



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated February 17, 2022)

Drafting Number:	LLS 22-0124	Date:	April 19, 2022
Prime Sponsors:	Sen. Ginal; Hisey Rep. Bird; Benavidez	Bill Status:	House Third Reading
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Bill Topic: RECERTIFICATION & THEFT OF CATALYTIC CONVERTERS

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill and creates new bases for crimes related to catalytic converters. It may increase state and local revenue and will increase state expenditures beginning in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$21,801 to the Department of Revenue.

Fiscal Note Status: The revised fiscal note reflects the revised bill.

**Table 1
State Fiscal Impacts Under SB 22-009**

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	General Fund	\$21,801	-
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$3,270	-

Summary of Legislation

The bill makes changes to catalytic converter regulation. The bill also makes changes to various regulations related to catalytic converters, which are elements of a car's exhaust system that make exhaust gas less polluting.

Catalytic converter regulations. The bill permits an individual to temporarily drive a car without a catalytic converter if it has been stolen, the theft has been reported to law enforcement, and the vehicle's owner has ordered a replacement. This provision repeals September 1, 2027, following a sunset review by the Department of Regulatory Agencies. An individual may drive a vehicle with an after-market catalytic converter if the original catalytic converter was stolen, the theft was reported to law enforcement, and the after-market catalytic converter passes an emissions test.

Salvaging metals. Current law requires the owner of a salvage yard, junk collector, or other business that purchases commodity metals to keep a record of all transactions involving commodity metals. The bill applies these same requirements to transactions involving catalytic converters. The penalty for violating these provisions depends on the value of the transaction. For a single catalytic converter, the offense will range from a petty offense to a class 1 misdemeanor.

Operating a chop shop. The bill clarifies that a catalytic converter is major component motor vehicle part for the purposes of establishing the crime of operating a chop shop. The penalty for selling, transferring, or transporting an illicit part under this provision is a class 5 felony.

Auto parts recyclers. Any person who acquires five or more vehicles in a year in order to reclaim parts or metals, including catalytic converters, must consult the National Motor Vehicle Title Information System to ensure that the vehicles are not stolen. Failure to report a stolen vehicle is a class 2 misdemeanor.

Comparable Crime Analysis

Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or creates a new factual basis for an existing crime. The following sections outline data on crimes that are comparable to the offense in this bill and discuss assumptions on future rates of criminal convictions resulting from the bill.

Salvaging metals. This bill creates a new factual basis for the existing offense of failing to keep a book or register by expanding the definition of commodity metals. From FY 2018-19 to FY 2020-21, zero offenders have been sentenced and convicted for this offense; therefore, the fiscal note assumes that there will continue to be minimal or no additional criminal case filings or convictions for this offense under the bill.

Operating a chop shop. This bill clarifies the existing offense of transporting, sells, transfers, or purchases an unlawfully obtained major component motor vehicle part from a chop shop by specifying that a catalytic converter is such a part. From FY 2018-19 to FY 2020-21, 5 individuals have been convicted and sentenced for this offense. Of the persons convicted, all were male. Demographically, 4 were White and 1 was Hispanic. However, it is likely that offenses concerning catalytic converters were already convicted under these provisions; therefore, the fiscal note assumes

that there will be minimal or no additional criminal case filings or convictions for this offense under the bill.

Auto parts recycling. This bill creates a new factual basis for the existing offense of failure to report a theft discovered by requiring auto recyclers to verify that a vehicle acquired in order to reclaim a catalytic converter is not stolen. From FY 2018-19 to FY 2020-21, zero offenders have been sentenced and convicted for this offense; therefore, the fiscal note assumes that there will continue to be minimal or no additional criminal case filings or convictions for this offense under the bill.

Visit leg.colorado.gov/fiscalnotes for more information about criminal justice costs in fiscal notes.

State Revenue

The bill may increase state revenue for emissions testing fees for after-market catalytic converters. This revenue is expected to be minimal.

The bill may increase state revenue from criminal fines and court fees, which are subject to TABOR. Based on the assumptions above, any such revenue is expected to be minimal.

State Expenditures

The bill increases state expenditures in the Department of Revenue by \$21,801 in FY 2022-23 only, and may minimally increase expenditures in the Judicial Department on an ongoing basis.

Department of Revenue. One-time programming costs of \$14,838 are required to update the Driver License, Record, Identification and Vehicle Enterprise Solutions (DRIVES) system. Programming costs, to be paid from the General Fund, are based on 76 hours of programming at a rate of \$225 per hour, as well as \$4,701 in other implementation costs, which include implementation support to the vendor from DOR staff and quality assurance support from the Office of Information Technology. Expenditures may also increase to conduct additional emissions tests on after-market catalytic converters. These expenditures are expected to be minimal.

Judicial Department. Based on the assumptions above, this analysis assumes that there may be a minimal impact on state expenditures. Any increase in workload and costs for the Judicial Department, including the trial courts, Division of Probation, and agencies that provide representation to indigent persons, and to the Department of Corrections, are assumed to be minimal and no change in appropriations is required.

Local Government

Similar to the state, it is expected that any workload or cost increase for district attorneys to prosecute more offenses, or for county jails to imprison more individuals under the bill will be minimal. District attorney offices and county jails are funded by counties.

State Appropriation

For FY 2022-23, the bill requires a General Fund appropriation of \$21,801 to the Department of Revenue.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Information Technology
Public Health and Environment

Judicial
Revenue