

S.77 Reporting Back ground

Background:

Electronic waste is the fastest growing waste stream in the United States. Electronic waste contains heavy metals and other hazardous substances that need to be managed responsibly at the end of their useful life and kept out of the waste stream.

Collecting and recycling of e-waste is expensive. Vermont does not have adequate convenient collection programs available throughout the state. In addition, charging for recycling discourages consumers from properly managing their electronic waste.

Local government in some places subsidize these programs so that consumers will properly manager their electronic waste. This is a significant cost to taxpayers for products that we have no control in the design and manufacturing of.

Vermont will be the 21st state in the country to pass legislation electronic waste legislation that requires the manufacturer to be part of the solution to the end of life problem of e-waste.

This bill will require manufacturers of the most common and problematic electronic products to provide a system to collect their products at the end-of-life that is free and convenient to consumers.

The Agency of Natural Resources will develop a plan (standard plan) that the manufacturers can be part of or the manufacturer can develop a plan of their own. Manufacturers that are part of the standard plan will pay for the collection program based on their market share in the state from the previous year. Manufacturers with their own plan will pay for their own program.

The collection programs that are implemented must collectively meet a state wide recycling goal of 5.5 pounds per capita the first year and 6.0 pounds per capita the second year. After that the statewide recycling goal will fluctuate based on actual data of what is being collected. Collectively, the state plan and any manufacturers plan must meet the 5.5, 6.0 pound goals.

The programs must also meet convenience standards of one permanent program per town or city with a population of 10,000 or more and three permanent programs per program per county. If the statewide collection goal is not met under the standard plan then the plan will need to be reviewed and changed if appropriate. Manufacturers that are working under their own plan will need to meet the state-wide recycling goal for their market share or what the state actually achieves for a statewide recycling rate (whichever is less). If they do not meet the goal then they will pay for the weight that they do not collect at a rate of what the state program cost plus 20%.

Two fees involved. The implementation fee and the administration fee.

Administrative fee – All manufacturers that sell covered electronic devices in the state will have to pay a registration fee that will cover ANR's administrative and oversight costs of the program. The registration fee is \$5,000 per manufacturer the first year (unless you sell less than 100 covered electronic products then it is \$1,250 ANR's administration duties include registration of all collectors, recyclers, manufacturers and transporters. This also includes data management from these entities; website development and maintenance; plan review and approval from manufacturers that opt out; and making an adequacy (1 to 3 collection sites per county) determination of what is currently available in each

county and what additional programs are needed. After the first year this fee will be based on actual cost for administration to Agency divided up by market share. The admin costs are anticipated to go down after the first year. The majority of manufacturers have less than one percent market share and will be less than \$5,000.

Implementation Fee – This fee only applies to manufacturers that wish to be covered in the state standard plan. The fee is the cost of implementing the program (collecting, transporting and recycling the e-waste). The fee is a per pound cost and manufacturers pay based on their market share. The state will know each individual's market share because they will purchase that data which is based on national sales. The fee will be per pound cost on the statewide recycling goal (5.5 or 6.0 pounds per capita or approximately 3.5 million pounds the first year) divided among all the manufacturers that are part of the state-wide plan based on market share.

How it working: Once the state writes the plan, they will issue an RFP to implement the plan. The competitive market place through the RFP process will determine how much it will cost to implement the plan. Once the state knows how much it will cost to implement the plan, manufacturers will have a choice of signing on to the plan and paying the implementation fee which is based on total program costs and the manufacturer's market share. If a manufacturer opts into the standard plan, they will pay ANR the implementation fee based on their market share of product sold in the state the previous year. ANR will use that fund to pay for the implementation of the standard plan in which collectors, recyclers and transporters will be paid to manage e-waste.

The end result will be a convenient and free collection program for e-waste for Vermonters.

1. What will the cost be for Vermonters – This is a producer responsibility system where manufacturers pay for the program. The cost for this program, like all the other producer responsibility programs in other states and other parts of the world are incorporated into the business costs of these global companies. There are no fees for Vermonters and drop-off of electronics goods for recycling will now be free.

2. What will be the cost for state government be? Costs for state government are covered by the registration fee and implementation fee. State government is made whole

3. Role of retailers/solid waste districts- Solid waste districts may be collectors for the manufacturers and compensated for their collection and recycling costs. Retailer may also voluntarily collect e-waste. Retailers must provide information to customers on how to recycle their electronic products and may not sell products from manufacturers that do not have approved plans or fall under the standard plan.

Questions in Ways and Means

Q: How was 5.5 and 6.0 pounds determined

A: Based on experience from other states that have implemented e-waste laws.

Q: Aren't electronics getting lighter? Is the 5.5 pounds too much?

Our society is using more and more electronics every year. Even though the weight of some of these devices is getting lighter, the volume that we are purchasing and using is going up every year. The EPA estimates that the amount of electronic waste entering the waste stream has gone from 7.7 pounds in 1999 to 14.9 pounds in 2007.

Q: The registration fee – is it one time?

A: No it is annual. The state has ongoing costs related to administering the program. However, the registration fee is a flat rate the first year and then will be adjusted based on real costs to administer the program and they anticipate those costs will be less.

Q: Do other states have this law?

A: Yes. 20 other states have some type of e-waste legislation. No two states are alike. This bill reflects various parts of bills that have worked in other states. We are benefiting from other states experiences and using the best components of their legislation.

Q: How will the law be enforced?

A: Manufacturers cannot sell into the state if they do not participate in the standard plan or have their own plan approved. There has been relatively few enforcement issues in other states with other bills.

Q: Have there been any drop-off in sales in other states.

A: No the consumer should not see in any difference in purchasing products at the retail end. The cost of the program is internalized in all products sold on the global market.

Q: How is market share determined?

A: Market share data will be purchased by ANR data and will also be reported by the manufacturers to ANR (two sources). The data is based on national sales and extrapolated for Vermont.

Q:What is incentive for ANR to keep the implementation costs down?

A: The RFP process will keep the costs down though the competitive bid process. If manufacturers think it is too expensive then they can opt out of the plan and the implementation fees and set up a program themselves that will be more cost effective.

Q: Some manufacturers have mail back programs and other retail sponsored programs. Why not let them just do these programs?

A: These programs do not serve all Vermonters in the state adequately. This bill will provide more convenience and opportunities for all Vermonters. The bill is necessary to level the playing field for all manufacturers so that they all have to participate in a collection program and not just some manufacturers.

Q: Why not let manufacturers do these one day collection events and instead have to provide permanent programs?

A: Like mail back programs, one-day collection events are not convenient to consumers. They need to have year-round access to programs that will collect and manage their e-waste.

Q: What about waste that gets exported and ends up in these third world countries harming the people there?

A: Vermont does not have jurisdiction in banning the exportation of e-waste. What this bill does do is requires ANR to develop recycling standards in-state for ewaste. There are several accredited standards that have been developed nationally that the ANR can look to when developing these guidelines. In-state recyclers will need to show that they comply with the guidelines that are developed by ANR.

Best buy paying too much – what does it cost in other states.