

BILL ANALYSIS

Senate Research Center
87R10695 MAW-D

H.B. 4110
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Natural Resources & Economic Development
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

There have been calls for the state to increase regulation of the sale of catalytic converters to metal recycling entities to increase transparency regarding the nature of these transactions and decrease potential illicit activity.

H.B. 4110 seeks to answer these calls and increase record keeping requirements for transactions involving catalytic converters; implement a five-day holding period before a catalytic converter may be disposed of, processed, sold, or removed from the premises following its purchase; and increase certain criminal penalties.

H.B. 4110 amends current law relating to the regulation of metal recycling and increases a criminal penalty.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A-3, Chapter 1956, Occupations Code, by adding Section 1956.0321, as follows:

Sec. 1956.0321. ADDITIONAL REQUIREMENTS REGARDING PURCHASE OF CATALYTIC CONVERTER. (a) Requires a person attempting to sell a catalytic converter to a metal recycling entity, in addition to the requirements of Section 1956.032 (Information Regarding Seller), to provide to the metal recycling entity:

(1) the year, make, model, and vehicle identification number for the vehicle from which the catalytic converter was removed; and

(2) a copy of the certificate of title or other documentation indicating that the person has an ownership interest in the vehicle described by Subdivision (1).

(b) Prohibits a metal recycling entity from purchasing a catalytic converter from a seller who does not comply with the requirements of Subsection (a).

(c) Prohibits a metal recycling entity from purchasing a catalytic converter unless the entity determines that the catalytic converter is consistent with the manufacturer's specifications for a catalytic converter from the vehicle for which the seller provided information under Subsection (a)(1).

(d) Requires a metal recycling entity to mark, in the manner prescribed by the Public Safety Commission by rule, each catalytic converter purchased by the entity with a unique number.

(e) Requires a metal recycling entity to keep an accurate electronic record or an accurate and legible written record of each purchase of a catalytic converter made in the course of the entity's business. Requires that the record be in English and include:

- (1) the information required by Section 1956.033 (Record of Purchase);
- (2) the vehicle information provided under Subsection (a)(1);
- (3) a copy of the documentation described by Subsection (a)(2); and
- (4) the unique number marked on the catalytic converter under Subsection (d).

SECTION 2. Amends Section 1956.033(b), Occupations Code, to require that the record be in English and include certain information, including a clear and legible thumbprint of the seller.

SECTION 3. Amends Section 1956.0331, Occupations Code, by adding Subsection (a-1), as follows:

(a-1) Requires that the photograph or recording under Subsection (a) (relating to requiring a metal recycling entity to obtain certain identification information of each seller for each purchase for regulated metal purchased), if the regulated metal purchased is a catalytic converter, accurately depict each open end of the catalytic converter, and all sides of the catalytic converter.

SECTION 4. Amends Section 1956.034, Occupations Code, as follows:

Sec. 1956.034. PRESERVATION OF RECORDS. Requires a metal recycling entity to preserve each record required by Sections 1956.032, 1956.0321, and 1956.033, rather than required by Sections 1956.032 and 1956.033, until the second anniversary of the date the record was made.

SECTION 5. Amends Section 1956.035(a), Occupations Code, to make a conforming change.

SECTION 6. Amends Section 1956.036(a), Occupations Code, to make conforming changes.

SECTION 7. Amends Section 1956.037(a), Occupations Code, to prohibit a metal recycling entity from disposing of, processing, selling, or removing from the premises an item of regulated metal unless the entity acquired the item more than five days, excluding weekends and holidays, before the disposal, processing, sale, or removal, if the item is a catalytic converter. Makes conforming and nonsubstantive changes.

SECTION 8. Amends Section 1956.0381, Occupations Code, by adding Subsection (c), as follows:

(c) Prohibits a metal recycling entity, notwithstanding Subsection (a) (relating to authorizing a metal recycling entity to pay for a purchase of regulated material only by certain methods), from paying a seller more than \$25 in cash for a purchase of regulated metal.

SECTION 9. Amends Sections 1956.040(a) and (b-1), Occupations Code, as follows:

(a) Provides that a person commits an offense if the person knowingly violates Section 1956.038 (Prohibited Acts). Provides that an offense under this subsection is a state jail felony, rather than a Class A misdemeanor, unless it is shown on trial of the offense that the person has previously been convicted of a violation of Subchapter A-3 (Practice by Certificate Holders), in which event the offense is a felony of the third degree, rather than a state jail felony.

(b-1) Provides that an offense under Subsection (b) (relating to an offense being committed if a person knowingly buys stolen regulated material or certain insulated communications wire) is a state jail felony, rather than a Class A misdemeanor, unless it is shown on trial of the offense that the person has previously been convicted under Subsection (b), in which event the offense is a felony of the third degree, rather than a state jail felony.

SECTION 10. Amends Subchapter A, Chapter 2305, Occupations Code, by adding Section 2305.0051, as follows:

Sec. 2305.0051. RECORDS RELATED TO CATALYTIC CONVERTERS. (a) Requires the owner of a garage or repair shop that sells to a metal recycling entity registered under Chapter 1956 (Metal Recycling Entities) a catalytic converter that the person removed in connection with a motor vehicle repair to maintain a record of all repairs for the vehicle that includes the name and address of the vehicle's owner and copies of all related invoices.

(b) Requires that a record required by this section, notwithstanding Section 2305.006(a) (relating to requiring that certain records be maintained until at least the first anniversary of the date the record is made), be kept until at least the second anniversary of the date of the repair.

SECTION 11. Makes application of this Act prospective.

SECTION 12. Effective date: September 1, 2021.