

**WRITTEN COMMENTS FROM THE
COUNTY OF KAUA'I
DEPARTMENT OF PUBLIC WORKS**

**TO THE SENATE COMMITTEE
ON WAYS AND MEANS**

**TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008**

February 21, 2008
9:30 a.m.

**WRITTEN COMMENTS ON SENATE BILL NO. 2843 SD 1, RELATING TO ELECTRONIC
DEVICE RECYCLING**

**TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE
COMMITTEE:**

My name is Donald Fujimoto, Director of the Department of Public Works, County of Kaua'i (County), submitting written comments in favor of Senate Bill No. 2843 SD 1. The Bill 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 establishes and supports a much needed program to deal with a rapidly growing and potentially hazardous waste stream. Currently, there are no recycling outlets on Kaua'i able to handle this waste stream, and the County landfill does not accept commercially-generated monitors. Users of these devices, including schools, other State agencies, business, and County agencies, 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.

In order to increase the effectiveness of the measure, we suggest amending section two of the measure to (1) include printers in the definition of "covered electronic device" and (2) expand the definition of "covered entity" to include government entities, businesses, and nonprofit organizations, regardless of size, operating on a neighbor island.

We thank the Committee for the opportunity to present written comments on this matter.



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February 21, 2008

**TO: Sen. Rosalyn H. Baker
Chair, Senate Committee on Ways and Means
State Senate
Hawaii State Capitol, Room 210**

FROM: Meggan Ehret, Senior Counsel, Thomson Inc.

**RE: SB 2843, SD1 – Relating to Electronic Device Recycling
Hearing: Thursday, February 21, 2008 @ 9:30 AM
Conference Room 211
Hawaii State Capitol**

Chair Baker and members of the Senate Ways and Means 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-branded products. In 2004, Thomson sold its television manufacturing assets and now licenses the trademark to a large television manufacturer.



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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. Ten percent of TV manufacturers - primarily those based in Asia - are expected to go out of business each year. (Legislative Study Accompanying Washington State E-Waste Law). 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 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:



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- 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 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).

In summary, Thomson respectfully asks that the Senate Ways and Means Committee consider allocating the costs of recycling televisions to the current market participants based on their respective share of the market 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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February 21, 2008

TO: Senator Rosalyn H. Baker, Chair, Committee on Ways & Means
Via Email: testimony@capitol.hawaii.gov

FROM: Gary M. Slovin

RE: S.B. No. 2843 SD1 -- Relating to Electronic Device Recycling
Hearing: Thursday, February 21, 2008 at 9:30 a.m., Conf. Room 211

Dear Chair Baker and Members of the Committee on Ways & Means:

I am Gary Slovin testifying on behalf of Covanta Energy Group, the operator of the HPOWER waste-to-energy facility at Campbell Industry Park.

S.B. 2843 SD1 establishes a state program for collection, recycling, enforcement, and monitoring of covered electronic devices, and establishes program funding through the electronic device recycling fund. The measure also prohibits any person from placing or disposing of any covered electronic device in any solid waste disposal facility.

Covanta believes that the appropriate handling of electronic devices is a product stewardship issue. As such, those who make or who dispose of the product should play the primary role in managing this product as waste. Although that issue is addressed by the electronic device recycling program to be established by S.B. 2843 SD1, the bill's disposal ban at facilities like HPOWER does not promote product stewardship.

Covanta does not want this material at HPower and does its best to keep it out. But Covanta is not in a position to keep the material out if it is disposed of in the waste delivered to HPower.

Covanta supports the creation of an electronic device recycling program pursuant to S.B. 2843 SD1 and is pleased that HPOWER will be exempted from liability should such devices be placed or disposed of in "a county authorized waste-to-energy facility" as provided by the new subsection (c) on lines 18-19 on page 23 of S.B. 2843 SD1.

We appreciate that the Senate Energy & Environment Committee has addressed our concerns and we urge your Committee to lend its support to S.B. 2843 SD1. Thank you for providing us with the opportunity to provide testimony on this matter.

Senator Rosalyn Baker, Chair
Senator Shan Tsutsui, Vice Chair
Committee on Ways & Means
State Capitol, Honolulu, Hawaii 96813

HEARING Thursday, February 21, 2008
9:30 am
Conference Room 211



RE: SB2843, SD1, Relating to Electronic Device Recycling

Chair Baker, Vice Chair Tsutsui, 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, SD1, Relating to electronic device recycling. If I may, I would like to offer the following comments:

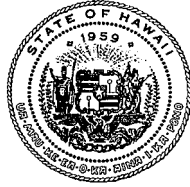
- National legislation, while still pending in Congress, is the ultimate solution. A series of individual state-by-state laws tends to confuse the consumer and forces manufacturers and retailers to absorb tremendous administrative costs.
- However, understanding the urgency of our addressing this issue 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.
- We respectfully ask your consideration to insert language in § -3 (2)(b) 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.
- Under this approach, retailers who manufacture private label products are also considered manufacturers. Thus, we do have a concern with the reference in the bill (§ -1 Definitions: "Manufacturer" and § - 4(4) (k): The Obligations ...) to the usage of present and past tense of *manufacturers* and *manufactured* and *sells* or *sold*. I am still working with our industry to clarify the impact, and ask your consideration of the opportunity to address this matter in subsequent discussions.

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

President

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In reply, please refer to:
File:

COMMITTEE ON WAYS AND MEANS

S.B. 2843 S.D. 1, Relating to Electronic Device Recycling

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

February 21, 2008
9:30am

1 **Department's Position:** The Department of Health has serious concerns regarding S.B. 2843, SD1
2 because of the bill's potential impact on small business and the funding that would be required for
3 implementation.

4 **Fiscal Implications:** The measure requires increased funding and staffing not accounted for in the
5 Executive Supplemental Budget proposal.

6 **Purpose and Justification:** The Department concurs with reducing the pollution due to electronic
7 devices and believes that product stewardship and manufacturer responsibility is a proactive approach in
8 handling our waste electronic devices. We should have a system that helps consumers to do the right
9 thing.

10 SB 2843, SD1 increases the scope of the original bill by including computers. Its major impact
11 is on small, local computer companies that assemble computers for sale in Hawaii. The annual
12 registration fee of \$5,000 may create a hardship for the smaller local companies. As written, the bill is
13 most similar to the Oregon law. However, it does not provide a graduated registration fee based on
14 product sales.

1 Two states provide relief for companies that sell less than 100 devices per year. The Connecticut
2 law exempts them from the registration fee while the Minnesota law requires a reduced fee of
3 \$1,200/year.

4 Given the comprehensive nature of the bill, the many stakeholders involved, and the intensive
5 pre-planning and outreach required, the department would not be able to implement a program in the
6 proposed timeline. A program of this magnitude requires at least a minimum of one year planning and
7 coordination with stakeholders in order to be successful. Implementation of the bill, if passed, will
8 require significant resources. The first year cost to develop this program would be at least \$75,000 of
9 general funds. Succeeding yearly costs would be approximately \$210,000 taken from the fees generated
10 from the registration program.

11 In conclusion, the Department reiterates its commitment to recycling and allowing for
12 manufacturers to participate in the proper handling and recycling of their products. However, any
13 appropriation should not displace the priorities in the executive supplemental budget proposal.

14 Thank you for the opportunity to testify on this measure.
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