

# HOUSE RESEARCH

## Bill Summary

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### Overview

Senate File 1298, the third unofficial engrossment, establishes a statewide program to collect and recycle used electronic products from households that would become effective just at the time (July 1, 2006) it becomes unlawful to deposit a computer or television monitor in municipal solid waste (Minnesota Statutes 2005 Supplement, section 115A.9565).

The bill requires each manufacturer that sells a computer or TV monitor in Minnesota to collect and recycle an amount equal to the weight of those products sold in the state during the previous year. The type of products manufacturers can collect to meet this target are much broader than just computer and TV monitors, including computer CPUs, printers, keyboards, and mice; fax machines; DVD players; and other electronic devices.

Manufacturers pay a \$5,000 base fee annually to the Department of Revenue, plus a variable amount equal to 50 cents for each pound short of their target. Manufacturers who surpass their target earn credits that can be used in future years or sold to other manufacturers.

The fiscal note on this bill projects, after the initial year: \$19,000 in annual state government expenditures (0.5 FTE) at the Pollution Control Agency and the Department of Revenue to administer the program. The bulk of the revenues raised from manufacturers' fees (estimated at \$381,000) will be awarded to

## Section

counties and private haulers outside the 11-county metropolitan area through a competitive grant program operated by the Pollution Control Agency.

To balance the lower population densities and greater travel distances in Greater Minnesota, recycled electronic devices collected in those counties are counted at 1.3 times their actual weight.

## Section

### 1 [115A.1310] Definitions.

**Subd. 7. Covered electronic device.** "Covered electronic device" means computers, peripherals, facsimile machines, scanners, DVD players, video cassette recorders, and video display devices sold to households.

**Subd. 20. Video display device.** "Video display device" means a computer monitor or television with a diagonal screen size exceeding 9 inches, excluding touch-screen monitors, and devices that are part of other specified equipment.

### 2 [115A.1312] Registration program.

**Subd. 1. Requirements for sale.** Prohibits a retailer or manufacturer from selling a new video display device to a household after August 1, 2006, unless the device is labeled with the manufacturer's brand and the manufacturer has registered with the agency, as specified in subdivision 2.

**Subd. 2. Manufacturer's registration.** Requires a manufacturer selling video display devices to households in Minnesota to register with the Pollution Control Agency (agency) by August 1, 2006. The registration must include a list of manufacturer's brands offered for sale in the state, and certification of compliance with the provisions of this legislation.

A registration must also contain a statement from a manufacturer disclosing whether any video display device offered for sale in Minnesota exceeds the maximum concentration values for certain hazardous substances (lead, mercury, cadmium, hexavalent chromium, and others) established under the RoHS Directive of the European Parliament and Council.

The PCA must list all registered manufacturers on its Web site and update the list.

**Subd. 3. Collector's registration.** Requires a collector of covered electronic devices to register annually with the agency, beginning in 2006, certifying compliance with the provisions of this legislation.

**Subd. 4. Recycler's registration.** Requires a recycler of video display devices to register annually with the agency, beginning in 2006, listing all recycling facilities under its direct control that will receive video display devices, and certifying compliance with the provisions of this legislation.

**Section**

**3 [115A.1314] Manufacturer's registration fee; creation of account.**

**Subd. 1. Registration fee.** Requires registered manufacturers to pay the commissioner of revenue an annual registration fee of \$5,000 during the first year the manufacturer offers video display devices for sale in Minnesota. In each succeeding year, the registration fee is equal to a base fee of \$5,000 plus a variable amount calculated according to the formula

$$((A \times B) - (C + D)) \times E, \text{ where}$$

A = pounds of video display devices sold by a manufacturer to households during the previous year;

B = the proportion of sales of video display devices required to be recycled, initially set at 1.00;

C = pounds of covered electronic devices recycled by a manufacturer from households during the previous year;

D = the number of recycling credits a manufacturer elects to use to calculate the variable recycling fee; and

E = the estimated per pound cost of recycling, initially set at \$.50 per pound.

A manufacturer earns "recycling credits" when the weight of covered electronic devices it recycles exceeds the weight of its sales of video devices. Credits may be sold to other manufacturers or added to the manufacturer's actual recycled amounts in subsequent years.

The value "C" in the formula above is calculated at 1.3 times the actual weight of covered electronic devices collected from 68 counties that are not part of or adjacent to the Twin Cities metro area.

**Subd. 2. Creation of account; appropriations.** Manufacturers' registration fees are deposited in an electronic waste account established in the environmental fund. The legislature shall annually appropriate money from the account to the commissioners of the agency and the Department of Revenue (department) to carry out this legislation, and shall appropriate funds to the commissioner of the agency to be distributed among counties outside the 15 counties in and adjacent to the metro area for implementation.

**4 [115A.1316] Reporting requirements.**

**Subd. 1. Manufacturer's reporting requirements.** By August 1, beginning in 2009, each manufacturer must report to the department the weight of video display devices sold to Minnesota households during the prior year, and how that amount was calculated; the weight of covered electronic devices collected from households and

## Section

recycled during the prior year; the number of recycling credits purchased, sold, or used to calculate its variable recycling fee; and the number of credits it retains.

**Subd. 2. Recycler's reporting requirements.** By August 1, beginning in 2007, each recycler must report to agency and department the weight of covered electronic devices collected from households and recycled during the prior year, and must certify compliance with the provisions of this legislation.

**Subd. 3. Collector's reporting requirements.** By August 1, beginning in 2007, each collector must report separately to the agency the weight of covered electronic devices collected from households from the 68 counties outside the metro area and the 19 counties within or adjacent to it, as well as a list of recyclers to whom covered electronic devices were delivered.

### 5 [115A.1318] Responsibilities.

**Subd. 1. Manufacturer's responsibilities.** A manufacturer must annually recycle or arrange for the collection and recycling of covered electronic devices equal to the weight of video display devices sold by the manufacturer to Minnesota households during the previous year, multiplied by the proportion of sales required to be recycled, as established by the agency (and currently set at 1.0).

A manufacturer must conduct and document due diligence assessments of collectors and recyclers it contracts with to insure that all recyclers comply with subdivision 2.

**Subd. 2. Recycler's responsibilities.** A recycler must certify that recycling facilities, including all downstream recycling operations:

- ▶ comply with all applicable health, environmental, safety and financial responsibility regulations, and possess all required licenses;
- ▶ use no prison labor; and
- ▶ have liability insurance of at least \$1 million for environmental releases and accidents.

**Subd. 3. Retailer's responsibilities.** By July 1, a retailer must report to a manufacturer the number of video display devices labeled with the manufacturer's brand sold to households in the prior year.

### 6 [115A.1320] Agency and department duties.

**Subd. 1. Duties of the agency.** Requires the agency to administer and enforce this legislation; maintain registrations and certifications; review the value of variables in the manufacturer's annual registration fee formula, and recommend changes to the legislature; calculate estimated sales of video display devices to Minnesota households based on national sales data; manage the electronic waste account; and report to the governor and legislature annually on the implementation of this legislation.

## Section

**Subd. 2. Duties of the department.** Requires the department to collect data from each manufacturer on sales of video display devices and the weight of covered electronic devices recycled in order to review each manufacturer's annual registration fee, and to enforce the fee provision. The department may disclose nonpublic data to the agency only when necessary to administer the program, and any data disclosed retains its classification as nonpublic.

7 **[115A.1322] Other recycling programs.** Prohibits public agencies from requiring households to use public facilities to recycle covered electronic devices, so long as other lawful recycling programs are available, and collectors and recyclers are registered. Allows recycling programs administered by manufacturers to operate.

8 **[115A.1324] Requirements for purchases by state agencies.** Directs the Department of Administration to ensure that state procurement of video display devices are certified by the vendor to be in compliance with this legislation. If a contractor is found to be in violation, the contract must be voided, and the contractor is ineligible to bid on any state contract for three years.

9 **[115A.1326] Regulation of video display devices.** Specifies that if the federal Environmental Protection Agency adopts regulations regarding the recycling of video display devices, the federal regulations automatically become effective in Minnesota on the same date and supersede any state regulations in that area.

10 **[115A.1328] Multistate implementation.** Authorizes the agency and department to help establish and implement a regional organization or compact to assist in recycling video display devices.

11 **[115A.1330] Limitations.** Specifies that this legislation expires if federal laws are implemented that establish a collection and recycling program for all video display devices discarded by households in the United States.

**Effective date.** Sections 1 to 11 are effective the day following final enactment.