



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 897 (Substitute S-3 as passed by the Senate)
Senate Bill 898 (Substitute S-4 as passed by the Senate)
Sponsor: Senator Valde Garcia (S.B. 897)
Senator Patricia L. Birkholz (S.B. 898)
Committee: Natural Resources and Environmental Affairs

Date Completed: 11-21-08

RATIONALE

Consumer electronics, including computers, televisions, printers, audio equipment, and phones, make up almost 2% of the municipal solid waste stream, according to the U.S. Environmental Protection Agency (EPA). Although this percentage appears small, the quantity of electronic waste, or e-waste, is increasing. In 1998, it was estimated that about 20.0 million computers became obsolete in one year; by 2007, that number had more than doubled. When U.S. consumers must switch from analog to digital television service in February 2009, the volume of e-waste is expected to surge. In addition to taking up landfill space, discarded electronics present environmental concerns due to their content of lead, mercury, cadmium, and brominated fire retardants.

Over the last five years, approximately 18 states have passed laws or regulations addressing the disposal of electronic devices. These measures range from laws that ban video display devices (e.g., televisions) from landfills and incinerators, or impose landfill disposal fees to support an electronics recycling program, to more comprehensive approaches that impose labeling and registration requirements on electronics manufacturers, prohibit the sale of devices made by noncomplying manufacturers, and require manufacturers to participate in recovery efforts, including collection, transportation, and "takeback" programs. Many people believe that Michigan also should require computer and television manufacturers to collect and

recycle their products when those devices have reached the end of their useful life.

CONTENT

The bills would add Part 173 (Electronics) to the Natural Resources and Environmental Protection Act to establish requirements for manufacturers and recyclers of covered electronic devices (covered computers and covered video display devices).

Senate Bill 897 (S-3) would do the following:

- **Require manufacturers that sold new covered electronic devices to register annually with the Department of Environmental Quality (DEQ) and, until October 1, 2015, pay a registration fee of \$2,000 or \$3,000.**
- **Require the DEQ to maintain a list of registered manufacturers on its website.**
- **Beginning April 1, 2010, prohibit a manufacturer from selling a new covered electronic device unless the manufacturer had a takeback program, the manufacturer's name was on the DEQ list, and the device met labeling requirements.**
- **Prohibit a retailer from selling a new electronic device purchased from a manufacturer that was not on the DEQ list, beginning April 1, 2010.**
- **Require manufacturers of covered electronic devices, beginning April 1, 2010, to implement a takeback**

program that would accept covered computers or covered video display devices from consumers.

- Create the Electronic Waste Advisory Council and require it to make certain recommendations.
- Create the "Electronics Recycling Fund" to pay for the DEQ's expenses of administering Part 173.
- Require manufacturers' registration fees to be deposited in the Fund.
- Require covered electronic devices to be recycled in compliance with Federal, State, and local laws.
- Require DEQ rules that regulated recycling to be consistent with EPA guidelines and industry standards.

Senate Bill 898 (S-4) would do the following:

- Beginning April 1, 2010, prohibit a person from engaging in the business of recycling covered electronic devices without registering with the DEQ.
- Until October 1, 2015, require a recycler to pay a \$2,000 registration fee.
- Require recyclers to report to the DEQ the total weight of covered electronic devices recycled each year, beginning October 30, 2010.
- Require recyclers to obtain insurance, employ industry-accepted procedures, maintain a management system, and maintain records, and prohibit recyclers from using prison labor to process covered electronic devices.
- Prescribe civil and criminal fines for violations of Part 173, and allow the DEQ to suspend or revoke a recycler's registration for a third or subsequent violation.
- Require civil fines to be deposited in the Electronics Recycling Fund.
- Grant manufacturers, recyclers, collectors, and retailers immunity from liability for the loss or use of data from an information storage device of a covered electronic device.

The bills are tie-barred to each other. They are described below in further detail.

Senate Bill 897 (S-3)

Definitions

The bill would define "consumer" as a person who used a covered electronic device primarily for personal or small business purposes in Michigan. "Small business" would mean a business with 10 or fewer employees.

"Manufacturer" would mean any of the following:

- The person who owns the brand with which a covered computer is labeled.
- The person who owns or is licensed to use the brand with which a covered video display device is labeled.
- If the brand owner does not do business in the United States, the person on whose account a covered electronic device was imported into the U.S.
- A person who contractually assumes the responsibilities and obligations of one of the people described above.

The term would not include a person who did not manufacture, sell, or import more than 50 covered video display devices in the previous calendar year or more than 50 covered computers in 2000 or any subsequent calendar year.

"Covered electronic device" would mean a covered computer or covered video display device. "Covered computer" would mean a computer that was or will be used primarily for personal or small business purposes in Michigan. "Computer" would mean a desktop personal computer or laptop computer, a computer monitor, or, beginning April 1, 2011, a printer. The term would not include a personal digital assistant device or mobile telephone, or a computer peripheral device, including a mouse or similar pointing device, or a detachable or wireless keyboard.

"Covered video display device" would mean a video display device that was or will be used primarily for personal or small business purposes in Michigan. "Video display device" would mean an electronic device with a viewable screen of four inches or larger that contains a tuner that locks onto a selected carrier frequency and is capable of receiving and displaying television or video programming via broadcast, cable, or

satellite. The term would include a direct view or projection TV whose display technology is based on cathode ray tube (CRT), plasma, liquid crystal (LCD), digital light processing (DLP), liquid crystal on silicon (LCOS), silicon crystal reflective display (SXR), light emitting diode (LED), or similar technology.

The terms "covered computer" and "covered video display device" would not include a device that is functionally or physically part of, connected to, or integrated within a larger piece of equipment or system designed and intended for use in an industrial, governmental, commercial, research and development, or medical setting, including diagnostic, monitoring, or control products approved under the Federal Food, Drug, and Cosmetic Act, equipment used for security, sensing, monitoring, antiterrorism, or emergency services purposes, or equipment designed and intended primarily for use by professional users.

"Printer" would mean a printer or a multifunction or "all-in-one" device that, in addition to printing, performs one or more other operations such as copying, scanning, or faxing, that is designed to be placed on a desk or other work surface, and may use any of various print technologies, such as laser and LED (electrographic), ink jet, dot matrix, thermal, or digital sublimation. The term would not include a floor-standing printer, a printer with an optional floor stand, a point of sale (POS) receipt printer, a household printer such as a calculator with printing capabilities or a label maker, or a non-stand-alone printer that is embedded into a product other than a covered computer.

Manufacturer Registration

Under the bill, within 30 days following the end of each State fiscal year, a manufacturer that sold or offered for sale to any person in the State a new covered electronic device would have to register with the DEQ on a form provided by the Department. After October 30, 2009, a manufacturer that had not already filed a registration under Part 173 would have to submit a registration within 10 business days after it began to sell or offer for sale new covered electronic devices in this State.

A registration would have to include all of the following:

- The manufacturer's name, address, and telephone number.
- Each brand name under which the manufacturer sold or offered for sale covered electronic devices in Michigan.
- Information about the manufacturer's electronic device takeback program.

The takeback program information would have to include all of the following:

- Information given to consumers on how and where to return the manufacturer's covered devices.
- The means by which that information was disseminated to consumers, including the relevant website address if the internet were used.
- Beginning with the first registration submitted after the program's implementation, a report on the implementation during the prior State fiscal year.

The report would have to include all of the following:

- The total weight of the covered electronic devices received by the takeback program from consumers the previous year.
- The processes and methods used to recycle or reuse the covered devices received from consumers.
- The identity of any collector or recycler with whom the manufacturer contracted for the collection or recycling of covered electronic devices received from consumers.

The identity of a recycler would have to include the addresses of its recycling facilities in Michigan, if any. The reported identity of a collector or recycler would be exempt from disclosure under the Freedom of Information Act (FOIA), and the DEQ could not disclose it unless required by court order.

Until October 1, 2015, a registration would have to be accompanied by a fee of \$2,000 if the manufacturer's takeback program used recyclers based in this State. If not, the registration fee would be \$3,000. Revenue from the registration fees would

have to be deposited in the Electronics Recycling Fund.

By October 1, 2011, and every two years after that date, the DEQ would have to submit to the Secretary of the Senate and the Clerk of the House of Representatives a report that assessed the adequacy of the fees and any departmental recommendations to modify them.

If a manufacturer's registration did not meet the requirements of Part 173 and rules promulgated under it, the DEQ would have to notify the manufacturer of the insufficiency. Within 60 days after receiving the notice, the manufacturer would have to submit a revised registration that addressed the insufficiencies.

An administratively complete registration would be effective when the DEQ received it. A registration would be valid until October 30 of each year. A manufacturer of covered video display devices would have to update its registration within 10 business days after a change in the brands of covered video display devices from that manufacturer sold or offered for sale in Michigan.

The DEQ would have to maintain on its website a list of registered manufacturers of computers and a list of registered manufacturers of video display devices, and the website addresses at which they provided information on recycling covered electronic devices.

Sale of Covered Devices

Under the bill, beginning April 1, 2010, a manufacturer could not sell or offer for sale to any person in Michigan, through sales outlets, catalogs, mail order, the internet, or any other means, a new covered electronic device unless all of the following requirements were met:

- The device was labeled with the manufacturer's name or brand label, owned by or licensed for use by the manufacturer.
- The manufacturer's name appeared on the applicable registration list maintained by the DEQ.
- The manufacturer had a computer takeback program, if the device were a covered computer.

- The manufacturer had a video display device takeback program, if the device were a covered video display device.

A retailer could not sell or offer for sale to any person in this State a new covered electronic device from a manufacturer, purchased by the retailer on or after April 1, 2010, unless the manufacturer appeared on the applicable registration list.

The bill would define "retailer" as a person that sells a covered electronic device to a consumer by any means, including transactions conducted through sales outlets, catalogs, mail order, or the internet, whether or not the person has a physical presence in this State.

Takeback Programs

Beginning April 1, 2010, each manufacturer of covered computers or covered video display devices would have to implement a takeback program that met the criteria described below.

A manufacturer would have to accept from a consumer a covered computer or covered video display device that had reached the end of its useful life for the consumer. In the case of a video display device, this would apply regardless of the type or brand of the device. Regarding a covered computer, the bill states that Part 173 could not be construed to impair the obligation of a contract under which a person agreed to conduct a computer takeback program on behalf of a manufacturer.

A consumer could not be required to pay a separate fee when returning the covered computer to the manufacturer or its designee, or when returning the video display device to any manufacturer of any covered video display device.

The collection of covered computers or covered video display devices would have to be reasonably convenient and available to, and otherwise designed to meet the needs of, consumers in Michigan. Examples of collection methods that alone or combined would meet this convenience requirement would include systems for a consumer to return a covered computer or video display device by one or more of the following means:

- Mail or common carrier shipper.
- Deposit at a local physical collection site that was kept open and staffed on a continuing basis.
- Deposit during periodic local collection events.
- Deposit with a retailer.

The manufacturer would have to give a consumer information on how and where to return a covered computer or video display device, including collection, recycling, and reuse information on the manufacturer's publicly available website. The manufacturer also could include collection, recycling, and reuse information in the packaging for or in other materials accompanying its covered computers or video display devices when they were sold or could provide that information via a toll-free telephone number.

A manufacturer would have to recycle or arrange for the recycling of any covered electronic devices collected. For each manufacturer required to conduct a video display device takeback program, the bill would set a nonbinding target of annually recycling 60% of the total weight of covered video display devices it sold in Michigan during the prior State fiscal year. Sales data under this provision would be exempt from disclosure under FOIA, and could not be disclosed by the DEQ unless required by court order.

A manufacturer's computer or video display device takeback program would not be required to accept more than seven covered computers or seven covered video display devices from a single consumer on a single day.

A manufacturer could conduct a video display device takeback program alone or in conjunction with other manufacturers. A manufacturer could arrange for the collection and recycling of covered video display devices by another person to fulfill its obligations under these provisions.

Electronic Waste Advisory Council

The Council would be created within the DEQ and would consist of the following members:

- One individual representing each of the following, appointed by the Senate Majority Leader: covered video display

- device manufacturers; recyclers of covered computers or covered video display devices; and a trade association of computer manufacturers and video display device manufacturers.
- One individual representing each of the following, appointed by the Speaker of the House of Representatives: covered computer manufacturers; retailers of covered computers or covered video display devices; and an agency responsible for a countywide recycling program.
- One individual representing a statewide conservation organization, and one representing the DEQ, appointed by the Governor.

The appointments would have to be made within 30 days after the bill's effective date. Council members would have to serve four-year terms. Members would have to serve without compensation (or without additional compensation, in the case of the DEQ representative).

The Council member representing the DEQ would have to call the first Council meeting, at which the Council would have to elect a chairperson and other officials it considered necessary or appropriate. After the first meeting, the Council would have to meet quarterly or more frequently at the call of the chairperson or if requested by two or more members. The Council would be subject to the Open Meetings Act and FOIA.

By April 1, 2012, the Council would have to submit a report to the Governor, the DEQ, and the standing committees of the Legislature with jurisdiction over issues primarily pertaining to natural resources and the environment. The report would have to evaluate the program under Part 173 and make recommendations to improve the recycling of covered electronic devices. The report would have to evaluate all of the following in light of the policies and objectives set forth in Section 11514 (described below):

- Whether a manufacturer's market share should be used to determine the amount of video display devices required to be recycled annually by the manufacturer.
- Whether a manufacturer with a takeback program that recycled electronic waste at a higher rate than provided for in Part 173 should be granted credits and, if so,

the life of the credits, whether they would be transferable, and how the credit system otherwise should operate.

- Whether the nonbinding target for manufacturers recycling covered video display devices should be increased and whether it should be made mandatory.
- What items should be included in a mandatory takeback program and, if new items were recommended, what the recycling rates for them should be.
- Whether and how a manufacturer should be sanctioned for failing to meet the requirements of Part 173.
- Whether funding for the administration of Part 173 was appropriate or needed to be increased or decreased.
- Whether a program should be developed to recognize manufacturers that implemented an expanded recycling program for additional products such as printers or recycled electronic waste at a rate higher than that provided for in Part 173.
- Whether a system should be developed to collect covered electronic devices that a manufacturer otherwise did not collect.
- Whether additional recycling data, such as the amount of covered electronic devices collected by collectors, should be collected and, if so, how.
- Whether a program should be developed and funding obtained for grants to expand recycling and recovery programs for covered electronic devices and to provide consumer education related to those programs.
- Whether a disposal ban for covered electronic devices was appropriate.

Electronics Recycling Fund

The Fund would be created within the State Treasury. Money in the Fund could be spent, upon appropriation, for the DEQ's administrative expenses in implementing Part 173.

The State Treasurer could receive money or other assets from any source for deposit into the Fund. The State Treasurer would have to direct investment of the Fund, and credit to it interest and earnings from Fund investments. The DEQ would have to be the administrator of the Fund for auditing purposes. Money in the Fund at the close of the fiscal year would have to remain in the Fund and not lapse to the General Fund.

Recycling

Covered electronic devices collected under Part 173 would have to be recycled in a manner that complied with Federal and State laws, including rules promulgated by the DEQ, and local ordinances.

After the Council submitted its report, the DEQ could promulgate rules for the purposes of this requirement and the manufacturer registration requirements. Any promulgated rules regulating the recycling of covered electronic devices collected under Part 173 would have to be consistent with the Environmental Protection Agency's "Plug-In to Recycling Guidelines for Materials Management", as in effect on the bill's effective date, as well as with the Institute of Scrap Recycling Industries, Inc. publication, "Electronic Recycling Operating Practices", dated April 25, 2006.

National Computer Recycling Program

If Federal law established a national program for the collection and recycling of computer equipment, the DEQ, within 90 days, would have to submit a report to the Senate and House standing committees with primary responsibility for recycling and solid waste issues. The report would have to describe the Federal program, discuss whether provisions of Part 173 had been preempted, and recommend whether Part 173 should be amended or repealed.

Solid Waste Management Plan

Section 11514 states that optimizing recycling opportunities and the reuse of materials are a principal objective of Michigan's solid waste management plan. The bill would refer to optimizing recycling opportunities, including electronics recycling opportunities.

The section also states that recycling and reuse of materials are in the best interest of promoting the public health and welfare. The bill would refer to recycling and reuse of materials, including the reuse of materials from electronic devices.

The bill would add, "Policies and practices that promote recycling and reuse of materials, including materials from electronic devices, will conserve raw materials, conserve landfill space, and avoid

the contamination of soil and groundwater from heavy metals and other pollutants."

Senate Bill 898 (S-4)

Recycler Registration & Report

Under the bill, beginning April 1, 2010, a person could not engage in the business of recycling covered electronic devices unless the person had registered with the DEQ. A recycler's registration would have to be submitted on a form provided by the DEQ and would have to include all of the following:

- The name, address, telephone number, and location of all recycling facilities under the recycler's direct control located in Michigan that could receive covered electronic devices.
- A certification by the recycler that it substantially met the recycling requirements set forth in Senate Bill 897 (S-3).

Until October 1, 2015, a registration would have to be accompanied by a \$2,000 fee. By October 1, 2011, and every two years after that date, the DEQ would have to submit to the Secretary of the Senate and the Clerk of the House a report assessing the adequacy of the fee and any departmental recommendation to modify it.

Submitting a false registration would be a violation of Part 173.

Beginning October 30, 2010, a recycler would have to report the total weight of covered electronic devices recycled during the previous year. The recycler would have to keep a written log that recorded the weight of covered video display devices and the total weight of covered computers delivered to the recycler and identified a such on receipt. The total weight reported in the registration would have to be based on this log.

(Senate Bill 897 (S-3) would define "recycler" as a person who as a principal component of business operations acquires covered electronic devices and sorts and processes them to facilitate recycling or resource recovery techniques. The term would not include a collector, hauler, or electronics shop. "Collector" would mean a person who receives covered electronic

devices from consumers and arranges for their delivery to a recycler.)

Recycler Requirements

A recycler would have to obtain comprehensive or commercial general liability insurance, including coverage for bodily injury, property damage, complete operations, and contractual liability, with combined limits of at least \$1.0 million per occurrence and \$1.0 million general aggregate.

A recycler would have to employ industry-accepted procedures substantially equivalent to those specified by the U.S. Department of Defense for the destruction or sanitization of data on hard drives and other data storage devices.

A recycler would have to maintain a documented environmental, health, and safety management system that could be audited and was compliant with or equivalent to ISO 14001 (the international specification for environmental management).

A recycler would have to maintain records identifying all people to whom the recycler provided electronic devices or materials derived from electronic devices for the purpose of conducting additional recycling, and the weight and volume of material provided to each of those people.

A recycler could not use State or Federal prison labor to process covered electronic devices or transact with a third party that used or subcontracted for the use of prison labor.

Annually, a recycler would have to submit to the DEQ a certification that it was in compliance with these provisions. A recycler would have to give the DEQ documentation supporting its certification upon request.

Violations

A person who knowingly violated Part 173 could be ordered to pay a maximum civil fine of \$1,000 for a first violation or \$2,500 for a second violation.

A person who knowingly violated Part 173 a third or subsequent time or who knowingly submitted false information to the DEQ

under Part 173 would be guilty of a misdemeanor punishable by a maximum fine of \$5,000. Each day on which a violation occurred would represent a separate violation.

After a contested case hearing, the DEQ could suspend or revoke the registration of a recycler that violated Part 173 a third or subsequent time. The Department would have to provide notice of the suspension or revocation on its website.

A civil fine would have to be deposited in the Electronics Recycling Fund.

Other Provisions

The DEQ would have to administer and enforce Part 173 to the extent that funds were appropriated for that purpose. The DEQ could inspect the operations of a recycler of covered electronic devices to assess compliance with Part 173.

Except to the extent otherwise provided by contract, a recycler, manufacturer, retailer, or collector would not be liable for the loss or use of data or other information from an information storage device of a covered electronic device collected or recycled under Part 173.

MCL 324.11514 et al. (S.B. 897)
Proposed MCL 324.17317 et al. (S.B. 898)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

According to EPA figures on select electronic products, including TVs and computers, the recycling rate was 15% from 1999 to 2005; that rate increased to 18% for 2006-2007, possibly because several states had started mandatory collection and recycling programs for electronics. As other states' laws take effect in the next couple years, the reuse and recycling of electronic devices can be expected to increase further. Michigan should do its part to keep environmentally harmful electronic devices out of the waste stream, by requiring manufacturers to take responsibility for products bearing their brand name. Under Senate Bill 897 (S-3), beginning in 2010, new computers,

computer monitors, televisions, and other covered electronic devices could not be legally sold in Michigan unless their manufacturers' had registered with the DEQ, complied with labeling requirements, and implemented takeback programs that gave individuals and small businesses a reasonably convenient opportunity to return the manufacturers' products without a charge. Beginning in 2011, these requirements would apply to printers, as well. The manufacturers of covered devices would be responsible for recycling or arranging for the recycling of products collected.

By imposing responsibilities on both manufacturers and the DEQ, the bill would establish a public-private partnership without unduly burdening the industry. Businesses that manufacture covered electronic devices would have the flexibility to choose their collection methods, and would not have to accept more than seven computers or seven TVs from a single consumer in one day. While TV manufacturers would have to accept products of any brand, they could conduct takeback programs either alone or in conjunction with other manufacturers, and could arrange for collection and recycling by a third party.

In addition, although manufacturers would have to pay annual registration fees until October 2015, and could not charge consumers a fee, manufacturers have a financial incentive to recycle, since certain parts have value and can be reused or resold. At the same time, the reuse of products can decrease the need for raw materials, saving manufacturers money and preserving natural resources.

Supporting Argument

The bills would help ensure that covered electronic devices were recycled responsibly. According to an article in *Business Week*, "[A]s the e-waste industry proliferates...it has also become enmeshed in questionable practices that undercut its environmentally friendly image" ("E-Waste: The Dirty Secret of Recycling Electronics", 10-15-08). In some cases, recyclers dismantle electronic devices and dispose of anything with no value in a landfill. Other recyclers ship used or obsolete electronics overseas, often in violation of Federal regulations. Since January 2007, the EPA began regulating the

export of cathode ray tubes, which can contain up to four pounds of lead, under a rule that requires companies to notify the EPA before exporting CRTs. According to an August 2008 report of the U.S. Government Accountability Office, however, U.S. hazardous waste regulations have not deterred exports of potentially hazardous used electronics, primarily because the rule focuses only on CRTs, companies easily circumvent the rule, and EPA enforcement is lacking. In China and elsewhere, electronics are dismantled under conditions that are unsafe to the workers and the environmental. According to the *Business Week* article, the devices are striped for reusable microchips, copper, and silver, and dangerous metals are dumped nearby, often close to farms or sources of drinking water. The article also cites a 2007 study by Shantou University showing that the blood of children in rural Guiyu, China, "a notorious e-waste scavenging site", contained lead at twice the acceptable level set by the U.S. Centers for Disease Control & Prevention.

Under Senate Bill 897 (S-3), covered electronic devices would have to be recycled in compliance with Federal, State, and local laws, and DEQ rules governing recycling would have to be consistent with EPA guidelines as well as practices established by the Institute of Scrap Recycling Industries, Inc. Under Senate Bill 898 (S-4), recyclers would have to register with the DEQ and maintain a documented environmental, health, and safety management system that complied with or was equivalent to an international standard, and recyclers who knowingly violated Part 173 three or more times would be subject to criminal penalties.

Opposing Argument

The bills would impose new requirements on private industries, establish registration fees that would be passed on to consumers through higher prices, create a new fund as well as an advisory body, and add to the DEQ's responsibilities. The cost of the program is unknown, however, and the need for statutory mandates has not been demonstrated. The private sector already has implemented e-waste collection and recycling programs that are working.

Response: According to an article in *The New York Times*, "[W]hile some prominent manufacturers...have agreed to recycle their own equipment, such programs

have so far made only a modest difference" ("For the Digitally Decreased, a Profitable Graveyard", 11-13-08).

Opposing Argument

Senate Bill 897 (S-3) is too narrow in scope, omitting many devices with the same components as those that would be covered. Products such as printers (which would not be covered until April 2011) and fax machines contain the same chemicals, metals, and plastics as computers, and devices such as keyboards, mice, and cell phones comprise a significant amount of e-waste. For example, approximately 126.3 million cell phones were disposed of in 2006-2007, and only 14.0 million were recycled, according to the EPA. By targeting only computers and televisions, the bill would result in a program that did not effectively distribute the burden across all of the industries involved, or divert millions of harmful products from the waste stream.

Furthermore, the bill would omit e-waste generated by businesses with more than 10 employees and other entities are not households or small businesses. Schools, for example, regularly get large donations of used electronics equipment, which has a very limited lifespan and can be costly to recycle. In addition, some of the largest generators of discarded products are governmental entities and nonprofits. By requiring manufacturers to take back electronic devices from only a small group of covered consumers, the bill would not adequately protect the environment or prevent the overseas shipment of electronic waste.

Response: The program could be expanded to additional products, as well as additional consumers, once it was under way. Printers would double the size of the program, and recycling them is not easy or economical. Therefore, the bill would give manufacturers a few years to establish their collection and recycling operations before requiring them to accept printers.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bills would generate an unknown amount of revenue for the State to be used for recycling electronic waste. The registration fees would be deposited into the Electronics Recycling Fund and used for

administrative expenses of the DEQ to implement this program. Activities could include administration of manufacturer and recycler registration programs and inspections of recyclers to assess compliance. The amount of fees collected would depend on the number of manufacturers and recyclers that registered with the Department of Environmental Quality and how many of those manufacturers maintained a takeback program for covered electronic devices.

According to the United States Census Bureau, in 2002 there were 556 manufacturers of household electronic devices (electronic computers and terminals) based in the United States that would likely be subject to the provisions of Senate Bill 897 (S-3) if they wanted to sell their products in Michigan. If all of these manufacturers registered with the State of Michigan, between \$1,112,000 and \$1,668,000 would be collected from the initial registration fee, depending on whether a manufacturer used in-State recyclers for its takeback program. Some major computer manufacturers are not based in the United States and are not included in this number although they would be subject to the same registration requirement. Printer manufacturers would be required to register with the State and pay the fee beginning in 2011. The fee would sunset on October 1, 2015.

Beginning in 2010, recyclers of covered electronic devices would be required to register with the DEQ and pay a \$2,000 registration fee. The revenue collected would depend on the number of recyclers. The fee would sunset on October 1, 2015.

An indeterminate amount of revenue would be generated from violations of this part. Money collected from civil fines for violations would be deposited into the Electronic Recycling Fund. Criminal fine revenue would benefit public libraries.

Fiscal Analyst: Jessica Runnels

A0708\897a

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.