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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>SJC</u>	<b>LAST UPDATED</b> _____
	<b>ORIGINAL DATE</b> <u>2/12/2023</u>
<b>SHORT TITLE</b> <u>Catalytic Converter Sales Records</u>	<b>BILL</b> <u>CS/Senate Bill</u>
	<b>NUMBER</b> <u>133/SJCS/aSFI</u>
	<b>ANALYST</b> <u>Hanika-Ortiz</u>

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			

Parentheses ( ) indicate expenditure decreases.  
\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Responses Received From

New Mexico Attorney General (NMAG)  
Department of Public Safety (DPS)  
Regulation and Licensing Department (RLD)

## SUMMARY

### Synopsis of SFI Amendment to Senate Bill 133

The Senate floor amendment to the Senate Judiciary Committee substitute for Senate Bill 133 clarifies a second-hand metal dealer shall not “knowingly” purchase a catalytic converter without proper documentation.

### Synopsis of Original Bill

The Senate Judiciary Committee substitute for Senate Bill 133 (SB133/SJCS) amends Section 57-30-2.4 NMSA 1978 to add a knowledge element for purchasing, or receiving, a catalytic converter, and lists the records a secondhand dealer must obtain and preserve for three years. The record must include (a) a photocopy or digital image of the seller’s or offeror’s personal identification document; (b) date and time of the transaction; (c) name, address, telephone number, and signature of seller or offeror; (d) the license plate and vehicle identification number of the vehicle used to transport the catalytic converter; (e) a photocopy or digital image of the legal document or affidavit demonstrating ownership; and (f) photographs of the catalytic converter.

Section 2 allows local governments to impose reporting requirements on secondhand metal dealers with respect to the purchase or acquisition of catalytic converters, but not other regulated material, so long as those requirements are no more stringent than that required for other metals.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

## **FISCAL IMPLICATIONS**

RLD and DPS report no additional fiscal impacts.

## **SIGNIFICANT ISSUES**

The bill adds obligations on the part of the dealer, and seller or offeror, as it relates to recording and preserving transaction records involving the purchase or receipt of catalytic converters.

A catalytic converter is a device that looks like a small muffler along with the exhaust system. It is designed to convert the environmentally hazardous exhaust emitted by an engine into less harmful gasses. To do this, manufacturers use platinum, palladium, or rhodium. Since the start of the global pandemic, the values of these precious metals have increased significantly. Removing a catalytic converter takes only minutes using easily obtainable tools from a hardware store.

## **ADMINISTRATIVE IMPLICATIONS**

RLD would revise the administrative rule to reflect the terms of the amended statute.

## **TECHNICAL ISSUES**

NMAG suggests changing “and” to “of” on page 1, line 16 of the act to read: “LEGAL DOCUMENT DEMONSTRATING OWNERSHIP **OF** THE CATALYTIC CONVERTER.”

NMAG also suggests adding a date on page 4, line 23, so that the new requirement does not seem to have a retroactive effect when reading subsections A and B together.

RLD noted the bill does not appear to prohibit the use of stored images or the customer’s word as the source of information for the transaction record.

## **ALTERNATIVES**

To discourage falsifying records, RLD suggested requiring a notarized document of ownership.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Theft and sale of catalytic converters to secondhand metal dealers will continue to be loosely regulated, requiring easily-met documentation, and resulting in continued escalation of theft.