



## PSI FACT-SHEET: PRODUCT STEWARDSHIP FINANCING MODELS

# WASHINGTON STATE ELECTRONICS RECYCLING LAW

<b>Scope:</b>	Computers, computer monitors, laptop computers, and televisions in the State of Washington, USA
<b>Status:</b>	Signed into law on March 24, 2006.
<b>Type of Program:</b>	Government Mandate – Producer Pays for Product Management (producer internalizes cost)

## Overview

The Washington State Electronics Recycling Bill was signed into law by Governor Christine Gregoire on March 24, 2006. The law requires manufacturers of covered electronic products (CEPs) offered for sale in Washington to create and finance a system for the collection, transportation, and processing of CEPs by January 1, 2009. CEPs include computers, computer monitors, laptop computers and televisions (both cathode ray tubes and flat screens).<sup>1</sup> "Manufacturers" include original equipment manufacturers and resellers of CEPs, including importers and retailers selling their own brands. Manufacturers, collectors, and transporters of CEPs must register with the WA Department of Ecology (Ecology). Registration fees and plan submission fees will be used to cover Ecology's costs associated with implementation. Manufacturers must join the standard program established by the legislation or, in certain situations, may be authorized to operate their own independent program individually or collectively with other manufacturers. Each program can decide how it will allocate costs among members. Recycling services through such programs must be available to all households, charities, small businesses, small governments, and schools at no charge to the product owner with at least one collection point for every city with a population of 10,000 or more, and in each county.

Programs are encouraged to work with existing service providers such as private recyclers, charities, haulers, retailers, repair shops, and government facilities. Companies using reuse charities for collection get a 5% credit towards their annual cost share. Prison labor cannot be used to process collected products. Manufacturers will pay an annual cost share based on their "equivalent share" of collected CEPs as determined through a statistical sampling of brands of collected CEPs that will occur once a year. Since this share will be based on what is collected, and not on initial sales or market share, there is no requirement that manufacturers track shipments or in any way quantify sales. The bill creates a method of balancing between high and low performing programs similar to the concept of emissions trading. Those manufacturers that do not meet their target share are required to pay \$0.50 per pound (subject to change by Ecology).<sup>2</sup> That is, if a program recovers more than the equivalent share of CEPs represented by its members, it receives \$0.45 per pound from a program that recovers less than the equivalent share of its respective members. Orphan and non-branded product responsibility is shared among participating manufacturers. A third party organization, called the Materials Management and Financing Authority (the Authority), is established by the legislation and controlled by a board of directors appointed by Ecology. Eleven board members will be selected from participating manufacturers, with at least one being a retailer, along with three ex officio members from the state agencies of Ecology, Treasury, and Community, Trade & Economic Development.

<sup>1</sup> Screen sizes four inches and larger included; equipment embedded in medical devices, appliances, and motor vehicles is excluded.

<sup>2</sup> \$0.05/lb goes to Ecology and \$0.45/lb goes to the high performing program to cover collection and processing costs.

## Product Stewardship

Product stewardship efforts aim to encourage manufacturers and retailers to take increasing responsibility to reduce the life-cycle impacts of a product and its packaging – energy and materials consumption, air and water emissions, the amount of toxics in the product, worker safety, and waste disposal – in product design and in the end-of-life management of the products they produce.

## PSI

The Product Stewardship Institute (PSI) is a national non-profit membership-based organization that works with state and local government agencies, manufacturers, retailers, environmental groups, federal agencies, and other key stakeholders to reduce the health and environmental impacts of consumer products. PSI takes a unique product stewardship approach to solving waste management problems by encouraging product design changes and mediating stakeholder dialogues.

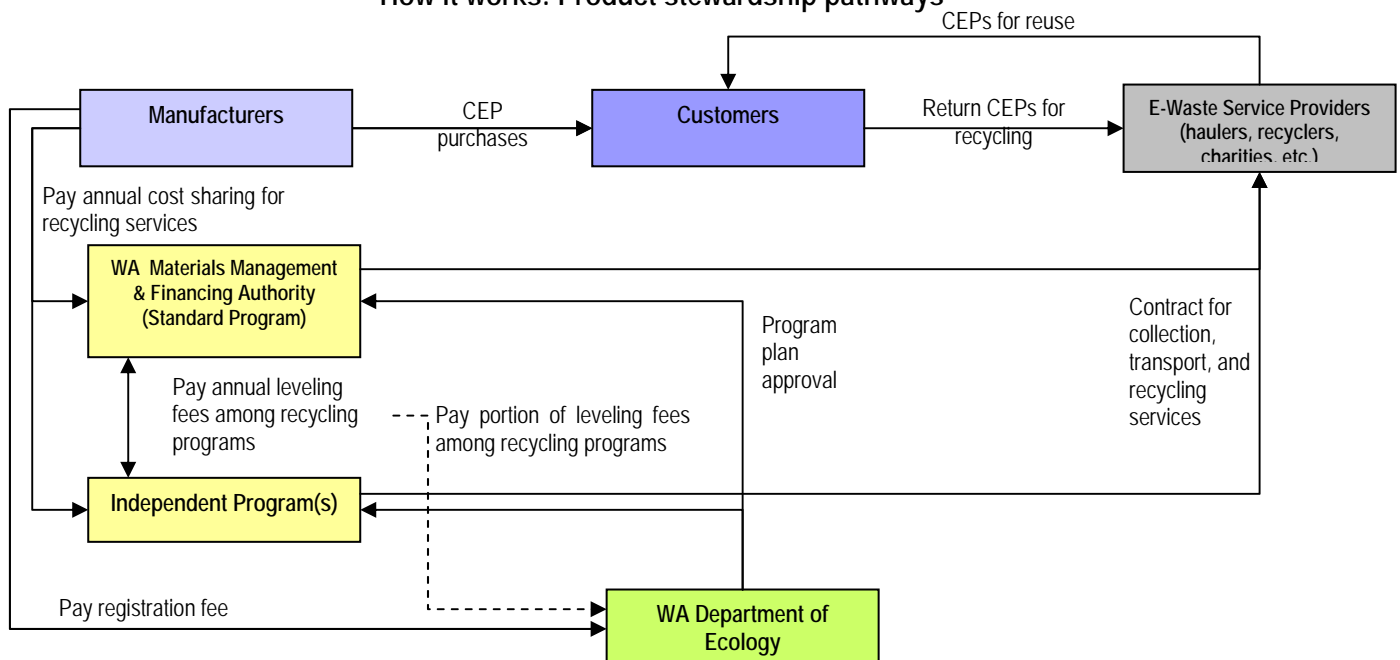
The table below is an example of how the performance equity arrangement could play out:

Standard Program	Independent Program A
Equivalent share = 86%	Equivalent share = 14%
Actually collected = 89%	Actually collected = 11%
8.9 M - 8.6 M = <b>+300,000 lbs. surplus</b>	1.1 M - 1.4 M = <b>-300,000 lbs. under</b>
Receives \$135,000 payment from Independent Program A, via State	Pays \$150,000 to State
	State pays \$135,000 to Standard Program

## How It Works

Entity	Product Stewardship	Financing/ Payment
Consumer	Returns CEPs through collection programs financed by manufacturers.	
Manufacturer	Collects and recycles CEPs through the standard program administered by the Authority or through its own, independent program. Must register with Ecology and label all products sold in the state. Participates in providing educational materials to consumers describing where and how to recycle CEPs.	Pays registration fees to Ecology and pays its cost share proportional to its equivalent share of CEPs collected by weight through recycling programs.
Retailer	Cannot sell products from non-participating manufacturers. Participates in providing educational materials to consumers describing where and how to recycle CEPs.	May be a manufacturer by definition, in which case would be financially responsible for paying for program costs.
WA Department of Ecology	Registers manufacturers, reviews recycling programs, and can set annual fee levels. Also sets guidelines for environmentally responsible processing and rules related to export of products. Helps provide educational materials to consumers describing where and how to recycle CEPs.	Collects registration fees from manufacturers and receives portion of leveling fees among recycling programs (initially set at \$0.05/lb) to offset administrative costs
Materials Management & Financing Authority	Plans and implements the standard take-back and recycling program for CEPs. Contracts with service providers for collection, transport, and recycling of CEPs.	Pays service providers through cost sharing among member manufacturers.

### How it works: Product stewardship pathways



## Impacts

- Any CEP owned by a covered entity can be recycled free of charge when the owner chooses to do so.
- The Authority and independent manufacturers must implement their programs by January 1, 2009.
- Cost internalization neutralizes the effect of internet and out of state sales
- Based on competitive market drivers, the law creates incentives for manufacturers to implement efficient and effective programs to contain costs and encourage design for recycling.
- Minimizes government involvement, limiting government role to oversight, information sharing, and enforcement, thereby reducing overall program costs.
- All manufacturers must participate through a limited number of programs, making the planning and implementation manageable.
- New entrants to the electronics market must participate in the standard plan and will pay a portion of the program costs regardless of whether their products are represented in the return share or not.
- Fines can be levied on manufacturers and retailers that sell electronic products in, or into, the state that are not from a registered manufacturer, or are from a manufacturer not participating in an approved plan.

## Challenges

- The proposed state take-back plan does not have an accompanying disposal ban to require recycling. However 43% of the population resides where local disposal bans are already in effect.
- There are no specific performance goals (e.g., weight, percentages) that manufacturers are held to for product recovery. However, equivalent share is set annually, creating performance targets.
- Timelines are tight.

## Next Steps

- Ecology will begin developing administrative rules.
- Qualifying manufacturers must register with Ecology by the beginning of 2007.
- Beginning in 2007, all electronic products (excluding existing stock) sold in Washington must have permanently affixed and readily visible labels showing the brand of a registered manufacturer.
- Plans for the standard program and any independent programs must be submitted to Ecology for review by February 1, 2008. Ecology will determine if each plan sufficiently provides for the collection and processing of CEPs, and will either approve sufficient plans or require amendments to plans that are insufficient.

## Resources

WA State Department of Ecology ESHB2488 Study Process

<http://www.ecy.wa.gov/programs/swfa/ewaste/>

Washington State Proposed Electronics Recycling Legislation

<http://www.wastenotwashington.org/>

## Similar Initiatives

- [California Electronic Waste Recycling Act](#)
- [Maine Electronic Waste Recycling Act](#)
- [Maryland Statewide Computer Recycling Law](#)

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