



## STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE BILL ANALYSIS

Date Introduced	<b>02/20/02</b>	Bill No:	<b>SB 1523</b>
Tax:	<b>Cathode Ray Tube Recycling Fee</b>	Author:	<b>Sher</b>
Board Position:		Related Bills:	

### **BILL SUMMARY**

This bill would require, on or after July 1, 2003, every retailer that sells cathode ray tube (CRT) devices to collect at the point of sale an unspecified fee for each CRT device sold in the state.

### **ANALYSIS**

#### **Current Law**

Under existing law, there is no fee on the retail sale of CRT devices in this state. Sales of such devices, however, are subject to the sales and use tax.

#### **Proposed Law**

This bill would add Chapter 11 (commencing with Section 42580) to Part 3 of Division 30 of the Public Resources Code to require, on and after July 1, 2003, every retailer that sells CRT devices to collect at the point of sale a cathode ray tube recycling fee for each CRT device sold in the state. A "CRT device" would be defined to mean any television, video monitor, computer monitor, or other device that contains one or more cathode ray tubes. A cathode ray tube would be defined to mean a vacuum tube or picture tube used to convert an electronic signal into a visual image.

The fee would be a tiered fee based on the screen size of the CRT device. The retailer would transmit all fees collected to the State Board of Equalization on or before the last day of the month following each quarter, accompanied by any forms as prescribed. The Board would deposit all fees collected into the Cathode Ray Tube Recycling (CRTR) Account, which this bill would establish in the Integrated Waste Management Fund. Funds in the CRTR Account would be used for grant funds to local governments that provide for convenient and cost-effective collection and processing of cathode ray tubes and CRT devices. The funds would also be used to provide annual recycling incentive payments to CRT material handlers that collect and process cathode ray tubes and CRT devices, and to provide grants to nonprofit agencies that refurbish cathode ray tubes and CRT devices for reuse.

*This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.*

### In General

Computer monitors, televisions, some camcorders and other electronic devices contain cathode ray tubes (CRTs), often called "picture tubes," which convert an electronic signal into a visual image. A typical CRT contains between two and five pounds of lead. Lead is a toxic substance which may cause lead poisoning and can be especially harmful to young children. If products containing lead are disposed of to the trash, the lead can potentially contaminate the soil and our water supplies.

Waste CRTs are subject to hazardous waste regulations which went into effect August 3, 2001. With the new regulations in effect, televisions, computer monitors, and products containing CRTs can no longer be put into the trash or taken to municipal landfills.

### COMMENTS

1. **Sponsor and purpose.** This bill is sponsored by Senator Sher and is intended to ensure funds are available to assist cities, counties, and recyclers of electronic wastes in developing programs to safely collect and recycle the hazardous materials contained in electronic wastes.
2. **Suggested technical amendments.** In order for the Board to administer the proposed fee under provisions consistent with other Board-administered fees, it is suggested that the following section be added to this bill:

42582.5. For purposes of this chapter, the board may collect the fees pursuant to the Fee Collection Procedures Law (Part 30 (commencing with Section 55001) of Division 2 of the Revenue and Taxation Code).

In addition to the suggested administrative language, the bill should be amended to authorize the payment of refunds on overpayments of the fee and reimbursement for the Board's costs of administration. Board staff is willing to work with the author's office in drafting appropriate amendments.

3. **This bill would increase state and local sales and use tax revenues.** Under current Sales and Use Tax Law, the total amount of the sale is subject to sales or use tax unless specifically exempted or excluded by law. Because the fee imposed pursuant to this measure is not specifically exempted or excluded, it would be included in the total amount of the sale and, therefore, subject to sales or use tax. The impact on state and local sales and use tax revenues is discussed in the Revenue Estimate.

### COST ESTIMATE

The Board would incur non-absorbable costs to adequately develop and administer a new fee program. These costs would include registering fee payers, developing computer programs, mailing and processing returns and payments, conducting audits, developing regulations, training staff, and answering inquiries from the public. A cost estimate of this workload is pending.

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