



STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE BILL ANALYSIS

Date Introduced:	02/21/07	Bill No:	AB 546
Tax:	Covered Electronic Waste Recycling Fee	Author:	Brownley
Related Bills:	AB 1535 (Huffman)		

This analysis will only address the bill's provisions that impact the Board.

BILL SUMMARY

This bill would impose a ten dollar (\$10) covered electronic waste recycling (Ewaste) fee upon the purchase of a new or refurbished covered electronic device (CED) that meets the definition of a "CPU tower."

ANALYSIS

CURRENT LAW

Under existing law, the Electronic Waste Recycling Act of 2003¹ (Ewaste Act) requires a consumer to pay a fee upon the purchase of a new or refurbished CED in specified amounts. Unless otherwise provided, a retailer is required to collect a fee from the consumer at the time of the retail sale of the CED.

A CED is defined to mean a video display device containing a screen greater than four inches measured diagonally that is identified as an electronic device presumed to be a hazardous waste when discarded, in regulations adopted by the Department of Toxic Substances Control (DTSC). Currently, the following electronic devices are identified as CEDs in regulations adopted by DTSC and are subject to the Ewaste fee:

- Cathode ray tubes (CRTs)
- Devices containing CRTs
- Computer monitors containing CRTs
- Laptop computers with liquid crystal display (LCD)
- LCD containing desktop monitors
- Televisions containing CRTs
- Televisions containing LCDs
- Plasma televisions
- Portable DVD players with LCD²

Specifically excluded from the definition of a CED are certain video display devices, such as a video display device that is part of a motor vehicle, contained within, or a part

¹ Chapter 8.5 (commencing with Section 42460) of Part 3 of Division 30 of the Public Resources Code

² Subject to the Ewaste fee on and after July 1, 2007

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.

of, a piece of industrial, commercial, or medical equipment, or contained within certain household appliances. Also excluded from the definition of a CED is an electronic device that ceases to be a CED, as provided, if the manufacturer obtains DTSC concurrence that an electronic device would not be a hazardous waste when discarded.

Section 25214.10.1(b) of the Health and Safety Code requires DTSC to adopt regulations that identify electronic devices that DTSC determines are presumed to be, when discarded, a hazardous waste. Subdivision (d)(2) of that same section states that a CED identified in the regulations adopted by DTSC becomes subject to the Ewaste fee on and after July 1 of the year subsequent to the year in which the CED is first identified in the regulations.

PROPOSED LAW

This bill would amend Section 42463 of the Public Resources Code to provide that a CED also includes a CPU tower that is identified in the regulations adopted by DTSC pursuant to subdivision (b) of Section 25214.10.1 of the Health and Safety Code.

A "CPU tower" would be defined to mean a computer case, computer chassis, box, housing, or other enclosure and the main components of the computer contained therein, including, but not limited to, the microprocessor or CPU, memory, mother board or logic board, optical disc drives, floppy disk drive, video card or graphics processor, sound card, modem, network interface card, and power supply unit.

This bill would also amend Section 42464 to require a consumer to pay a ten dollar (\$10) Ewaste fee upon the purchase of a new or refurbished CED that is defined as a "CPU tower."

And lastly, this bill would amend Health and Safety Code Section 25214.10.1 to provide that the term "electronic device" also includes a CPU tower.

This bill would become effective January 1, 2008.

BACKGROUND

In 2003, Senate Bill 20 (Sher, Ch. 526) enacted the Electronic Waste Recycling Act of 2003. Among other things, the Act imposed, on and after July 1, 2004, a fee upon the first sale in the state of a CED to a consumer by a retailer. The Act authorized the California Integrated Waste Management Board to contract with the Board or another party for collection of the fee.

However, Assembly Bill 901 (Jackson, Ch. 84, Stats. 2004) deferred the operative date for the fee from July 1, 2004, to November 1, 2004.

In 2004, Senate Bill 50 (Sher, Ch. 863) again postponed the operative date for the fee by two months to January 1, 2005, designated the Board for collection of the fee, and made several clarifying changes to the fee.

Last year, Assembly Bill 3001 (Pavley) would have imposed a six dollar (\$6) Ewaste fee upon the purchase of a new or refurbished CED that met the definition of a personal computer. That bill was held under submission in the Assembly Appropriations Committee.

COMMENTS

1. **Sponsor and purpose.** This bill is sponsored by the author and is intended to expand the scope of the Ewaste Act so that the existing collection infrastructure can provide free and convenient recycling for desktop CPU's.
2. **When would a CPU tower be subject to the Ewaste fee?** This bill would make a CPU tower that is a CED subject to the fee. To become a CED, a CPU tower would have to be identified in DTSC regulations as an electronic device that is presumed to be, when discarded, a hazardous waste. Once identified in the DTSC regulations, a CPU tower would become subject to the fee on and after July 1 of the year subsequent to the year a CPU tower is first identified in the regulations.

Since the provisions of this bill would not become effective until January 1, 2008, the earliest a CPU tower could become subject to the Ewaste fee is **July 1, 2009**, if such a device is identified in regulations adopted by DTSC during the 2008 calendar year.

If the author intends for a CPU tower to be subject to the fee before July 1, 2009, whether or not such a device is identified in regulations adopted by DTSC, the bill should be amended to clarify that intent. Board staff is available to work with the author's office in drafting appropriate amendments.

3. **What does the definition of "CPU tower" include?** This bill would define a "CPU tower" to mean a computer case, computer chassis, box, housing, or other enclosure and the main components of the computer contained therein, including, but not limited to, the microprocessor or CPU, memory, mother board or logic board, optical disc drives, floppy disk drive, video card or graphics processor, sound card, modem, network interface card, and power supply unit.

According to the author's staff, this bill is intended to expand the Ewaste Act to cover all desktop computers containing a CPU that is a separate component from the monitor. However, the proposed definition for CPU tower does not clearly distinguish a CPU as a separate component from an all-in-one desktop computer (such as the Gateway Profile 6 series and Apple iMac) that has the main computer components mounted in the same chassis as the monitor. As a result, this bill could be interpreted to impose two fees upon an all-in-one desktop computer or laptop; one for the LCD monitor and the second for the CPU tower.

In addition, does the proposed definition encompass other products not intended by the author to be covered by this measure? In order to avoid any ambiguity with administration of this measure, Board staff recommends amending this measure to clearly define CPU tower consistent with the author's intent.

4. **How would the Ewaste fee apply to bundled computer purchases?** Desktop computers are generally sold bundled with a monitor. As such, the Ewaste fee would apply to both the monitor and the CPU tower.

5. **Would the exclusions from the definition of a CED provided in current law be allowed for a CPU tower?** Currently, Public Resources Code Section 42463(f) defines the term “covered electronic device” to mean a video display device containing a screen greater than four inches, measured diagonally, that is identified in the regulations adopted by DTSC, as specified. Paragraph (3) of that same section also specifies what does not constitute a CED. These items are as follows:

- A video display device that is a part of a motor vehicle, as defined in Section 415 of the Vehicle Code, or any component part of a motor vehicle assembled by, or for, a vehicle manufacturer or franchised dealer, including replacement parts for use in a motor vehicle.
- A video display device that is contained within, or a part of, a piece of industrial, commercial, or medical equipment, including monitoring or control equipment.
- A video display device that is contained within a clothes washer, clothes dryer, refrigerator, refrigerator and freezer, microwave oven, conventional oven or range, dishwasher, room air-conditioner, dehumidifier, or air purifier.

This bill would include a CPU tower, as specified, within the definition of a CED. A CPU tower would not fall within the definition of a “video display device” provided in Section 42463(v). Since the exclusions from the definition of a CED apply only to a “video display device,” a CPU tower would not qualify. As such, a CPU tower that is part of a motor vehicle, contained within or part of a piece of industrial, commercial or medical equipment, or contained within certain appliances would be subject to the Ewaste fee.

6. **Related legislation.** This bill is similar to AB 1535 (Huffman), which would impose a six dollar (\$6) Ewaste fee upon the purchase of a new or refurbished CED that meets the definition of a personal computer. A personal computer would be defined to mean a general-purpose single-user microcomputer box or tower that is designed to be operated by one person at a time. A personal computer would not include the following:

- A professional workstation capable of shipping with two or more microprocessor packages or four or more cores and that is marketed exclusively to professional users for high performance computing.
- A computer server marketed exclusively to professional users.
- A retail store terminal or cash register that is used at a customer checkout in the retail industry.

COST ESTIMATE

Some administrative costs may be incurred in revising returns and publications, and answering inquires from the public. A detailed estimate of these costs is pending.

REVENUE ESTIMATE

BACKGROUND, METHODOLOGY, AND ASSUMPTIONS

This bill would provide that a CED also include a CPU tower and that a retailer collect a fee of ten dollars (\$10) from the consumer at the time of the retail sale of a CPU tower. CPU tower is defined as *a computer case, computer chassis, box, housing, or other enclosure and the main components of the computer contained therein, including, but not limited to, the microprocessor or CPU, memory, mother board or logic board, optical disc drives, floppy disk drives video card or graphics processor, sound card, modem, network interface card, and power supply unit.*

The CIWMB, in a study titled ‘Selected E-Waste Diversion in California’, published in November 2001, projected California sales of televisions, computer monitors and CPUs. CPU projection for 2006 was 7.82 million units. Revenues at a \$10 per unit rate would amount to \$78.2 million (7.82 million units × \$10 per unit = \$78.2 million).

REVENUE SUMMARY

This bill would result in an estimated annual revenue increase of \$78.2 million

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