

Assembly Committee on Natural Resources
Testimony on LRB 1238/2
David Wood, GrassRoots Recycling Network
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Mr. Chairman, members of the Committee:

Good morning. My name is David Wood and I am Executive Director of the GrassRoots Recycling Network based here in Madison and organizing director of the national Computer TakeBack Campaign.

I am here this morning to talk with you about a moment of opportunity – an opportunity to transform an enormous potential environmental and fiscal liability into a system of assets that will generate long-term positive returns on our investment of political capital.

That liability is known as electronic waste – discarded personal computers, televisions, cell phones and scores of other high tech gadgets that dominate our workaday and personal lives. Gadgets that, because of the materials used to make them, such as lead, mercury, arsenic, polyvinyl chloride, several classes of brominated flame retardants, and many more, pose substantial risks to human health and the environment if they are not properly managed at the end of their useful life. Gadgets that, because of the way they are constructed, are challenging to recycle.

It is estimated that there are between 315 million – 680 million obsolete computers in the U.S. currently. The pace of product development and sales suggests that the volume of discarded computers and televisions could by the end of this decade grow to as high as 163,000 units every day. There is a tidal wave of high tech trash welling up in this country and around the world, and every single one of us can point to it in our homes and in our offices.

At a current cost of between \$10 - \$60 per unit to recycle, the price tag for managing electronic waste will hit the tens of billions of dollars over the next decade. But taxpayer

dollars and local governments are already stretched beyond the bounds of their elasticity. The e-waste price tag represents an unthinkable additional burden on taxpayers and government.

At present, Wisconsin has no laws regulating the disposal of computers and electronics from homes and small businesses. Large businesses and institutions are prohibited under federal law and derivative state regulation from disposing CRTs – cathode ray tubes, the traditional television and computer monitor – in landfills because they have been classified as hazardous waste. Four states – California, Massachusetts, Maine and Minnesota – have taken action to ban all CRTs from their landfills. The DNR’s special waste team has articulated a state practice of prohibiting computer equipment from landfills, but if you put your old computer out at the curb in Madison, most likely it is ending up in a landfill.

New research from the University of Florida’s school of engineering indicates that almost all consumer electronics – including cell phones, remote control devices, VCRs and more – fail a modified version of the landfill toxicity test.

So, that is some of the problem.

But we are here this morning to talk about the solution, about the strategies for transforming this enormous liability into an asset. Here in Wisconsin, that solution is packaged into this legislation introduced by Rep. Mark Miller that shifts the financial burden for managing e-waste off of taxpayers and local government and on to the producers and brand owners of computers and consumer electronics.

The idea is called producer responsibility, sometimes called producer take-back. Producer responsibility is a rapidly emerging global policy requiring those who control the design, manufacture and distribution of products to bear financial responsibility for those products at the end of their useful life – creating a powerful market incentive to reduce costs through improved product design by eliminating hazardous materials and increasing

durability or recyclability. The price of products already includes the cost of advertising, marketing, packaging, transportation and more – so it is a logical and natural extension that those prices include other aspects of their true cost.

Producer responsibility is relatively new to the U.S. and North America, but it is not without precedent. Returnable and refillable beverage containers have almost disappeared, but the success of those industry run programs has not been forgotten. More recent voluntary initiatives, such as the Rechargeable Battery Recycling Corporation roughly approximate producer responsibility, but because there are no enforceable goals or timetables, such programs still recover only a fraction of the products in the market. A more robust producer responsibility system can be found in Alberta, Canada's beverage container recycling system, one that is administered and operated entirely by the industry. The state of Maine has enacted a producer responsibility law to manage mercury containing devices in automobiles.

The time has come to rethink waste management strategies here in the U.S. Electronics waste, because of its environmental and human health impacts, because of the enormous potential cost it represents to local governments, and because of the pace of product sales and turnover, represents perhaps the best starting point for that shift.

Producers and brand owners themselves are starting to respond and embrace the notion that because they control product design, they should have lead responsibility for managing products at the end of their useful life. Xerox was among the first to pioneer product recovery programs that made money for the company. More recently, HP and Dell have stepped out ahead of their competitors to recognize their responsibility toward the environment and their consumers, and – more importantly – the business advantages of moving strategically toward producer responsibility. Here in Wisconsin, there are electronics producers that sell exclusively to institutional purchasers, mostly in the health care sector – Paragon Development Systems perhaps the best example – that take responsibility for their products by selling a life-cycle management service. Such companies indicate that it is possible to do this, that there are business advantages to

doing this, and such firms should be rewarded by holding all producers to the same high standards of operation.

Our work on this issue and with this industry has given me a strong sense that this may become a rare instance of when the market itself eventually corrects the problem. For instance, cell phone companies have begun programs to collect used handsets that then become assets for resale. Leading computer companies are experimenting with various programs to test consumer response, price points, and overall effectiveness. But even if the market itself provides a long-term correction, we need to set effective and enforceable performance standards. Moreover, industry leaders themselves are emphatic about their need for a level playing field, regulation that requires all producers to meet the same high standards.

Representative Miller's legislation gives individual producers – or groups of producers who may join together – the flexibility and opportunity to develop and propose product recovery and recycling systems that best suit their business model. Some companies may contract with local governments to collect e-waste; some may contract with retailers to serve as collection points, and some may actually take physical custody as well as financial responsibility for their discards. I believe this type of flexibility is essential, and the bill extends that in one other important way – by giving companies time to develop their systems, propose those systems to the DNR for approval, and then put them in place. The bill's performance goals – in terms of how much has to be collected for recycling – also ratchet up over time, recognizing the need for flexibility and encouraging some degree of experimentation and innovation.

“Isn't producer responsibility really just passing costs on to consumers?,” you might ask. And the honest answer is “yes, it probably is.” To deal with the e-waste problem, however, we have two choices – 1. we can create and fund new government programs or ; 2. we can internalize the cost to the product price. As economies of scale take hold and the e-waste infrastructure grows, those costs will come down. Will sales diminish – unlikely, given the prevalence of these devices to our lives.

This legislation will keep discarded electronics out of landfills and incinerators, will provide notice to consumers about how to properly manage old equipment, will phase out the most hazardous materials found in electronics, and will use the state's enormous purchasing influence to reward market leaders. Most importantly, it shifts costs off of taxpayers. Several elements of this legislation track the recommendations made by the state's Council on Recycling [the chair of which is with us this morning] – those elements being the landfill ban, state procurement, and the assignment of costs to producers.

E-waste is a global problem, so why are we suggesting a state solution? Frankly, there has been no federal progress on this issue. The sole federal bill has never received a hearing, and a 3-year old EPA-funded stakeholder dialog process ended yesterday in Portland, OR with no agreement – in large part because of intense divisions within the electronics industry itself. State action is necessary, and is necessary now to keep relative pace with this fast growing environmental problem. The federal government may respond, or the industry itself may respond. Either way, clearly some incentive is necessary.

Wisconsin is not alone in exploring a solution to this problem. In 2003, 24 states considered 47 different bills to deal with some aspect of the e-waste problem. Ten states actively considered producer responsibility legislation. Today, seven states [ME, VT, MA, RI, WI, MN, and WA] including Wisconsin are actively considering a producer responsibility approach, including our neighbor to the west, Minnesota, which is finalizing the content of its bill this week under the leadership of Representative Ray Cox, Republican of Northfield. In Maine, HP has engaged in the process to support a producer responsibility approach and has moved the debate to one over how many collection points for e-waste there should be in that state.

The electronics industry has never denied there is a problem, but they are deeply divided over the solution. Leadership companies like HP and Dell are moving to producer

responsibility because it fits their business model and their cultures of innovation and total customer experience. Other companies, like IBM and Panasonic, oppose producer responsibility. IBM, with a fraction of current product sales but the bulk of sales 10 years ago, and therefore lots of historic waste, would prefer a system that charges a fee at point of purchase, meaning practically that HP's and Sony's and Dell's customers pick up the tab for IBM's problem.

The net impact on business in Wisconsin, I believe, will be positive. You will hear from entrepreneurs who have built their businesses managing waste electronics according to high environmental and worker safety standards. They represent the budding infrastructure that, at full scale, would add hundreds of new jobs. One study found that every 10,000 tons of electronic waste diverted for recycling supported 290 recycling jobs.

We are not alone in our concern about electronic waste, nor in our endorsement of the producer responsibility solution. Businesses, organizations, and local governments have taken affirmative action to endorse our proposal. Our students and volunteers have collected thousands of citizen signatures on these obsolete 5 ¼ inch diskettes – a great example of obsolete technology for which no one is responsible. Our students and volunteers have collected almost as many signatures on dozens of hazmat suits, a kind of living petition, if you will.

Finally, this legislation embraces many of the most prominent policy themes in the current Wisconsin legislature – job creation and economic development, regulatory flexibility, taxpayer savings. All the while protecting the environment and human health. Producer responsibility for electronic waste is a bi-partisan solution, sponsored here in Wisconsin by a Democrat but across the rivers in Minnesota, sponsored by the Republican majority.

Thank you for your time and attention, and for giving your thoughtful consideration to this legislation.