

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS --  
RHODE ISLAND CATALYTIC CONVERTER INTERSTATE COMPACT

Introduced By: Representatives Solomon, Newberry, Casey, and Vella-Wilkinson

Date Introduced: March 01, 2023

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 6 of the General Laws entitled "COMMERCIAL LAW — GENERAL  
2 REGULATORY PROVISIONS" is hereby amended by adding thereto the following chapter:

3 CHAPTER 11.3

4 RHODE ISLAND CATALYTIC CONVERTER INTERSTATE COMPACT

5 **6-11.3-1. Short title.**

6 This chapter shall be known and may be cited as the "Rhode Island Catalytic Converter  
7 Interstate Compact Act."

8 **6-11.3-2. Purpose.**

9 (a) The purpose of the catalytic converter compact, hereinafter ("the compact"), is to  
10 regulate the sale and re-sale of catalytic converters, hereinafter ("converters"), and to attempt to  
11 prevent the sale and resale of stolen converters. The compact preserves the regulatory authority of  
12 the state to prevent the illegal sale of precious metals, particularly catalytic converters. The compact  
13 is designed to achieve the following objectives:

14 (1) Decrease the availability of stolen converters and the precious metals contained therein;

15 (2) Enhance the states' ability to track down and prosecute those individuals responsible  
16 for stealing, buying and dealing in precious metals;

17 (3) Disrupt and bring an end to the proliferation of stolen converters and precious metals;

18 (4) Adopt an interstate exchange of information in order to stop the interstate buying and

1 dealing of converters and precious metals; and

2 (5) Adopt uniform reporting documents that would be stored in a data base accessible to  
3 all states adopting the compact. Information on such documents would include the name of the  
4 seller of any converter or precious metal, the buyer, other identifying information of any participant  
5 including, but not limited to, their dates of birth, social security numbers, place of employment,  
6 driver's license number, and copies of any business license including a precious metals license that  
7 permits the individual to sell, buy or barter any precious metal.

8 **6-11.3-3. Definitions.**

9 As used in this compact, and except as otherwise provided, the following definitions shall  
10 apply:

11 (1) "Catalytic converter" ("converter") means an air pollution abatement device that  
12 removes pollutants from motor vehicle exhaust, either by oxidizing them into carbon dioxide and  
13 water or reducing them to nitrogen.

14 (2) "Compact privilege" means the authorization granted by a remote state to allow a  
15 licensee from another member state to access its data base containing information regarding the  
16 sale and purchases of converters and the identity of those dealing in those sales and purchases. Each  
17 data base shall be established by and through the office of the department of attorney general or  
18 other law enforcement agency at the discretion of the participating state.

19 (3) "Data system" means a repository of information about the sale and purchase of  
20 converters and those individuals involved in those transactions.

21 (4) "Home state" means the member state that is the primary state generating the records  
22 made from sales and purchases occurring in that state.

23 (5) "Investigative information" means information, records, and documents received or  
24 generated by any law enforcement agency, pawnbroker, salvage yard operator or second-hand  
25 dealer in automobile parts or precious metals.

26 (6) "Licensee" means an individual who currently holds an authorization from the state to  
27 buy or sell precious metals or automobile parts.

28 (7) "Member state" means a state that has enacted the compact.

29 (8) "Party state" means any member state in which a licensee holds a current license or  
30 compact privilege or is applying for a license or compact privilege.

31 (9) "Person" means individuals, partnerships, associations and corporations.

32 (10) "Precious metals" means gold, silver, platinum group metals or any articles containing  
33 those items or that are contained in a catalytic converter.

34 (11) "Remote state" means a member state other than the home state, where a licensee is

1 exercising or seeking to exercise the compact privilege.

2 (12) “Rule” means a regulation, principle, or directive promulgated herein.

3 (13) “State” means any state, commonwealth, district, or territory of the United States of  
4 America that regulates the sale and purchase of precious metals and automobile parts.

5 **6-11.3-4. State participation in the compact.**

6 (a) To participate in the compact, a state shall:

7 (1) Participate fully in a shared data system which includes requiring proof of positive  
8 identification of sellers and buyers of converters. Identification shall require photo identification,  
9 date of birth, addresses and if the participant is a minor, then the identification of a parent or  
10 guardian;

11 (2) Require each person who is in the business of selling or buying converters or precious  
12 metals to be duly licensed by the state;

13 (3) Retain copies of all applications for licensing, renewals of license applications and a  
14 comprehensive record of all transactions in which they engage;

15 (4) Require that any licensee provide, on a weekly basis to the department of attorney  
16 general or the keeper of the data base, and retain in their records all records of transactions for a  
17 period of no less than ten (10) years; and

18 (5) Require the department of attorney general or the keeper of the data base to promulgate  
19 further rules and regulations concerning the business of selling and buying converters and precious  
20 metals. Any rule promulgated shall also require that new and used car dealers, auto repair shops  
21 and mechanics and gas stations comply with the rules and regulations set forth in this chapter and  
22 any other rule and regulation adopted by the department of attorney general or other keeper of the  
23 data base.

24 (b) Any person licensed in another state, that is a participating state, shall also comply  
25 with any rule and regulation set in accordance with this chapter and any out of state licensee who  
26 is not from a participating state, shall, before selling or buying any converter, obtain a criminal  
27 background check through the department of attorney general. Failure to comply with the  
28 provisions of this section shall be punished by up to one year imprisonment and a one thousand  
29 dollar (\$1,000) fine.

30 **6-11.3-5. Compact privilege.**

31 (a) To exercise the compact privilege under the terms and provisions of the compact, the  
32 licensee shall:

33 (1) Hold a license in the home state;

34 (2) Have no encumbrance on any state license;

- 1 (3) Be eligible for a compact privilege in any member state;  
2 (4) Have not had any adverse action against any license or compact privilege within the  
3 previous two (2) years;  
4 (5) Notify the department of attorney general or other keeper of the data base that the  
5 licensee is seeking the compact privilege within a remote state(s);  
6 (6) Pay any applicable fees, including any state fee, for the compact privilege; and  
7 (7) Report to the department of attorney general any adverse action taken by any non-  
8 member state within thirty (30) days from the date the adverse action is taken.

9 (b) The compact privilege is valid until the expiration date of the home license. The licensee  
10 shall comply with all requirements to maintain the compact privilege in the remote state.

11 (c) A licensee in a remote state is subject to that state's regulatory authority. A remote state  
12 may, in accordance with due process and that state's laws, suspend or revoke a licensee's compact  
13 privilege in the remote state for a specific period of time, impose fines, and/or take any other  
14 necessary actions to protect the citizens of that state. The licensee shall not be eligible for a compact  
15 privilege in any state until the specific time for suspension or revocation has passed, the licensing  
16 state had reinstated the license and all fines are paid.

17 (d) If a home state license is encumbered, the licensee shall lose the compact privilege in  
18 any remote state until the home state license is no longer encumbered pursuant to the provisions of  
19 subsection (c) of this section:

20 (e) Once an encumbered license in the home state is restored to good standing, the licensee  
21 shall reapply to obtain a compact privilege in any remote state.

22 **6-11.3-6. Adverse actions.**

23 (a) A home state shall have exclusive power to impose adverse action against a license  
24 issued by the home state.

25 (b) A home state may take adverse action based on the investigative information of a  
26 remote state, as long as the home state follows its own procedures for imposing adverse action.

27 (c) Any member state may investigate actual or alleged violations of the statutes and rules  
28 authorizing any person to be licensee in any other member state.

29 (d) A remote state shall have the authority to:

30 (1) Take adverse actions against a licensee's compact privilege in the state;

31 (2) Issue subpoenas for both hearings and investigations that require the attendance and  
32 testimony of witnesses, and the production of evidence. Subpoenas issued by a party state for the  
33 attendance and testimony of witnesses, and/or the production of evidence from another party state,  
34 shall be enforced in the latter state by any court of competent jurisdiction, according to the practice

1 and procedure of that court applicable to subpoenas issued in proceedings pending before it. The  
2 issuing authority shall pay any witness fees, travel expenses, mileage, and other fees required by  
3 the service statutes of the state where the witnesses and/or evidence are located; and

4 (3) If otherwise permitted by state law, recover from the licensee the costs of investigations  
5 and disposition of cases resulting from any adverse action taken against that licensee.

6 (e) In addition to the authority granted to a member state by its applicable state law, a  
7 member state may participate with other member states in joint investigations of licensees. Member  
8 states shall share any investigative, litigation, or compliance materials in furtherance of any joint  
9 or individual investigation initiated under the compact.

10 **6-11.3-7. Data system.**

11 (a) The department of attorney general or other keeper of the data base shall coordinate and  
12 provide for the development, maintenance, and utilization of a coordinated database and reporting  
13 system containing licensure, adverse action, and investigative information on all licensed  
14 individuals in member states.

15 (b) Notwithstanding any other provision of state law to the contrary, a member state shall  
16 submit a uniform data set to the data system on all individuals to whom this compact is applicable  
17 as required by the rules, including, but not limited to:

18 (1) Identifying information;

19 (2) Licensure data;

20 (3) Adverse actions against a license or compact privilege;

21 (4) Any denial of application for licensure, and the reason(s) for such denial; and

22 (5) Other information that may facilitate the administration of this compact, as determined  
23 by the collective departments of attorney general.

24 (c) Investigative information pertaining to a licensee in any member state will only be  
25 available to other party states.

26 (d) The departments of attorney general or the keepers of the data base shall promptly  
27 notify all member states of any adverse action taken against a licensee or an individual applying  
28 for a license. Adverse action information pertaining to a licensee in any member state will be  
29 available to any other member state.

30 (e) Member states contributing information to the data system may designate information  
31 that shall not be shared with the public without the express permission of the contributing state.

32 (f) Any information submitted to the data system that is subsequently required to be  
33 expunged by the laws of the member state contributing the information shall be removed from the  
34 data system.

1           **6-11.3-8. Rulemaking.**

2           (a) The department of attorney general shall exercise its rulemaking powers pursuant to the  
3 criteria set forth in this section and the rules adopted thereunder. Rules and amendments shall  
4 become binding as of the date specified in each rule or amendment by a majority vote of the  
5 participating states.

6           (b) If a majority of the legislatures of the member states rejects a rule, by enactment of a  
7 statute or resolution in the same manner used to adopt the compact within four (4) years of the date  
8 of adoption of the rule, then such rule shall have no further force and effect in any member state.

9           (c) Rules or amendments to the rules shall be adopted by a majority vote of each  
10 participating state.

11           (d) Prior to promulgation and adoption of a final rule or rules, and at least thirty (30) days  
12 in advance of any rule becoming effective, the state proposing the rule shall notify each  
13 participating state of the proposed rule change and post it on a publicly accessible website for  
14 review and comment by each state and each licensee or any other member of the public. Any  
15 proposal and notice thereof shall:

16           (1) Contain the text of the proposed rule or amendment and the reason for the proposed  
17 rule;

18           (2) Allow for comments on the proposed rule from any interested person; and

19           (3) Provide copies of all proposals, responses and comments under any access to public  
20 records act as promulgated by each participating state.

21           **6-11.3-9. Oversight, dispute resolution, and enforcement.**

22           (a) The executive, legislative, and judicial branches of state government in each member  
23 state shall enforce this compact and take all actions necessary and appropriate to effectuate the  
24 compact's purposes and intent. The provisions of this compact and the rules promulgated hereunder  
25 shall have standing as statutory law.

26           (b) All courts shall take judicial notice of the compact and the rules in any judicial or  
27 administrative proceeding in a member state pertaining to the subject matter of this compact which  
28 may affect the powers, responsibilities or actions of the commission.

29           (c) The department of attorney general or keeper of the data base shall be entitled to receive  
30 service of process in any such proceeding and shall have standing to intervene in such a proceeding  
31 for all purposes. Failure to provide service of process shall render a judgment or order void.

32           **6-11.3-10. Date of implementation of the interstate compact and associated rules and**  
33 **regulations.**

34           (a) The compact shall come into effect on the date on which the compact statute is enacted

1 into law in the tenth member state.

2 (b) Any state that joins the compact subsequent to the initial adoption of the rules shall be  
3 subject to the rules as they exist on the date on which the compact becomes law in that state. Any  
4 rule that has been previously adopted shall have the full force and effect of law on the day the  
5 compact becomes law in that state.

6 (c) Any member state may withdraw from this compact by enacting a statute repealing the  
7 same.

8 (1) A member state's withdrawal shall not take effect until six (6) months after enactment  
9 of the repealing statute.

10 (2) Withdrawal shall not affect the continuing requirement of the withdrawing states to  
11 comply with the investigative and adverse action reporting requirements of this compact prior to  
12 the effective date of withdrawal.

13 **6-11.3-11. Construction and severability.**

14 This compact shall be liberally construed in order to effectuate the purposes thereof. The  
15 provisions of this compact shall be severable and if any phrase, clause, sentence or provision of  
16 this compact is declared to be contrary to the constitution of any party state or of the United States  
17 or the applicability thereof to any government, agency, person or circumstance is held invalid, the  
18 validity of the remainder of this compact and the applicability thereof to any government, agency,  
19 person or circumstance shall not be affected thereby. If this compact shall be held contrary to the  
20 constitution of any party state, the compact shall remain in full force and effect as to the remaining  
21 party states and in full force and effect as to the party state affected as to all severable matters.

22 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS --  
RHODE ISLAND CATALYTIC CONVERTER INTERSTATE COMPACT

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1           This act would establish an interstate compact which would regulate the purchase and sale  
2 of catalytic converters specifically and precious metals generally with the goal of preventing the  
3 proliferation of stolen converters and would set licensing and reporting requirements for each sale  
4 or purchase of converters.

5           This act would take effect upon passage.

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