nature of a processor's or dealer's business. The statements must be in an electronic format the commissioner sets; however, he may grant an exemption to this requirement if good cause is shown. The commissioner must include the submitted information in any database storing information on pawnbroker transactions.

The bill requires the motor vehicles commissioner to adopt regulations on creating and keeping documents and other records required by the bill. It also requires those documents and records to be open for inspection by law enforcement officials upon request during normal business hours.

Under existing law, it is a class C misdemeanor for anyone engaged in the business of a junk dealer to violate the junk dealer laws (CGS § 21-13). This also applies to violations of the bill.

## **COMMITTEE ACTION**

Public Safety and Security Committee

Joint Favorable Substitute

Yea 23 Nay 0 (03/22/2022)

Judiciary Committee

Joint Favorable

Yea 37 Nay 1 (04/20/2022)