

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2626

STATUS: A-Engrossed

SUBJECT: Establishes a statewide system for collection and recycling of certain electronic devices

GOVERNMENT UNIT AFFECTED: Department of Environmental Quality

PREPARED BY: Dawn Farr

REVIEWED BY: Paul Siebert

DATE: April 10, 2007

	<u>2007-2009</u>	<u>2009-2011</u>
EXPENDITURES:		
Personal Services – Other Funds (OF)	\$ 331,338	\$ 358,627
Services and Supplies – OF	\$ 70,632	\$ 77,052
Professional Services Costs – OF	\$ 100,000	\$ 80,000
Indirect: Contribution to Agency Admin. Costs – OF	\$ 66,618	\$ 71,867
Total Other Funds Costs	\$ 568,367	\$ 587,546

	<u>2007-2009</u>	<u>2009-2011</u>
REVENUES:		
Manufacturer Registration Fees – OF	\$ 316,800	\$ 633,600
Recycling Fees - OF	\$ Unknown	\$ Unknown

POSITIONS / FTE:

Natural Resource Specialist 3 and 4, Admin. Specialist 2	3/2.75	3/3.0
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EFFECTIVE DATE: On Passage.

GOVERNOR’S BUDGET: This bill is not anticipated by the Governor’s recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill establishes a statewide system for collection and recycling of certain electronic devices administered by the Department of Environmental Quality (DEQ). The bill requires manufacturers of covered electronic devices to register with DEQ and pay an annual registration fee; directs manufacturers to participate in either a manufacturer program or contractor recycling program; establishes fee structure for contractor recycling program; directs DEQ to provide an electronic recycling website; requires retailers to provide consumers with information on recycling programs for covered devices; authorizes the Environmental Quality Commission to adopt rules; and creates the Covered Electronic Devices Account to continuously appropriate money to DEQ to pay implementation costs.

The bill establishes two sets of fees that are paid to the DEQ. The first is a Manufacturer Registration Fee paid by all manufacturers of the covered electronic device. The bill establishes tiers of fees based on the manufacturers’ percentage of market share of covered electronic devices sold in Oregon in the previous calendar year. DEQ used national marketing data prorated to fit Oregon to estimate annual Manufacturer Registration Fees of \$316,800 or \$633,600 per biennium. The first annual registration fee will be collected in July 2008.

Manufacturer Registration Fee Estimate Details

Fee Tier	Fee Amount	Number of Manufacturers	Estimated Annual Revenue
A	\$15,000	14	\$210,000
B	\$5,000	18	\$90,000
C	\$200	83	\$16,600
D	\$40	5	\$200
Total		120	\$316,800

The second fee is a Recycling Fee on all manufacturers who choose to utilize the DEQ monitored contractor program instead of establishing a manufacturer program. The fee to participants will be based on their annual return share of recycled products, or market share where televisions are the primary recycled product, and should be sufficient to cover the costs of the contractor program which includes contractor fees and DEQ's contractor program administration costs. Initial assessments (for 2008 and 2009) will be based on publicly available data. In 2010, fees will be based on Oregon's reported recycling data for covered electronic devices. The Department does not have initial estimates of the costs for the contractor program as they do not yet have reliable information on the number of manufacturers who will utilize this service. DEQ plans to return to the Legislature in the interim to request additional Other Fund expenditure limitation for the contractor program once fee revenue and expenditure information becomes available. Revenues will begin to be collected in September 2008.

Expenditures to implement the bill include Personal Services, Services and Supplies, Professional Services and contributions to agency administration costs (Indirect). Total expenditures are estimated to be \$568,367 for the 2007-09 and \$587,546 for the 2009-11 biennia. Because the initial Manufacturer Registration Fee is not collected until July 2008, DEQ will use approximately \$285,000 of Solid Waste Disposal Fee balances for the 2007-09 biennium to cover costs incurred the first year of the biennium. The Department is authorized to use Solid Waste Disposal Fees for prevention and recycling activities. Beginning July 1, 2008, the Department anticipates that bill authorized fees will fully fund the administration of the program.

Expenditures assume funding for three permanent full-time positions; which is the minimum staffing that DEQ anticipates needing to accomplish the deadlines defined in the bill. Key activities for 2007-09 biennium include:

- Establishing and implementing the manufacturer registration process; including billing and collection process; creating guidelines for manufacturer plans; and reviewing manufacturer recycling plans
- Defining processes for communication and outreach; including creation and maintenance of a website as required by the bill
- Determining Recycling Fee and establishing Contractor Program; including developing request for proposals, contracting, and determining methodology for gathering data and calculating the return share fees to cover the costs of the Contractor Program
- Forming an external advisory group to advise on development of program guidelines
- Defining technical assistance and monitoring processes
- Preparing for future rulemaking activities

Staffing Details

Classification	Number of Positions	FTE 2007-09	FTE 2009-11
Natural Resources Specialist (NRS) 4	1	1.00	1.00
Natural Resources Specialist 3	1	.875	1.00
Administrative Specialist 2	1	.875	1.00
Total	3	2.75	3.00

The Department plans to fill the Natural Resources Specialist (NRS) 4 position in July, 2007, and hire the remaining two positions in October 2007. The Department also anticipates that an existing Solid Waste Program position will continue to support e-waste recycling efforts and bill implementation, as needed.

Professional services costs of \$100,000 in 2007-09 and \$80,000 in 2009-11 will cover outreach development and implementation efforts including outsourced support for a hot-line for consumers looking for recycling information.

The bill also directs each disposal site operator to establish and implement a program to prevent acceptance of electronic devices for disposal. This will require that DEQ modify permits and compliance activities. The Department indicates that these activities can be achieved with existing resources. The Department also indicates that penalty revenues, which would be applied to the General Fund, would likely not be applicable until the 2009-11 biennium and are indeterminate at this time.