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GOVERNOR OF HAWAII



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DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
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In reply, please refer to:
File:

HOUSE COMMITTEE ON FINANCE

H.B. 1809, H.D. 1, RELATING TO RECYCLING

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

March 4, 2009
11:30 am

1 **Department's Position:** The Department of Health appreciates the intent of this measure but
2 respectfully opposes it because in the state's current fiscal difficulties, it is not prudent to establish new
3 programs. We also have operational concerns.

4 **Fiscal Implications:** If the department is intended to have a serious enforcement role, it estimates that
5 additional resources required to administer this program would be \$100,000 to \$150,000 annually
6 including 2.0 FTEs.

7 **Purpose and Justification:** This bill proposes the creation of a statewide program for the recycling of
8 televisions and is the television industries' response to requirements set forth in Act 13 of the 2008 First
9 Special Session. It uses a "market share" approach generally favored by many manufacturers and starts
10 actual recycling on January 1, 2011.

11 DOH supports recycling manufacturers' efforts to assume responsibility for wastes that result
12 when their products reach their end of life. We have serious concerns about the how the proposed
13 program will work, the department's role in its operation, and the necessary resources for effective
14 implementation.

1 If the department is to administer the law in a traditional fashion, we estimate between \$150,000
2 and \$200,000 in expenditures are needed. This total includes 2.0 FTE for clerical support, accounting
3 activities, monitoring, and enforcement. We also estimate \$10,000 annually for the purchase of TV
4 sales data to determine manufacturer's market share. The department estimates receiving \$125,000 in
5 revenue given the \$2,500 manufacturer registration/renewal fee. A renewable registration fee of \$5,000
6 and requiring manufacturers to report sales data directly to the department would provide for our
7 resource needs under a traditional administration approach. None of these expenditures are provided in
8 the Executive's proposed biennium budget.

9 We understand that industry favors incentives over enforcement. The bill could set forth the
10 framework for a voluntary program by industry with requested or required reports, so that the legislature
11 can evaluate industry efforts later. The department need not be involved.

12 Alternatively, if the legislature wants government oversight and enforcement to accomplish
13 recycling, then the bill should be clarified to accomplish that end, but we would still fall victim to the
14 above-determined lack of resources.

15 In addition to seeking clarification of the basic program approach, we have questions and
16 concerns about specifics provisions of the bill. For example, the proposed formula to determine each
17 manufacturer's recovery responsibilities needs improvement as it currently sets a low level of
18 responsibility. The formula is based upon the prior year's recycling percentage for manufacturers, not
19 the TVs sold. The bill does not ban manufacturers from charging for recycling TVs, and charging
20 would probably discourage the public. The revised definitions of "covered entity" and "covered
21 television" in HD1 create conflicts that will make implementation difficult. Orphan TVs are not
22 addressed under the program. Further, the measure does not specifically state where covered entity
23 ~~annual fees will be deposited nor provide Department spending authority for Program funds.~~ We are
interested in discussing these issues further.

Thank you for the opportunity to testify on this measure.

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Sierra Club Hawai'i Chapter

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HOUSE COMMITTEE ON FINANCE

March 4, 2009, 11:30 A.M.

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HB 1809, HD1

Aloha Chair Oshiro and members of the Committees:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, supports HB 1809, establishing a television recycling and recovery program. This bill is a logical continuation of last year's important e-waste statute (Haw. Rev. Stat. Ch. 339D-1 (Supp. 2008)).

As the Sierra Club testified last year, 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.

Incorporating televisions into the current legislation is critical now as more and more residents purchase high definition televisions. The Sierra Club frequently receives calls from members asking for advice on how to dispose of their old TV sets -- unfortunately, there is no good answer.

We ask that this timely measure be forwarded for further discussion.

Thank you for the opportunity to testify.

Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair
Committee on Finance



HEARING Wednesday, March 04, 2009
 11:30 am
 Conference Room 308
 Honolulu, HI 96813

RE: HB1809, HD1, Relating Recycling

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

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

RMH support HB1809 HD1, which establishes a television recycling and recovery program.

National legislation, while still pending in Congress, is the ultimate and best 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 is our preferred approach.

We have two concerns that were recognized by both Chair Morita (EEP) and Chair McKelvey (EBM) in the Committee Report, but were not addressed in the HD1:

- A number of our retailers manufacture private-label computers as well as televisions, and are required by Chapter 339D, Hawaii Revised Statutes, to pay a registration fee of \$5,000. HB 1809, HD1 prescribes an additional registration fee of \$2,500. We respectfully request your consideration to exclude companies for which compliance is already required under §339D-4 from the \$2,500 fee.
- § -7, Enforcement (b) assesses penalties of up to \$10,000 for the first violation and \$25,000 for the second. We ask you to consider allowing the retailer or manufacturer reasonable latitude to work with the Department to correct the problem before imposing these fines. May we suggest the approach in §339D-8, HRS, which provides for the department to issue a warning to be followed up by action by the attorney general?

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

Carol Pregill, President

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March 4, 2009

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

FROM: Meggan Ehret, Deputy General Counsel and Secretary, Thomson Inc.

**RE: HB 1809, HD1 – Relating to Television Recycling
Hearing: Wednesday, March 4, 2009 @ 11:30 AM
Conference Room 308
Hawaii State Capitol**

Chair Marcus Oshiro and members of the Finance Committee,

My name is Meggan Ehret and I am testifying in general support of HB 1809, HD1 but have no comment and am neither in support nor oppose the other aspects of the bill, including the penalty provision.

I am Deputy General Counsel of Thomson Inc. and also serve as its corporate secretary. Thomson is a world leader in digital video technologies. Last fall, Thomson Inc. participated in the Television Working Group set up by the State DOH as required by Section 3 of Act 13. We appreciate the opportunity to participate in this discussion.

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. Used TVs and computer monitors may present environmental risks if they are not properly disposed of or recycled. But differences between TVs and computers necessitate different approaches to recycling.

Televisions have different product life expectancies, market dynamics, and residual values than computers. Computer manufacturers already utilize various "takeback" programs that enable consumers to return used computers to present day manufacturers. Such "takeback" systems work well for computer equipment. However, a "takeback" approach is inappropriate and unworkable for used TVs. This is because many manufacturers of older TVs are no longer in business (creating "orphan units"), TVs are not as easily transportable as computers, and used TVs are not as valuable for recycling or reuse as used computers.



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Given Hawaii already has electronics recycling legislation that addresses computers, a separate program for TVs is warranted. Under the proposed legislation before you, each present-day TV manufacturer would make yearly payments to an in-state recycling program or run an individually financed program that would accept all TVs. Each manufacturer's contribution would be based on each individual TV manufacturer's annual TV sales in the state.

To date, 18 states and New York City have enacted electronics recycling laws. Existing electronics recycling laws can offer a lot of guidance to states that are still deciding what kind of electronics recycling legislation to enact. Sixteen of the laws include televisions in the product scope, with the overwhelming majority of them assigning recycling and financing obligations to TV manufacturers based on current market share.

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. Furthermore, this program would eliminate dealing with "orphan units", those units made by companies no longer in business, because today's manufacturers would recycle televisions by weight based on their respective market share, regardless of the brand name.

In summary, HB 1809, HD1 accomplishes needed recycling objectives with a workable solution for the consumer, the industry and the state. Thomson respectfully submits to the Committee that it generally supports House Bill 1809, HD1 but has no comment and neither supports nor opposes the other aspects of the bill, including the penalty provision.

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