

LEGISLATIVE FISCAL ESTIMATE
 [First Reprint]
 SENATE SUBSTITUTE FOR
 SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 2973
STATE OF NEW JERSEY
216th LEGISLATURE

DATED: DECEMBER 21, 2015

SUMMARY

Synopsis: Revises “Electronic Waste Management Act.”

Type of Impact: Indeterminate annual net fiscal impact on State General Fund and indeterminate annual cost savings accruing to certain local governments.

Agencies Affected: Department of Environmental Protection.
 Certain local governments.

Office of Legislative Services Estimate

Fiscal Impact	
Annual State Cost Impact	Minimal – See comments below
Annual State Revenue Gain	Indeterminate – See comments below
Annual Local Cost Savings	Indeterminate – See comments below

- The Office of Legislative Services (OLS) expects this bill to produce: a) an indeterminate annual State revenue gain from creating two new revenue streams and expanding another whose combined collections the OLS expects to exceed the indeterminate annual State revenue loss from reducing annual registration fee payments from businesses that manufacture both, televisions and other electronic devices; b) a minimal annual effect on Department of Environmental Protection (DEP) operating expenditures from streamlining electronic waste management planning and reporting requirements; and c) an indeterminate annual cost savings to some local governments that operate collection centers resulting from changes to the formula that allocates electronic waste management obligations to each manufacturer of electronic devices and allowing the DEP to adjust each manufacturer’s obligation based on the weight actually collected in each program year.

BILL DESCRIPTION

The First Reprint of the Senate Substitute for Senate Committee Substitute for Senate Bill No. 2973 of 2015 makes various changes to the State's electronic waste management laws. The following revisions potentially affect the finances of the State and certain local governments.

- 1) The bill creates two new revenue streams supporting the electronic waste recycling program: an annual \$15,000 registration fee to be paid by every authorized recycler that does not hold a DEP permit as a class D recycling center; and, for manufacturers failing to meet their electronic waste recycling obligation, a new penalty equal to \$0.50 per pound multiplied by the manufacturer's weight-based electronic waste management obligation.
- 2) The bill folds the currently separate television electronic waste recycling program into the general electronic waste recycling program. As a result, businesses that manufacture both televisions and other electronic devices will pay a \$5,000 instead of a \$10,000 annual registration fee.
- 3) The bill extends "Electronic Waste Management Act" requirements to two additional types of electronic devices: desktop printers and desktop fax machines.
- 4) The bill revises the formula that allocates weight-based electronic waste management obligations to each manufacturer of covered electronic devices and allows the DEP to adjust each manufacturer's obligation based on the weight actually collected in each program year.
- 5) The bill revises DEP electronic waste management planning and reporting requirements.
- 6) The bill allows the DEP to establish a Statewide standard program to collect, transport, and recycle covered electronic devices. Participating manufacturers would pay fees to support the program.
- 7) The bill establishes the dedicated "Electronic Waste Management Fund" as the repository of all "Electronic Waste Management Act" registration fee and penalty payments and earmarks fund balances to the administration of the electronic waste recycling program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

According to informal information provided by the DEP, this bill would have a minimal fiscal impact on the department.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will produce an indeterminate annual State revenue gain, a minimal annual effect on State operating expenditures, and indeterminate annual cost savings to some local governments that operate collection centers.

State Revenue Gain: The OLS projects an indeterminate annual net revenue gain from the bill's four changes to "Electronic Waste Management Act" revenue streams.

On the one side of the ledger, as a result of folding the currently separate television electronic waste recycling program into the general electronic waste recycling program, the bill will reduce annual State revenue collections as companies that manufacture both, televisions and other electronic devices, will only pay a \$5,000 rather than a \$10,000 annual registration fee. Based

on current program participation, the OLS pegs the annual revenue loss at \$95,000 from 19 manufacturers. To arrive at this figure, the OLS crosschecked the list of 2016 registered television manufacturers in the DEP's electronic waste recycling program with that of 2015 registered manufacturers of all other electronic devices in the DEP's electronic waste recycling program, as published on the DEP's website. Of the 27 registered television manufacturers, 19 also participate in the program for other electronic devices.

On the other side of the ledger, the bill will increase annual State revenue collections from: 1) an annual \$15,000 registration fee to be paid by every authorized recycler that does not hold a DEP permit as a class D recycling center; 2) for manufacturers failing to meet their electronic waste recycling obligation, a new penalty equal to \$0.50 per pound multiplied by the manufacturer's weight-based electronic waste management obligation; and 3) an annual \$5,000 registration fee payment from manufacturers of desktop printers and desktop fax machines that are currently not participating in the electronic waste recycling program because they do not manufacture other currently covered electronic devices. The OLS, however, has no data allowing for a quantification of the resultant State revenue gain. But given that only seven authorized recyclers must pay the \$15,000 annual registration fee for the bill's net State revenue impact to be positive, the OLS anticipates the bill to produce a net State revenue gain.

State Cost Impact: The bill will affect DEP administrative expenditures by modifying the department's electronic waste management planning and reporting requirements. The DEP expects the changes to have a minimal effect on its operating budget. The DEP's assessment seems reasonable to the OLS.

Local Cost Savings: The bill will likely generate cost savings to local government operators of collection centers through revisions to the formula that allocates weight-based electronic waste management obligations to each manufacturer and the DEP's ability to adjust each manufacturer's obligation based on the weight actually collected in each program year. The changes are to improve the implementation of the "Electronic Waste Management Act." Current law has had the inadvertent effect of some manufacturers meeting their annual weight-based electronics recycling obligations before the expiration of a calendar year so that many local governments that collect electronic waste have been left to dispose of excess electronic waste at their expense. The bill's adjustments are to ensure that manufacturers are responsible for the collection, transportation, and recycling of all electronic waste that is subject to the "Electronic Waste Management Act." If the bill operates as intended, some concerned local governments will experience indeterminate annual cost savings.

No Fiscal Impact: The OLS notes that two bill provisions have no fiscal impact even though they may appear to affect State finances.

First, the bill allows the DEP to establish a Statewide standard program to collect, transport, and recycle covered electronic devices, which would be supported by fees paid by participating manufacturers. The OLS determines that this bill provision has no fiscal impact, as it merely authorizes, but does not require, the DEP to operate a new program. Without a mandate, the bill does not alter DEP responsibilities and procedures.

Second, the bill creates the dedicated "Electronic Waste Management Fund" as the repository of all "Electronic Waste Management Act" registration fee and penalty payments and earmarks fund balances to the administration of the electronic waste recycling program. The creation of the fund and the allocation of certain revenues thereto will not affect the amount the State collects in revenues or its electronic waste recycling program operating expenditures.

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This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).