

DEPARTMENT OF ENVIRONMENTAL SERVICES
CITY AND COUNTY OF HONOLULU

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MUFI HANNEMANN
MAYOR



March 11, 2008

ERIC S. TAKAMURA, Ph.D., P.E.
DIRECTOR

KENNETH A. SHIMIZU
DEPUTY DIRECTOR

ROSS S. TANIMOTO, P.E.
DEPUTY DIRECTOR

IN REPLY REFER TO:
RR 08-018

The Honorable Hermina M. Morita, Chair
Committee on Energy & Environmental Protection
State Representative
State Capitol, Room 314
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Representative Morita:

RE: S.B. No. 2843, SD 2
Relating to Electronic Device Recycling

The City and County of Honolulu Department of Environmental Services maintains its support of S.B. No. 2843, SD 2, which establishes a State program for collecting and recycling covered electronic devices that places the bulk of the responsibility on the manufacturers. The covered electronic devices include computers, computer monitors and televisions, which the City currently collects in islandwide residential bulky item pickup services and at refuse convenience centers. The cost to recycle ewaste is significant, and as we look forward to the increased volume resulting from the mandatory change from analog to digital television, the costs will be staggering. The counties should not be forced to add this burden to the taxpayer.

We further support the amendments in the SD2 version which include computers as well as the monitors in the definition of covered electronic devices and add government to the definition for covered entity.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric S. Takamura", is written over a horizontal line.

Eric S. Takamura, Ph.D., P.E.
Director

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

**TO THE HOUSE COMMITTEE
ON ENERGY & ENVIRONMENTAL PROTECTION**

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

March 11, 2008
9:00 a.m.

**WRITTEN COMMENTS ON SENATE BILL NO. 2843 SD 2, RELATING TO ELECTRONIC
DEVICE RECYCLING**

**TO THE HONORABLE HERMINA M. MORITA, CHAIR, AND MEMBERS OF THE
COMMITTEE:**

My name is Donald Fujimoto, County Engineer, Department of Public Works, County of Kaua'i (County), submitting written comments in favor of Senate Bill No. 2843 SD 2. 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 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.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Energy & Environmental Protection
March 11, 2008 at 9:00 am

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

SB 2843, SD 2 – RELATING TO ELECTRONIC DEVICE RECYCLING

Chair Morita, Vice Chair Carroll and Members of the Committee:

The University of Hawai'i supports SB 2843, SD2, which would increase the responsible recycling and disposal of electronic waste (ewaste) and contains language that addresses our concerns with the original language.

We were unfortunately unaware of the companion measure, HB 2509, during its journey through the House. So we would like to highlight the two critical improvements in SB 2843, SD2 without which we would have to oppose this measure.

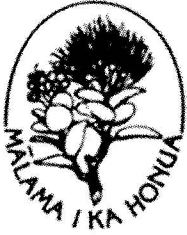
First, unlike the original measure, SB 2843, SD2 now includes the University of Hawai'i, Department of Education, other schools, and all levels of government as "covered entities." Second, this measure now includes computers and printers as "included electronic devices." Our experience is that computers and printers are a substantial component of our ewaste problems. Without these provisions, the bill would do substantial damage to the University, DOE and governmental ewaste disposal efforts.

Our concern over the original language in these bills 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, monitors, printers and televisions.

We recently began discussions with Apple to plan another ewaste disposal effort for 2008. Apple's preliminary intention was to extend this program from education only, as in 2006, to include governmental entities as well. However, with the introduction of SB

2843 and HB 2509 as originally drafted, Apple asked to put our planning on hold. Apple's legitimate reasoning was that if the State Legislature decides to mandate disposal programs only for ewaste from consumers and small businesses, and explicitly excludes printers, then Apple would have to redirect its resources into ewaste disposal programs that directly address the new statutory requirements.

We therefore support SB 2843, SD2 and particularly these two changes that will support the efforts of Hawai'i's education and governmental sectors to responsibly and comprehensively address our ewaste concerns as well as those of consumers and small businesses.



Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803

808.537.9019 hawaii.chapter@sierraclub.org

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

March 11th, 2008, 9:00 A.M.

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 2843 SD2

Chair Morita and members of the Committee:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, supports SB 2843 SD2, establishing an electronic waste (or e-waste) recycling program.

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.

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 the amendments in Senate Draft 2 and ask that this timely measure to forwarded for further discussion.

Thank you for the opportunity to testify.



Meggan Ehret, Corporate Secretary
Thomson Inc.
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meggan.ehret@thomson.net

March 11, 2008

**TO: Rep. Hermina Morita
Chair, Committee on Energy & Environmental Protection
House of Representatives
Hawaii State Capitol, Room 314**

FROM: Meggan Ehret, Senior Counsel, Thomson Inc.

**RE: SB 2843, SD2 – Relating to Electronic Device Recycling
Hearing: Tuesday, March 11, 2008 @ 9:00 AM
Conference Room 312
Hawaii State Capitol**

Chair Morita and members of the Energy & Environmental Protection 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.

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:

- 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 House Committee on Energy & Environmental Protection 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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March 10, 2008

The Honorable Hermina Morita
Chair, House Energy and Environmental Protection Committee
Hawaii State Legislature

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

Dear Representative Morita:

The Information Technology Industry Council (ITI) has serious concerns regarding certain provisions of Senate Bill 2843, which relates to the electronic device recycling. We have previously weighed in on this measure in the Senate and in the House and would like to express our concerns with S.B. 2843 as it was passed by the Senate.

Assuring the appropriate recycling of obsolete electronic devices is an important public policy goal. On behalf of our membership, however, ITI cannot support this bill as written and passed by the Senate. Our primary concerns with S.B. 2843 are that the scope of covered entities is too broad and the bill does not recognize that the business models and life spans for TV and IT equipment are very different.

- 1. Cover Household Products.** Government, businesses and institutions are already required by law to properly manage certain obsolete electronics equipment. Furthermore, nonhousehold 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 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 S.B. 2843 to household customers only.
- 2. Recognize the Differences between IT and TV products.** 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 S.B. 2843, manufacturers are responsible for recycling their own branded products that are generated as waste in the state. The proposal calls for all obligations to be based on a manufacturer's return share of electronics. This requirement obligates established market participants to cover major costs now, while giving many of their new competitors a free ride for years. This is a particular issue for televisions, given that their average life-span is over 15 years.



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. We recommend amending S.B. 2843 to base the recycling obligations for TV manufacturer's on a manufacturer's market share, rather than a manufacturer's return share of products.

If you have any questions regarding these comments please contact Chris Cleet at ccleet@itic.org or 202-626-5759. We welcome the opportunity to provide more information or background for your additional consideration.

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

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.



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March 10, 2008

TO: Representative Hermina M. Morita, Chair, Committee on Energy & Environmental Protection
Via Email: EEPtestimony@capitol.hawaii.gov

FROM: Christopher G. Pablo

RE: S.B. No. 2843 SD2 – Relating to Electronic Device Recycling
Hearing: Tuesday, March 11, 2008 at 9:00 a.m., Conf. Room 312

Dear Chair Morita and Members of the Committee on Energy & Environmental Protection:

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

S.B. 2843 SD2 establishes a state program for collection, recycling, enforcement, and monitoring of covered electronic devices, and establishes program funding through the electronic device recycling fund. Section 10 of this 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 SD2, 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 SD2 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 SD2. However, we would like to offer an amendment to relieve the facility of liability should such devices enter the facility in the normal course of operations and not be disposed of in the manner provided by the Electronic Waste Recycling Act. It is difficult to separate materials that are in the waste stream that is

March 10, 2008

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delivered to HPOWER once it enters the premises. This amendment will allow HPOWER to deal with such material like all solid waste that enters and is disposed of at the facility.

§ -10 Disposal ban; recycler responsibility. (a) Beginning January 1, 2011, no person shall place or dispose of any covered electronic device in any solid waste disposal facility.

(b) Recyclers shall comply with applicable federal, state, and county laws, regulations, and rules in recycling covered electronic devices collected pursuant to this chapter.

(c) A county authorized waste-to-energy facility [is exempt] shall not be in violation of this section if any covered electronic device enters the waste stream in the normal course of operations and is not removed from the facility for disposal in the manner provided by Chapter [redacted] [from this section].

We urge your Committee to amend Section 10 of S.B. 2843 SD2 as we have suggested. Thank you for providing us with the opportunity to provide testimony 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, SD-2

INTRODUCED BY: Senate Committee on Ways and Means

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

No manufacturer or retailer of electronic devices shall sell any electronic device in the state beginning on January 1, 2011 unless it is labeled with a brand and the label is permanently affixed and readily visible and the brand is registered with the department of health. Beginning on April 1, 2010, the department of health shall maintain a list of each registered manufacturer and their brands as well as a list of brands for which no manufacturer has registered.

Requires a manufacturer to label electronic devices for sale in the state, 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, 2010 along with a list of their brands. Permits the department of health to establish a reduced graduated fee scale for small manufacturers. Requires such electronic devices sold by the manufacturers to be permanently labeled so that the covered devices can be identified. Delineates what specific types of electronic devices are not required to adhere to this new law like all phones and electronic parts that are a part of a larger device such as a motor vehicle or major home appliance.

By June 1, 2010 each manufacturer to whom the department of health provides a return share in weight that is greater than zero is to submit: (1) an additional fee calculated by multiplying the manufacturer's return share in weight by the cost per pound for collection, transportation, and recycling of covered electronic devices; or (2) submit a plan to provide for the collection, transportation, and recycling of at least 5% of the total return share in weight of covered electronic devices. Requires each manufacturer to comply with the return share provisions by February 15, 2012. Delineates what shall be covered in the manufacturers' recycling plan.

Further delineates sampling and reporting provisions that shall be conducted annually by the department of health beginning on January 30, 2012. Also requires the department to determine the return share for each program year for each manufacturer by dividing the weight of covered electronic devices identified for each manufacturer by the total weight of covered electronic devices identified for all manufacturers. Requires the department to notify each manufacturer of its return share, if a return share has been determined for the manufacturer by April 1, 2010 then annually thereafter by February 15, 2012.

Delineates provisions to require the department of health to prepare and implement a plan to establish, conduct, and manage a program for the collection, transportation, and recycling of covered electronic devices in the state for manufacturers without approved recycling plans.

Representative Hermina Morita, Chair
Representative Mele Carroll, Vice Chair
Committee on Energy & Environmental Protection
State Capitol, Honolulu, Hawaii 96813



HEARING Tuesday, March 11, 2008
9:00 am
Conference Room 312

RE: SB2843, SD2, Relating to Electronic Device Recycling

Chair Morita, Vice Chair Carroll, 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, 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, SD2 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.
- In this measure, retailers who manufacture private label products are also considered manufacturers. Because many of our retailers are also manufacturers, 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*. Using the present tense forms of the verbs, i.e., "manufactures" and "sells," would more fairly appropriate and delineate responsibility.

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 Prujill'.

President

RETAIL MERCHANTS OF HAWAII
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Honolulu, HI 96814
ph: 808-592-4200 / fax: 808-592-4202