



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P.O. Box 3378  
HONOLULU, HAWAII 96801-3378

In reply, please refer to:  
File:

## COMMITTEE ON FINANCE

### SB 2843, SD2, HD2 Relating to Electronic Device Recycling

Testimony of Chiyome Leinaala Fukino, M.D.  
Director of Health

March 27, 2008  
3:00 P.M.

1 **Department's Position:** The Department has concerns regarding SB2843, SD2, HD2 and prefers a  
2 program that is privately run.

3 **Fiscal Implications:** The Department has not budgeted for startup costs of the program. This bill  
4 establishes an Electronic Device Recycling Fund to collect manufacturer fees, payments, and penalties  
5 to be administered by the Department. We very roughly estimate a cost of \$250,000 per year.

6 **Purpose and Justification:** SB2843, SD2, HD2 requires manufacturers of electronic devices to collect  
7 and recycle electronic devices.

8 The Department concurs with reducing the pollution due to electronic devices and believes that  
9 product stewardship and manufacturer responsibility is a proactive approach in handling our waste  
10 electronic devices. It is especially encouraging to have manufacturers and retailers supportive of this  
11 concept. The department appreciates the intended self-sufficiency of the proposed program and its  
12 positive environmental impact. However, we have serious concerns about funding and prefer a program  
13 that is privately run and does not require the establishment of a new state program.

14 In our discussions with representatives from Apple Computers and Sony Electronics it appears  
15 that the Texas E-Waste Law may be a more viable alternative to the current bill. Each electronic

1 manufacturer selling computer equipment in the state adopts and implements a recovery plan for  
2 recycling covered electronic devices. Each manufacturer pays to carry out its own plan, there is no  
3 collection fee and they may select from a variety of options, including holding collection events or  
4 mailback programs. Manufacturers must develop and implement recovery plans. They submit them to  
5 the state, although there is no specified approval process. Manufacturers also submit reports each year  
6 documenting recycling and reuse efforts of the previous year, including documentation verifying the  
7 collection, recycling and reuse of that computer equipment in an environmentally sound manner. The  
8 state's responsibility is limited to accepting recovery plans, maintaining a list of compliant  
9 manufacturers and providing information to the public on how to and where to recycle their electronic  
10 devices. The Texas Law does not require or impose any monetary penalties for failure to submit or  
11 implement a plan or failure to report or report accurately.

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13 In light of the need for additional personnel to establish and implement the program, the  
14 department requests that any provision of resources not adversely affect the priorities in our executive  
15 supplemental budget request.

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24 Thank you for the opportunity to testify.

Date of Hearing: March 27, 2008

Committee: House Finance

**Department:** Education

**Person Testifying:** Patricia Hamamoto, Superintendent

**Title:** S.B. 2843, SD2, HD2, HSCR1329: Relating to Electronic Device Recycling

**Purpose:** Requires manufacturers of electronic devices to collect and recycle electronic devices; Establishes the Electronic Device Recycling Fund.

**Department's Position:** The Department of Education (DOE) strongly supports this bill and the fact that it includes "government entity" in the definition of "covered entity". However, we do urge that the definition of "covered electronic device" be broadened to include "computers", not just laptop computers.

With this recommended change, the bill will address a more complete range of electronic recycling needs and will substantially benefit DOE schools and offices, most of which have a serious problem with disposal of obsolete or non-functioning computers and other electronic devices.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Finance  
March 27, 2008 at 3:00 pm

by

David Lassner

Vice President for Information Technology and Chief Information Officer  
University of Hawai'i

SB 2843, SD2, HD2 – RELATING TO ELECTRONIC DEVICE RECYCLING

Chair Oshiro, Vice Chair Lee and Members of the Committee:

The University of Hawai'i supports the intent of SB 2843, SD2, HD2 and requests one important amendment.

This bill would increase the responsible recycling and disposal of electronic waste (ewaste). We appreciate the House's consideration of our previous testimony and responsiveness to our concerns with earlier versions. However, we note that the current language in the Bill does not include computers other than laptops.

We request that the definition of "included electronic devices" be amended to include "computers" in addition to "computer printers." Our experience is that both computers and computer printers are a substantial component of Hawai'i's ewaste problems.

Our request is the direct result of our experience coordinating one of the largest ewaste disposal efforts in the State. In collaboration with Apple Computer, in October 2006 the University of Hawai'i coordinated a one-week statewide educational ewaste disposal program. At no direct cost to the University, DOE or private schools, we collected and responsibly disposed of 51 containers of unused electronic equipment from schools and colleges on four islands. Apple paid for the containers and all associated handling. Also at Apple's sole expense, the 1.2 million pounds of e-waste we collected were removed from Hawai'i for responsible recycling and disposal. This equipment included computers, computer printers, monitors and televisions.

Thank you for your consideration of our request to include "computers" as "included electronic devices" that would be part of Hawai'i's responsible ewaste disposal program.



WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 2843, S.D. 2, H.D. 2

March 27, 2008

RELATING TO ELECTRONIC DEVICE RECYCLING

Senate Bill No. 2843, S.D. 2, H.D. 2, establishes a State program for the collection, recycling, enforcement and monitoring of covered electronic devices and establishes program funding through an electronic device recycling fund.

As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the fund will be self-sustaining.

**TESTIMONY FROM THE  
COUNTY OF KAUA'I  
DEPARTMENT OF PUBLIC WORKS**

TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-FOURTH LEGISLATURE  
REGULAR SESSION OF 2008

March 27, 2008

3:00 p.m.

Agenda #2

TESTIMONY ON **SENATE BILL NO. 2843 SD 2 HD 2**, RELATING TO ELECTRONIC  
DEVICE RECYCLING

TO THE HONORABLE MARCUS R. OSHIRO, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Donald Fujimoto, County Engineer, Department of Public Works, County of Kaua'i (County), testifying in favor of Senate Bill No. 2843 SD 2 HD 2, which establishes a state program to collect, recycle, enforce and monitor certain electronic devices and provides program funding through the electronic device recycling fund.

The Bill addresses a serious issue for Kaua'i and other neighbor islands, which are confronted with a rapidly growing and potentially hazardous stream of electronic waste. The Bill establishes and supports a much needed program to deal with this waste stream. On Kaua'i, there are no recycling outlets which handle electronic waste, and the County landfill does not accept commercially-generated monitors. Users of electronic devices face significant challenges disposing of these materials because of lack of local service providers, lack of consolidation points, and the cost of shipping from a neighbor island. The program proposed by this Bill would assist these users by providing a cost-effective and environmentally sound option to current methods of disposal. While the measure places significantly responsibility on the State Department of Health, we anticipate that with adequate resources, the department can make this program as successful and beneficial as the deposit beverage container redemption program.

We thank the Committee for the opportunity to testify on this matter.

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** MISCELLANEOUS, Electronic device recycling fee

**BILL NUMBER:** SB 2843, HD-2

**INTRODUCED BY:** House Committee on Economic Development and Business Concerns

**BRIEF SUMMARY:** Adds a new chapter to the HRS as the electronic waste recycling act to establish a program to encourage the recycling of electronic devices in the state.

Requires manufacturers of electronic devices, as a prerequisite to selling such devices in the state, to register with the department of health and pay a registration fee of \$5,000 per year beginning on January 1, 2009 along with a list of their brands. Requires such electronic devices sold by the manufacturers to be permanently labeled beginning on October 1, 2009, so that the covered devices can be identified.

By June 1, 2009, each manufacturer is to submit to the department of health, a plan to establish, conduct, and manage a program for the collection, transportation, and recycling of its covered electronic devices in the state. By September 1, 2012 and annually thereafter, each manufacturer shall submit to the department of health, the total weight of all covered electronic devices recycled in the previous year, regardless of manufacturer. Directs the department of health to publish a ranking of all manufacturers selling covered electronic devices in the state based on the annual weight of such devices recycled by each manufacturer in the previous year. Allows the state to adopt regulations allowing a procurement preference based on a manufacturer's ranking. Requires the department of health to review each manufacturer's plan to determine whether the plan is in compliance with this chapter.

Beginning January 1, 2010: (1) retailers shall make available to customers information on collection services in the state, including the department of health's website and toll-free number; and (2) the department of health shall maintain and update a website and toll-free number with current information on where covered entities can return covered electronic devices for recycling.

Establishes an electronic device recycling fund into which shall be deposited all fees, payments and penalties collected by the department of health pursuant to this chapter.

Defines "covered electronic device" as a computer printer, computer monitor or television, or portable computer with a screen greater than four inches measured diagonally.

**EFFECTIVE DATE:** July 1, 2008

**STAFF COMMENTS:** This measure proposes to address the disposal of electronic waste by requiring manufacturers to establish a recycling program to recover the electronic devices. Under the proposed program, each manufacturer would be required to submit an annual fee of \$5,000 per year prior to selling their electronic devices in the state.

While it may be desirable to require and promote the environmentally correct disposal of electronic devices, it is questionable whether it should be a state run program. It should be noted that there are a number of private companies that will dispose of used computers and electronic goods in the state. Rather than adopting this measure, an educational awareness program regarding the disposal of these electronic devices or a program similar to the disposal of hazardous materials would be preferable.

The adoption of this measure would result in an additional imposition on manufacturers who sell their electronic goods in Hawaii which, no doubt, will be passed on in the form of higher prices of these goods. It could also mean that manufacturers that are not willing to pay the fee will decide to not sell their products in the state. While the department of health is required to establish an electronic device recycling program, it would greatly add to the proliferation of programs and regulations, such as proposed by this measure. Recycling of electronic devices, or for that matter any of the other numerous "worthy" programs that are important to the health and safety of the community, should be funded out of legislative appropriations rather than a fee imposed on manufacturers.

If there is any kind of message being sent here by the legislature is that it is not worth it to do business in Hawaii. Like the bottle deposit program, this is just one more nail in the economic coffin. If retailers and other businesses think consumers find shopping on the INTERNET more advantageous, this measure will drive consumers in droves to make purchases of electronic devices from out of state vendors who will not be burdened with an addition "tax" like that which is proposed in this bill. Losing business like that will drive many businesses right out of business for after all, the manufacturers will have to recover the cost of the registration fee and the return share in weight fee by passing it on to the consumer in the form of higher prices if they even decide to do business in Hawaii. What this also says is that lawmakers do not know how to set priorities in expending what resources have already been provided to them by the taxpayers but merely think they can ask for more from taxpayers.

This bill recognizes that if a federal program is enacted to address this problem, then this law would automatically be repealed. And that is the point, so what if Hawaii enacts such a law when the rest of the nation continues to dispose of its electronic devices in their landfills? While it would behoove the community to encourage the recycling and recovery of these devices, it should not come as a costly mandate that will not only increase the cost of living and doing business in Hawaii, but will further insure that people know that Hawaii is not a good place to do business or invest. Lawmakers may think that they are being "green," but from an economic perspective, they have just painted the horizon black.

Digested 3/25/08

**THE UNIVERSITY OF HAWAII ENVIRONMENTAL CENTER IS PLEASED  
TO SUBMIT THIS TESTIMONY IN ACCORDANCE WITH ACT 132 OF 1970  
WHICH CREATED THE CENTER. AUTHORS ARE MEMBERS OF THE  
UNIVERSITY COMMUNITY.**

RL: 2203

SB 2843 SD2 HD2  
RELATING TO ELECTRONIC DEVICE RECYCLING

House Committee on Finance

Public Hearing – March 27, 2008  
3:00 p.m., State Capitol, Conference Room 308

by

Mary Tiles, Department of Philosophy and Chair of the UH Sustainability Council  
Peter Rappa, Environmental Center

SB 2843SD2 HD2 requires manufacturers of electronic devices to collect and recycle electronic devices and establishes the Electronic Device Recycling Fund. We emphasize that our testimony on this measure does not represent an official position of the University of Hawaii.

We believe that something must be done to encourage and to require the recycling of covered electronic devices. Currently on Oahu, the e-waste is collected by the City and County of Honolulu and disposed of in the landfill. This practice not only takes up space in our rapidly filling landfill, it also leads to additional problems of these devices leaching lead and other toxic substances into the surrounding area.

To give an idea of the size of the problem, an Apple computer sponsored event held at the University of Hawaii at Manoa last year, collected e-waste from university campuses, Department of Education, private schools and individuals in the community. The total collected amounted to 45 shipping containers. Each container has a volume of 2,700 cubic feet. Apple estimates the total to be approximately 24,545 large garbage cans of e-Waste.

This was a one-time event. We need something systematic and user friendly that will keep electronic waste out of landfills, prevent it being illegally dumped and prevent it from being shipped to countries where the recycling is conducted using child labor, a practice with an appalling lack of safety conditions.

Recently Bose offered customers a purchase discount on a new sound system with conditions that they bring in their old one in for recycling. Retailers and producers need to create these types of incentives for consumers so that recycling is linked to new purchases and becomes an exchange - this is readily understandable and creates a single transaction for ease of use.

**THE UNIVERSITY OF HAWAII ENVIRONMENTAL CENTER IS PLEASED TO SUBMIT THIS TESTIMONY IN ACCORDANCE WITH ACT 132 OF 1970 WHICH CREATED THE CENTER. AUTHORS ARE MEMBERS OF THE UNIVERSITY COMMUNITY.**

This bill puts the burden of recycling covered devices on the manufacture. In earlier versions of this bill the Department of Health was tasked with developing a recycling program. Whether the manufacturer or state is responsible for recycling is unimportant as long as we can keep these devices out of the landfill. We point out however, that without the threat of penalty there may be less incentive to adhere to the recycling law.

Thank you for the opportunity to comment on this bill.

Representative Marcus Oshiro, Chair  
Representative Marilyn Lee, Vice Chair  
Committee on Finance  
State Capitol, Honolulu, Hawaii 96813



HEARING      Thursday, March 27, 2008  
                  3:00 pm  
                  Conference Room 305

**RE:      SB2843, SD2, HD2, Relating to Electronic Device Recycling**

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing about 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii.

**RMH supports SB2843, SD2, HD2, Relating to electronic device recycling, but we request consideration of the following:**

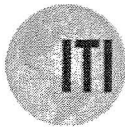
- In § -1 Definitions:
  - **“Covered Entity” should be not be expanded** to include business to business transactions. We believe that such agreements between manufacturer/retailer and client already include electronics recycling as part of the contracts.
  - **“Covered electronic device” Printers should not be included.** We ask that the original language in SB2843 be restored.
- We respectfully ask your consideration to insert language in § -3 (2) that allows an initial “sell through” provision to **afford retailers to ability to sell any covered device that was on order and/or is in stock BEFORE a manufacturer may have registered**; suggested: *(c) The sale or offer to sell any new covered electronic device in the State that was either in stock or on order for stock by a retailer prior to the initial registration date specified in subsection (b) shall be exempt from the requirements of this section.*
- National legislation, while still pending in Congress, is the ultimate solution. A series of individual state-by-state laws tends to confuse the consumer and forces manufacturers and retailers to absorb tremendous administrative costs.
- However, understanding the urgency of our addressing this issue to avoid further impact on our environment, the manufacturer responsibility model in SB2843 is our preferred approach. To date Connecticut, Minnesota, Oregon, North Carolina, Texas, Maine, Washington and New Jersey all have passed manufacturer responsibility bills. In the long term, this will further encourage the design of environmentally friendly products, allow for flexibility in recycling methods and establish a market that can drive down the costs for consumers over time.

Thank you for your consideration and for the opportunity to comment on this measure. We are eager and look forward to continued discussion

A handwritten signature in cursive script, appearing to read 'Carol Prigall'.

President

RETAIL MERCHANTS OF HAWAII  
1240 Ala Moana Boulevard, Suite 215  
Honolulu, HI 96814  
ph: 808-592-4200 / fax: 808-592-4202



**Information Technology Industry Council**  
Leading Policy for the Innovation Economy

March 26, 2008

The Honorable Marcus Oshiro  
Chair, House Finance Committee (FIN)  
Hawaii State Capitol, Room 306  
Honolulu, HI 96813

RE: S.B. 2843 HD2 – Relating to Electronic Device Recycling – OPPOSE

Dear Chairman Oshiro:

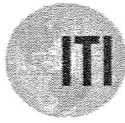
The Information Technology Industry Council (ITI) has previously weighed in on various aspects of S.B. 2843, all of which were not addressed in the most recent amendments to the bill. As the Finance Committee considers S.B. 2843 again, we hope that you will take our concerns into consideration. The following are concerns that ITI has already submitted in reference to this bill:

1. Recognize Differences Between IT Equipment and Televisions. Our members have significant concerns regarding any electronics recycling legislation that disrupts the market playing field by imposing costly requirements on some manufacturers today while delaying obligations for others. Under the approach set forth in SB 2843, manufacturers are responsible for recycling their own branded products that are generated as waste in the state. This is a particular issue for televisions, given that their average life-span is over 15 years. This requirement obligates established market participants to cover major costs now, while giving many of their new competitors a free ride for years. While the average life-span of computer equipment is shorter - six to eight years on average – this also represents a concern for some IT manufacturers.

We do not believe it is the role of government to interfere with fair market competition. This proposal, however, would have that exact effect. Notably, there are several newcomers in the television market that already possess significant market share. This legislation will hand these companies a competitive advantage over established manufacturers, since their branded products will not appear in the State's recycling stream for years. ITI's electronics recycling policy calls for a visible fee on new sales of televisions to provide for the proper recycling of legacy televisions while preserving market balance. We would be pleased to discuss this or other equitable approaches to finance the appropriate recycling of used televisions.

2. Cover Only Household Products. Government, businesses and institutions are already required by law to properly manage certain obsolete electronics equipment. Furthermore, non-household customers often request additional services for their recovered products, such as special data security measures; asset tracking and management services; on-site pick-up, and; particular reuse or refurbishment services. These conditions increase the cost and complexity of collection and recycling and differentiate these institutional customers from households. Accordingly many of the providers of business-to-business (B2B) products and systems already include product recovery services in their contracts and have developed programs that allow for non-household





**Information Technology Industry Council**  
Leading Policy for the Innovation Economy

entities to select a level of service and convenience. The services provided for recycling are a cost of doing business for the non-household entity. Mandating that manufacturers offer these services for free to B2B customers will hinder our ability to provide them as a part of the sale. Legislation should not interfere with the successful practices in place for B2B products, nor should it apply to commercial, medical, industrial, governmental or other devices not used in a residential setting. We recommend limiting the scope of entities covered by this legislation to covered electronic products that are used by households only.

3. Focus the Product Scope. The current product scope is too broad. ITI believes that any recycling approach should begin with products whose presence in the waste stream and associated collection and recycling costs are well known, and that other devices should be considered for inclusion only once a recycling infrastructure is efficiently operating.

Therefore, ITI suggests limiting the scope of the bill to desktop computers, laptop computers, computer monitors and televisions sold to or generated by households. If you have any questions regarding these comments, please contact Chris Cleet at [ccleet@itic.org](mailto:ccleet@itic.org) or 202-626-5759.

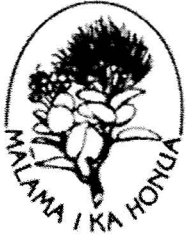
Regards,

Chris Cleet  
Director of Environmental Affairs  
Information Technology Industry Council (ITI)  
1250 Eye St, NW - Suite 200  
Washington, DC 20005  
202.626.5759  
[www.itic.org](http://www.itic.org)

**ABOUT ITI**

The Information Technology Industry Council (ITI) represents the nation's leading high-tech companies and is recognized as one of the most effective advocacy organizations for the tech industry in Washington and internationally. ITI helps member companies achieve their policy objectives through building relationships with Members of Congress, Administration officials, and foreign governments; organizing industry-wide consensus on policy issues; and working to enact tech-friendly government policies.

CC: Rep. Hermina Morita, Chair EEP  
Rep. Kyle Yamashita, Chair, EDB



# Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803  
808.537.9019 hawaii.chapter@sierraclub.org

## HOUSE COMMITTEE ON FINANCE

March 27<sup>th</sup>, 2008, 3:00 P.M.

(Testimony is 1 page long)

### TESTIMONY IN SUPPORT OF SB 2843 SD2 HD2

Chair Oshiro and members of the Committee:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, supports SB 2843 SD2 HD2, establishing an electronic waste (or e-waste) recycling program. We support the amendments made by the previous House committee to include all government entities—including the University of Hawai'i and other schools—as "covered entities" and included computers and printers as "included electronic devices." We would like to see the penalties and enforcement subsection added back in, as contained in the House draft 1.

E-waste from computers, televisions, and other high-tech devices is an increasing problem. This type of waste frequently contains toxic materials, such as lead in the circuit board soldering or in the cathode ray tube. Moreover, with landfill issues on nearly every island, policies to divert waste from landfills should be encouraged. . The program contemplated in the current draft of SB 2843 SD2 HD2 is compatible with programs being developed by national electronic device manufacturers.

Starting the process to establish and fund a state e-waste recycling program is critical now as more and more residents purchase high definition televisions and decide to scrap their older sets.

The Sierra Club supports most of the amendments in House Draft 2, but asks that the penalties and enforcement section be added to this measure (as in House draft 1).

Thank you for the opportunity to testify.



**Philips Electronics North America Corporation**

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March 26, 2008

The Honorable Marcus Oshiro  
Chair, House Finance Committee (FIN)  
Hawaii State House of Representatives  
State Capitol, Room 306  
Honolulu, HI 96813

Dear Chair:

**Re: SB 2843 HD2 Electronic Waste -- OPPOSE**

Philips Electronics is a member of the Electronics Manufacturers Coalition for Responsible Recycling (Coalition). The Coalition represents many of the largest consumer electronics companies in the world who have come together to support a fair and effective program to recycle spent televisions.

SB 2843 HD2 does not address our concerns as expressed in testimony submitted to your House Finance Committee on February 19, which, among other issues, requested an approach to TV recycling separate from computers, based on current market share rather than return share. We believe that the revised bill may impose a financial burden on the state and increase the cost for manufacturers of doing business in Hawaii.

We would note that a similar bill that was considered in Tennessee. The bill is stalled because the state budget experts estimated that implementation of the bill would result in a cost to the state of \$1.14 million. We estimate that although Tennessee is larger than Hawaii, the costs of the program should be the same because it is likely that Hawaii would have to review and monitor implementation of the same number of plans from manufacturers as in Tennessee. Furthermore, because Hawaii is an island state, collections cannot be centralized, possibly requiring more administrative costs for the proposed program.

It is our position that the bill would have a significant adverse affect on television manufacturers. The bill ignores the significant increase in the market share of new value-based Asian manufacturers (a minimum 25% of the 2007 market) who will have an economic advantage because they will have no return share for at least a decade when residents will dispose of their televisions. Established manufacturers like Philips will face increased disadvantages due to these new manufacturers under SB 2843 HD2.

1300 I Street NW, Suite 1070 East  
Washington, DC 20005  
Tel: 202-962-8550  
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The Honorable Marcus Oshiro  
March 26, 2008  
Page 2 of 2

The proposed program imposes significant additional costs on television manufacturers like Philips at a time when television manufacturers are facing economic distress. As an example, a recent report by the financial services company Morningstar contains the following information:

“The rampant competition from value brands like Vizio and Westinghouse has undercut prices of brand names like Sony, Philips and Panasonic by as much as 40%...Sustaining healthy returns on capital in such an environment is almost impossible.” “Flat Panels Have Poor Fundamentals,” Morningstar, March 26, 2007.

A December 2007 report from Merrill Lynch puts the situation in stark terms for Philips.

“Connected displays – which makes up ~60 of CE (consumer electronics) continues to loose (sic) money in the North American market driven by severe price competition, aggressive retail dynamics and disruptive low-cost players.”

We can anticipate the following costs for television manufacturers. Currently all electronics would have to be shipped somewhere (mainland) for processing. This would be in addition to collection and actual recycling costs. The Washington program, which would go into effect in 2009, would cost manufacturers around \$0.30/pound for collection and recycling. The existing Maine program costs \$0.22/pound but that is only for recycling. Maine collects roughly 2 pounds of televisions per person. So multiplying the Hawaii population of 1.28 million people times 2 pounds per person times \$0.30 per pound assuming no additional shipment costs would cost the industry \$767,000 every year to implement the program. The nationwide costs of this program for the television industry would be \$150-\$200 million. A company's share would depend on their return or market share.

Adding such costs at a time that companies are losing money is simply not a sustainable situation.

The Electronics Manufacturers Coalition for Responsible Recycling supports the recycling of televisions and we would be happy to work with your Committee in drafting an efficient and economically viable program to recycling televisions. We strongly oppose SB 2843 HD2, however, because it unfairly places the entire financial burden of this program on television manufacturers.

With best wishes,

*Ric Erdheim*

Ric Erdheim

Cc: The Honorable Hermina Morita, EEP Committee  
The Honorable Kyle Yamashita, EDB Committee



Dan Youmans  
Director  
External Affairs

AT&T Services, Inc.  
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March 27, 2008

The Honorable Rep. Marcus R. Oshiro  
Chair, House Committee on Finance

**RE: Testimony and Proposed Amendment to Senate Bill 2843 SD2, HD2**

Dear Rep. Oshiro and Members of the Committee:

On behalf of AT&T, we are requesting an amendment to Senate Bill 2843 SD2, HD2. In the definitions section of this version of Senate Bill 2843, telephones of any type are excluded from the program, unless the screen size is greater than four inches measured diagonally. **AT&T requests the removal of the screen size requirement for all telephones since all of our products are covered by our industry's existing recycling program.**

As we stated in our previous testimony on this legislation, most wireless devices today have screens smaller than four inches. However, new devices in the future may have screens that exceed this limit. Because our industry already has a highly effective recycling program, we do not believe our devices should be included in the program created by SB 2843.

Our industry's approach allows any consumer to take any wireless device or accessory, including phones, PDAs, chargers, and batteries, to any company retail outlet. Stores will accept these devices without cost to the consumer. The devices do not even have to be from that particular carrier. These devices will then be reused or recycled. This program covers all of our products, no matter what the screen size.

We are especially proud of the program now in place at AT&T in which we collect old cell phones and use the funds from recycling these devices to purchase pre-paid calling cards for military personnel, so they can call home from overseas. This program is called "Cell Phones for Soldiers." We respectfully ask the committee to allow us to pursue our own processes for recycling our devices so we can offer programs like "Cell Phones for Soldiers."

**For these reasons, we request the removal in SB 2843, as amended in HD 2, Section 1 in "Definitions," 2 (D) of the phrase "unless it contains a video display area greater than four inches measured diagonally." Thank you for considering this very important amendment.**

Respectfully Submitted,

Dan Youmans, AT&T



COMMITTEE ON FINANCE

Rep. Marcus Oshiro, Chair – Rep. Marilyn B. Lee, Vice-Chair

March 27, 2008 - Room 308 - State Capitol

RE: SB 2843, SD2, HD2 - RELATING TO ELECTRONIC DEVICE RECYCLING

POSITION: SUPPORT, IF AMENDED

HI Senate Bill No. 2843 establishes a state program for collection, recycling, enforcement, and monitoring of covered electronic devices. **Sprint Nextel** is prepared to support SB 2843 if it is amended to exempt from the provisions of the bill all "telephones of any type" from the electronic waste recycling requirements, without any reference to screen size.

As now before you, telephones of any type are excluded from the program, "unless it contains a video display area greater than four inches measured diagonally." Sprint Nextel respectfully request deletion of any this screen size limitation.

Sprint Nextel does not make this request in a vacuum. For the record, Sprint Nextel, joined by others in the wireless industry, is committed to environmentally-friendly business practices. Sprint Nextel has a strong history of developing and promoting initiatives aimed at preserving and protecting the environment that are evidence of the importance of wireless recycling to our business, customers, and communities. But as provided for in SB 2843, those programs might need to be altered in a way that would bring-about a dramatic shift in the success of industry pro-active and voluntary initiatives.

Sprint Nextel service is not constrained by traditional borders, and so company voluntary re-cycling initiatives take place nation-wide. As a practical matter, the national nature of Sprint Nextel service will make it hugely difficult, if not impossible, to provide Hawai'i with accurate recording for the amount of phones collected from Hawaii users for recycling, as required by SB 2843.

But most importantly it will negatively impact current efforts to collect wireless equipment for recycling, refurbishing, and reuse through a variety of channels. Allow me to review just one of Sprint Nextel's take-back programs made available to Sprint Nextel customers nationwide: Project Connect.

Sprint Project Connect is a charitable recycling program that accepts all wireless phones and accessories regardless of make or model, with proceeds from donated phones are given to K-12 educational programs. A postage-paid Sprint Project Connect envelope is included in the retail box with all new phones. Since those envelopes are not postmarked when mailed back and rarely include a return address, there is no way to track which states the phones are coming from, and this effectively stymies any accurate means of state-by-state accounting, as called for in SB 2843. And it would effectively set-aside the ease-of-use from postage-paid envelopes for re-cycling.

Wireless equipment designated for recycling through Sprint Nextel programs is handled in an environmentally sound manner in accordance with applicable federal, state and local environmental laws and regulations. Of course, Sprint Nextel works with vendors that specialize in recycling wireless devices.

Sprint Nextel also operates a robust Service and Repair program to serve the needs of its customers in service and repair centers nationwide. This channel recycles and refurbishes used and damaged equipment received through insurance claims, unwanted customer purchases, and Sprint employee phone programs, further helping to keep phones out of the waste stream.

In closing, and to repeat, Sprint Nextel requests SB 2843 be amended by striking in "Definitions," 2 (D), the phrase "unless it contains a video display area greater than four inches measured diagonally."

Thank you for your consideration of this very important and environmentally-sensitive amendment.





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**March 27, 2008**

**TO: Rep. Marcus Oshiro  
Chair, Committee on Finance  
House of Representatives  
Hawaii State Capitol, Room 306**

**FROM: Meggan Ehret, Senior Counsel, Thomson Inc.**

**RE: SB 2843 HD2 – Relating to Electronic Device Recycling  
Hearing: Thursday, March 27, 2008 @ 3:00 PM  
Conference Room 308  
Hawaii State Capitol**

Chair Oshiro and members of the Finance Committee,

My name is Meggan Ehret and I am Senior Counsel with Thomson Inc. and also serve as its corporate secretary. Thomson Inc. is committed to developing a workable and environmentally sustainable solution for e-waste, which, according to the EPA, is the fastest growing portion of the municipal solid waste stream. We applaud the Legislature for having this hearing to ensure that the e-waste solution is a workable one that accomplishes the goal. We appreciate the opportunity to participate in this discussion.

Thomson is committed to complying with all environmental, health, and safety laws and regulations applicable to our business activities. We are equally committed to preventing deterioration of the environment and minimizing the impact of our operations on the land, air and water. These commitments can only be met through the awareness and cooperation of all employees.

Thomson is a world leader in digital video technologies. Thomson provides technology, services, and systems and equipment to help its Media & Entertainment clients — content creators, content distributors, and users of its technology — realize their business goals and optimize their performance in a rapidly-changing technology environment. The Group is the preferred partner to the media and entertainment Industries through its Technicolor, Grass Valley, RCA, and Thomson brands. As background, RCA's stock was acquired by General Electric in 1986, and shortly thereafter Thomson bought certain consumer electronics assets from GE and eventually acquired the RCA trademark (in most classifications) and today licenses the trademark to a number of different companies that make RCA televisions and other RCA-





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branded products. In 2004, Thomson sold its television manufacturing assets and now licenses the trademark to a large television manufacturer.

Thomson is also a member of the Electronic Manufacturers Coalition for Responsible Recycling which we commonly refer to as "the Coalition." The Coalition consists of major manufacturers and marketers of consumer and commercial electronic products.

Based on our experience, we have learned that each product is different and, relevant here are the differences between televisions and computers. The different product life expectancy, market economics, residual values, and product portability necessitate different approaches to recycling to each product.

- **Different Product Life Expectancy** - Televisions have an average useful life of 15 to 17 years and have been available on the market since the late 1920's. Computers, on the other hand, have only been widely available to consumers since the 1980's and have an average life expectancy of at least 10 years less than the average television. Because televisions have been in existence much longer and have a much longer life, many of the manufacturers of the televisions hitting the waste stream are either no longer in business or are no longer manufacturing televisions.
- **Different Market Economics** - It is estimated that over 30 million TVs will be sold in 2008 (US News & World Report, 12/31/07). Of these, many will be sold by value brands that have only been established in the past few years. ("Flat Panels Have Poor Fundamentals," 03/26/2007 stating "The rampant competition from value brands like Vizio and Westinghouse has undercut prices of brand names like Sony, Philips and Panasonic by as much as 40%...Sustaining healthy returns on capital in such an environment is almost impossible.") Far East manufacturers are flooding the market. "China...has emerged to build consumer electronics...as a new manufacturer. Any company with the resources and a market entry point can deliver product relatively quickly by contracting with the original design manufacturers." (The Consumer Electronics Industry in Flux, Gartner Inc. Research Report, November 16, 2005.). According to an article in Smart Money Magazine ("Behind the Glass," March 2005), 70 percent of the television manufacturers were not in business ten years ago. By the time a new market entrant must pay to recycle its products (approximately 15 years from today), it is likely no longer in business. Thus, requiring present-day TV manufacturers to fund a TV recycling program based on their current market share ensures they are not given a free pass until their branded products begin to appear in volume in the State's recycling stream more than 15 years later and, in some instances, at a time they are no longer in business.
- **Different Residual Value** - A computer's residual value is much greater than the typical cathode ray tube television. Computers contain precious metals and other



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valuable and easily recycled or reused materials. This significantly impacts the economics of recycling a television versus recycling a computer.

- **Different Product Portability.** Computers are lighter and easier to handle, thus different opportunities exist for collection and recycling. Those opportunities do not exist for television manufacturers. Thus, “takeback” programs that require consumers to send equipment to a manufacturer is more workable for computers than televisions.

These important differences support separate approaches to recycling programs. The computer manufacturers have already implemented “takeback” programs and thus requiring takeback programs is the most logical and workable approach for computer products. For televisions, which is my focus today, the only approach that levels the playing field is allocating the costs of a recycling program to the present day manufacturers based on each manufacturer’s respective share of the market. It is a fairer approach for the following reasons:

- The television market is an easy-entry and easy-exit industry, making short-term competitive advantages the rule. According to an article in Smart Money Magazine (“Behind the Glass,” March 2005), 70 percent of the television manufacturers were not in business ten years ago. By the time a new market entrant must pay to recycle its products (approximately 15 years from today), it is likely no longer in business.
- Far East manufacturers are flooding the market. “China...has emerged to build consumer electronics...as a new manufacturer. Any company with the resources and a market entry point can deliver product relatively quickly by contracting with the original design manufacturers.” (The Consumer Electronics Industry in Flux, Gartner Inc. Research Report, November 16, 2005.). History has proven that they will not be in business by the time their products hit the waste stream and, given their location, enforcement or collection (particularly after they are out of business) will be difficult if not impossible, unless a barrier to entry to the market is contributing to the costs of recycling televisions now.
- It is difficult—if not impossible—to estimate today the costs associated with recycling televisions 15 years from now (e.g., collection, transportation and recycling) and market share allocation ameliorates this concern. Thus, allocating the actual costs to recycle products today among today’s market participants is fair and permits today’s market participants to plan accordingly.

A market share approach requires each current manufacturer to pay for a share of the recycling of televisions based on its respective share of the market and account for these costs in the price of their product. Any other alternative will give a free ride to new market entrants as they will not be required to pay any costs for recycling today and history has demonstrated that they will be out of business in 15 years (which is when their products hit the waste stream). Thus, new market entrants will likely never pay for recycling e-waste. Importantly, as a result of



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not having to factor in the cost of e-waste, they are able to price their products lower than the long standing market participants and increase their share of the market. This is the same conclusion reached by the Council of State Governments NE region, Minnesota, New Jersey, and Oregon. (See [http://www.csgeast.org/pdfs/RegionalDraft7-06\\_revised.pdf](http://www.csgeast.org/pdfs/RegionalDraft7-06_revised.pdf)).

In summary, Thomson respectfully asks that the House Committee on Finance consider allocating the costs of recycling televisions to the current market participants based on their respective share of the market (rather than return share) and level the playing field for all television manufacturers.

Thank you for allowing me the opportunity to provide my comments to you.

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Cc: Rep. Hermina Morita, EEP Chair  
Rep. Kyle Yamashita, EDB Chair



Finance Committee  
Hawaii State Legislature  
March 27, 2008

Comments on Electronics Recycling  
D. Michael Foulkes  
Senior Manager  
State & Local Government Affairs  
Apple, Inc

**Senate Bill 2843 HD 2 – Support as amended**

Dear Chairman Oshiro:

On behalf of Apple, Inc., I wish to express our support of SB 2843 HD 2 as amended in the House Committee on Economic Development and Business Concerns.

The bill was amended to address the concerns of the Department of Education and the University of Hawai'i as well as amendments requested by Apple to make the program more flexible. The bill now creates program that encourages innovation in recycling programs by manufacturers, requires companies to meet current industry good practices, and avoids unintended harm to our voluntary programs here in Hawai'i.

Apple has a demonstrated investment in helping Hawai'i to recycle electronics. In 2006 Apple sponsored a weeklong recycling event, partnering with the University of Hawai'i and the Hawai'i Department of Education (as well as many communities) to recycle 1.2 million pounds of electronics from the State. In 2007, Apple recycled another 100,000 pounds of electronics. We are actively working on more partnerships here in Hawai'i, and believe this bill will encourage other manufacturers to create and expand programs.

**Apple in Hawai'i**

Apple has a long history of partnership with education institutions. With that comes a great understanding of recycling practices. Schools regularly get large donations of outdated electronics equipment, which has a very limited life in the classroom and can be costly to recycle. Schools often will seek the most cost effective disposal method to preserve scarce education dollars for teaching. This electronic equipment often ends up overseas where it is not treated appropriately. If schools are not part of this program, the unintended consequence will be an increase in improperly disposed of electronics.

Businesses and government entities face similar problems, and have stockpiled large amounts of equipment in Hawai'i. By covering these entities, manufacturers will be encouraged to reach

out to them to increase their “rank” in Hawai’i. Otherwise those business and government entities will go with the low cost provider, invariably filling containers headed overseas.

**SB 2843 Covers the right devices, while allowing flexibility in programs**

Currently Europe requires recycling of virtually everything with a plug. This makes sense both from an environmental and resource conservation perspective.

Our experience in Hawai’i mimics national numbers, which show that consumers, businesses, and government seek convenient programs to dispose of their electronics in roughly the proportion by weight of the latest EPA numbers (all numbers in thousands of tons):

TV’s (CRT)	759.1
Monitors (CRT)	389.8
Printers, keyboards, mice	324.9
Desktops	259.5
TV’s (projection)	132.8
Laptops	30.8
Cell phones	11.7
Monitors (LCD)	4.9

The scope of products in the bill appropriately covers the majority of these items, but gives companies the flexibility to create their own recycling programs that best meet their customer’s needs.

It also allows the Department of Health to establish baseline information and ranking of manufacturers without creating an expensive and burdensome program that would drive up recycling costs without resulting in a more effective program.

We believe that the program outlined in the bill will encourage those of us with existing programs to expand them in Hawai’i, while pushing industry laggards to step forward offer programs for their products as well.

Thank for the opportunity to share our comments on SB 2843. We look forward to working with you to develop meaningful electronics recycling legislation that is fair and comprehensive. Please do not hesitate to contact me at (408) 974-2503 or be email at [foulkes@apple.com](mailto:foulkes@apple.com) if you have any questions.