

Memorandum

To: Honorable John Chiang, Chair
Honorable Claude Parrish, Vice-Chairman
Ms. Betty T. Yee, Acting Board Member
Honorable Bill Leonard
Honorable Steve Westly
Mr. Ramon J. Hirsig, Executive Director

Date: May 20, 2005

From: 
David J. Gau, Deputy Director
Property and Special Taxes Department

Subject: **SB 50 – Electronic Waste Recycling Fee Program Status**
(May 25, 2005 Executive Director's Report)

This memo is to update you on the implementation of the Electronic Waste Recycling Fee program pursuant to SB 50 (Stats. 2004, ch. 863). The Board of Equalization (BOE) is required to collect the fee for the California Integrated Waste Management Board (CIWMB), who is responsible for the recycling aspects of the program. The Department of Toxic Substances Control (DTSC) is also involved as the agency established to determine those electronic devices subject to the fee.

Following are the most recent accomplishments pertaining to the Electronic Waste Recycling Fee (Ewaste) program:

- 55,000 Ewaste Fee Returns for the first quarter 2005 reporting period were mailed on March 30, 2005. Returns were due on April 30, 2005. To date, 32,958 returns have been received, for a total of \$15,249,972. The amount of revenue received meets the projected revenue estimate provided in BCP No. 4 FY 2005/06. We expect to have final revenue figures for first quarter 2005 by July 1, 2005.
- On May 4, 2005, the Interagency Agreement for the period November 2, 2004 through June 30, 2005 between BOE and CIWMB was approved and signed by the Department of General Services.
- On April 24, 2005, a memo was sent to the Department of Finance from Ramon Hirsig, which revised Fiscal Year 2005-06 BCP No. 4. The revision was a technical adjustment for a reduction in the Budget Year (FY 2005-06) to 69.0 positions (66.2 PYs) and \$4,999,000, from 80.0 positions (76.8 PYs) and \$5,715,000. On May 18, 2005, both Senate and Assembly Budget Subcommittees approved the reduction as submitted.
- On May 5, 2005, a BOE Legal Opinion (authored by Judy Nelson) was issued to the Ewaste Section regarding the applicability of the Ewaste Recycling Fee to sales of covered electronic devices (CED's) to Native Americans and Foreign Diplomats. The opinion concluded:

- The Ewaste recycling fee applies to a CED purchase by a Foreign Diplomat.
 - The Ewaste recycling fee does not apply to a CED purchase by an On-Reservation Native American.
 - There is a fee collection obligation by a Native American retailer on a retail sale of a CED to a Non-Native American.
- On December 15, 2004, a BOE Legal Opinion (authored by Randy Ferris) was issued at the inception of the program, which stated that purchases of CEDs consumed by Federal entities in California would be subject to the Ewaste fee. The U.S. General Services Administration expressed a differing interpretation and has advised our Legal staff that they will be issuing a rebuttal opinion to the Board. We are continuing to follow up with GSA for their response.
 - On May 23, 2005, a special notice was mailed to all registered feepayers within the Electronic Waste Recycling Fee program, advising that Plasma and LCD televisions will also be subject to the Ewaste fee effective July 1, 2005. Additionally, an informational article will be included in the June 2005 *Tax Information Bulletin*.
 - Staff from BOE has been attending interagency meetings with staff from CIWMB and DTSC. The meetings have provided opportunities for all agencies involved to discuss and resolve issues relating to the Electronic Waste Recycling Fee program.

If you or any of your staff have any questions or concerns, please don't hesitate to contact me at 916-445-1516, or Mr. Dennis Maciel at 916-327-3276.

DJG:lrb

cc: Ms. Marcy Jo Mandel
Ms. Kristine Cazadd
Mr. Dennis Maciel
Ms. Lynn Bartolo