



ISRI is the voice of the recycling industry, promoting safe, economically sustainable and environmentally responsible recycling through networking, advocacy and education.



Written Statement of
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On behalf of the
Institute of Scrap Recycling Industries, Pacific Northwest Chapter
to the
Senate Committee on Energy and Environment
Hearing on Senate Bill 803
March 16, 2021

Chair Breyer and members of the Committee, I respectfully submit this statement on SB 803 on behalf of the Institute of Scrap Recycling Industries (ISRI) Pacific Northwest Chapter representing its member companies in the state of Oregon. In addition to the state of Oregon, the ISRI Pacific Northwest Chapter covers the states of Washington and Alaska.

The Institute of Scrap Recycling Industries, Inc. (“ISRI”) is the voice of the recycling industry, promoting safe, economically sustainable and environmentally responsible recycling through networking, advocacy and education. As a trade association headquartered in Washington, D.C. with 20 regional chapters nationwide, ISRI represents approximately 1,300 companies that process, broker, and industrially consume recyclable commodities including metals, paper, plastics, glass, textiles, rubber, and electronics. The ISRI Pacific Northwest Chapter represents 48 member companies, 39 facilities of which are located in the state of Oregon.

In Oregon, the recycling industry supports more than 12,500 jobs, with annual wages over \$725 million. As an essential and green sector of the manufacturing supply chain, the recycling industry has a total economic impact in Oregon of \$2.52 billion per year. (*see attached*)

This statement follows discussions ISRI member companies in Oregon had in recent days with the Multnomah County District Attorney's Office about concerns with unintended consequences of SB 803 as introduced. ISRI members in Oregon fully support the goals outlined in SB 803 and look forward to further discussions to strengthen the requirements of SB 803 without harming Oregon recyclers operating responsibly under existing state scrap metal theft statutes.

The Problem

The market for stolen catalytic converters is fueled by illegal buyers claiming they are not subject to state metals theft laws because they purchase “cores” or parts, and not scrap metal. However, catalytic converters are very rarely sold for reuse as parts, and are not “core” parts like a transmission or engine. Catalytic converters are detached from scrap vehicles for recycling of the valuable nonferrous metals within those devices. Any purchaser of a detached catalytic converter is a scrap metal business and should not be allowed to evade metals theft laws by saying otherwise.

Catalytic converters are targeted because they can be stolen with ease and there is not much law enforcement can do absent witnessing the crime in the act. Once a catalytic converter is detached from its vehicle, there are typically no ownership markings to create a chain of custody that links the detached catalytic converter to the crime. Particularly in hard economic times, the valuable nonferrous metals inside the catalytic converters, including platinum, palladium, and rhodium, make this a crime of ease and opportunity.



Unfortunately, this is not a new crime, but the Internet now makes it easy for unscrupulous buyers to create a market for the stolen devices. Once a catalytic converter is removed from the vehicle, it looks like any other catalytic converter and can easily be traded to a mobile vendor advertising online that it purchases any catalytic converter for cash and the black market flourishes with no records to be found.

Existing Oregon metals theft laws require records of all nonferrous, commercial, and private metal property (detached catalytic converter) transactions with individual and commercial sellers to be kept and made available to law enforcement. The problem that needs to be addressed is the black market for stolen catalytic converters created at the first point buyer, which for the most part involves the itinerant buyer advertising on Facebook Marketplace, etc., or operating mobile units who set up “shop” out of a van in a parking lot somewhere. It would also include those few occasions where small auto repair shops or mechanics, for example, may purchase detached catalytic converters but do not identify themselves as scrap metal businesses, and do not follow scrap metals theft laws.

It is important to keep this problem in context as we look to solutions. While there are certainly too many converters being stolen, this number is a tiny fraction of the converters being legitimately recycled each year. Catalytic converters were mandated for vehicles in 1975, and, except for fully electric vehicles, every vehicle manufactured since has one or more converters. While the annual number of vehicles scrapped fluctuates, more than 10 million per year are recycled by scrap metal businesses, and have been for decades. These businesses are helping the environment while supporting the economy, and should not be harmed by unintended consequences of well-intentioned laws aimed at stopping the thieves.

The Solution

ISRI commends the sponsor of SB 803 for seeking policy that will provide law enforcement the tools it needs to better partner with scrap metal businesses and the public to combat this crime. Some of the forthcoming amendments to SB 803 that ISRI believes will help curb the illicit trade in stolen catalytic converters include:

- Specifying that anyone in the business of purchasing or receiving a detached catalytic converter is a scrap metal business subject to the extensive recordkeeping, retention, inspection, reporting, payment restrictions, and other requirements of Oregon's laws.
- Individual sellers would be required to provide identifying information for the vehicle from which the catalytic converter was removed. Providing a lawful option for those legally possessing a detached catalytic converter but without a commercial account with a scrap metal business will help curtail the black market fueled by illicit buyers seeking to operate outside the law.
- Auto dismantlers, muffler shops, mechanics, and other commercial sellers that produce private metal property in their everyday course of business would not be punished when they are expected to handle detached catalytic converters and would not face more regulatory burdens.
- Bringing Oregon's recordkeeping requirements in line with the individual and commercial seller requirements for detached catalytic converters in Washington, preventing "forum shopping" within the black market where unscrupulous buyers seek out locations with less restrictive laws to do business.



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Conclusion

The ISRI Pacific Northwest Chapter is pleased to be working with Multnomah County District Attorney's Office and to support the forthcoming amendments referenced today intended to address concerns with unintended consequences of SB 803 as introduced. Responsible recyclers are partners with law enforcement as part of the solution to the issue of catalytic converter theft. Oregon metals theft laws provide the tools needed to identify stolen materials, and SB 803 as amended will ensure that every buyer of detached catalytic converters is required to comply with these laws.

ISRI is eager to provide industry experience and expertise to further the goals of SB 803. If you have any questions or comments, contact Sean Daoud, ISRI's Pacific Northwest Chapter President, at seand@rivergatescrap.com; Hank Doane; ISRI's Pacific Northwest Chapter Legislative Chair for Oregon, at hank@portlandrecycling.com; or Justin Short.

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