

HOUSE BILL REPORT

HB 1507

As Reported by House Committee On:
Environment

Title: An act relating to electronic product recycling.

Brief Description: Concerning electronic product recycling.

Sponsors: Representatives Pike, Upthegrove and Ryu.

Brief History:

Committee Activity:

Environment: 2/7/13, 2/20/13 [DP].

Brief Summary of Bill

- Exempts businesses that license names, images, or intellectual property to electronics manufacturers from the requirement to participate in the E-Cycle electronic recycling program.

HOUSE COMMITTEE ON ENVIRONMENT

Majority Report: Do pass. Signed by 8 members: Representatives Upthegrove, Chair; McCoy, Vice Chair; Short, Ranking Minority Member; Pike, Assistant Ranking Minority Member; Crouse, Nealey, Overstreet and Tharinger.

Minority Report: Do not pass. Signed by 5 members: Representatives Farrell, Fey, Kagi, Lias and Morris.

Staff: Jacob Lipson (786-7196).

Background:

Since 2009 Washington's E-Cycle program has allowed for the recycling of electronic waste at no direct cost to consumers. Electronic products covered by the E-Cycle program include televisions, monitors, computers, laptops, and tablets, but not accessories such as computer keyboards.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Manufacturers of these electronic products are required to participate in a recycling program. The E-Cycle law allows for the establishment of multiple electronics recycling programs if manufacturers choose to develop alternative programs. However, the only electronics recycling program that has been established to date is operated by the Washington Materials Management and Financing Authority (WMMFA), a public body created under the E-Cycle law. The WMMFA operations are overseen by the Department of Ecology (DOE), with the DOE's expenses being funded through tiered fees paid by manufacturers based on their volume of retail sales. Manufacturers also fund the WMMFA through payments based on each manufacturer's percentage by weight of electronic products sold in the State ("market share") and collected through E-Cycle ("return share").

Under the E-Cycle statute, a manufacturer is defined as a person that, under its own brand name, previously or currently:

- manufactures an electronic product for sale in Washington;
- assembles an electronic product for sale in Washington using parts manufactured by others;
- resells a product produced by other suppliers under their own brand name;
- imports an electronic product from someone who does not conduct business in the United States; or
- sells an electronic product acquired from an importer and registers in the importer's stead.

Manufacturers of co-branded products are also considered manufacturers under the law.

Electronic products may contain intellectual property, images, or names licensed under an agreement between a manufacturer and another party not directly involved in the manufacture of the electronic product.

Summary of Bill:

By definition, manufacturers are distinguished from entities which license names, images, or intellectual property to manufacturers of electronics covered by the E-Cycle law. Unlike manufacturers, licensors are not required to participate in an electronics recycling program under the E-Cycle law.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) When intellectual property is being used on a device but the licensor of the property had no responsibility for the manufacturing of the device, the licensor should not be responsible for paying for recycling the device. Licensing agreements may not have been contemplated in the original legislative definition of manufacturer.

(With concerns) Exempting licensors would add costs to the program. It could slow the sampling process for recycled electronics collected by the program because it will not be easy to determine the manufacturer, since manufacturers who use licensed property tend to change from year to year. Under this change, it would be complicated to determine the identity of the manufacturer that should be paying. It would also shift the cost burden from licensors onto manufacturers already paying into the program. The bill could be improved by the inclusion of a provision requiring licensors to identify for the DOE the manufacturers of their licensed products.

(Opposed) None.

Persons Testifying: (In support) Representative Pike, prime sponsor; and T.K. Bentler, Motion Picture Association of America.

(With concerns) John Friedrich, Washington Materials Management and Financing Authority; Suelen Mele, Zero Waste Washington; and Laurie Davies, Department of Ecology.

Persons Signed In To Testify But Not Testifying: None.