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TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
GOVERNMENT OPERATIONS

Thursday, March 24, 2022, 3:00 p.m.

SENATE CONCURRENT RESOLUTION 32
And
SENATE RESOLUTION 27

REQUESTING THAT THE STATE PROCUREMENT OFFICE CONVENE A WORKING GROUP TO PROPOSE LEGISLATION THAT WILL ALLOW STATE DEPARTMENTS AND AGENCIES TO REFURBISH ELECTRONIC DEVICES FOR REUSE.

Chair Moriwaki, Vice Chair Dela Cruz, and members of the committee, thank you for the opportunity to submit testimony on SCR 32/SR 27. The State Procurement Office (SPO) appreciates the intent of these resolutions and welcomes the opportunity to convene a working group to propose legislation that will allow state departments and agencies to refurbish electronic devices for reuse. The SPO appreciates the good intentions of keeping consumer electronic devices out of the waste stream and understands that the subject of refurbishing electronic devices for reuse is very complex.

The resolution requests that the working group submit a report of its findings and recommendations, including proposed legislation, to the Legislature prior to the convening of the Regular Session of 2023. The SPO values the input from and expertise of the Office of Enterprise Technology Services and the electronics, refurbishing, and recycling industries, on the various facets that need to be addressed in the report and considered in drafting proposed legislation.

The SPO provides the following comments:

- The SPO estimates it needs, at the very least, a full year to assemble the group, hold meetings, conduct extensive research, analyze successful models, and produce a cohesive, insightful, informative, high-quality report of findings and recommendations to present to the Legislature. Recommend changing the report due date to prior to the Regular Session of 2024.

- The tasks of the working group can be done in two phases:
 - Phase 1: Cost analysis and review of regulations
 - Cost-benefit analysis, comparing the costs to refurbish (collect, assess, repair, and transfer) to the cost of recycling or buying new. Based on past market research for cost-benefit analyses, the SPO requests an appropriation of \$250,000 to hire a consultant to conduct an accurate cost-benefit analysis.
 - A review of existing county/state/federal laws regarding refurbishing and recycling should be conducted before any legislation is proposed. Legislation needs to be aligned with §342G-2, §103D-1103 through §103D-1103, Hawaii Revised Statutes, and possibly with Part 102-37, Code of Federal Regulations, Donation of Surplus Personal Property. The Federal Code states that except as provided in §102-37.495, State Agencies for Surplus Property (SASP) must use funds collected from service charges, or from other sources such as proceeds from sale of undistributed property or funds collected from compliance cases, solely for the operation of the SASP and the benefit of participating donees.
 - Phase 2: Deployment of Working Group to address various topics, such as the following:
 - Identification of department responsible for refurbishing; including:
 - Physical warehouse and infrastructure needed for refurbishing program
 - Adequate staffing (program manager, truck driver, certified assessment/repair technicians, office staff, and inventory staff).
 - Digital process, monitoring, and record-keeping software to manage accountability, traceability, incoming “temporary” transfer, inventory, assessment, and outgoing “final” transfer.
 - Enclosed vehicles/trucks and funding to run, maintain, and insure the vehicles;
 - Equipment, repair tools, and replacement parts;
 - Secured, climate-controlled warehouse equipped with theft-deterrent/security system.
 - Process for transfer/collection, assessment (software compatibility with older hardware), refurbishment/repair, and outgoing transfer of electronic equipment;
 - If required, Certification in Responsible Recycling (R2), the leading standard for electronics repair and recycling, which provides a common set of processes, safety measures, and documentation requirement for businesses that repair and recycle used electronics as described in <https://www.epa.gov/smm-electronics/certified-electronics-recyclers>);
 - The SPO estimates the start-up cost of personnel (one-year salaries), equipment, and software for the state’s electronics refurbishment program will cost approximately \$1,000,000. This does not include additional warehouse space if necessary; and
 - Source of funding for the establishment and sustenance for the state’s electronics refurbishment program.

The findings from Phase I and 2 will be presented as a report prior to the Legislature prior to the convening of the Regular Session of 2024.

Thank you.