



ROBERT L. COWLES

Wisconsin State Senator, 2nd Senate District

STANDING COMMITTEES:

Natural Resources & Energy, Chair
Transportation & Local Government, Vice-Chair
Economic Development & Technical Colleges

Testimony on 2023 Senate Bill 866

Senator Robert Cowles

Senate Committee on Natural Resources and Energy

January 4th, 2024

Thank you, Committee Members, for allowing me to testify on 2023 Senate Bill 866. This bill makes numerous changes to our state's electronics recycling program known as 'E-Cycle Wisconsin.'

Over the past decade-plus, the E-Cycle Wisconsin program has been an effective tool to keep valuable materials out of landfills and put them to beneficial reuse. In the first ten years of E-Cycle Wisconsin, more than 325 million pounds of electronic waste has been collected, with many of these pounds being metals that are then reused in new electronics or other goods, and other pounds being hazardous or dangerous materials that we want to keep out of our landfills in the first place. While E-Cycle Wisconsin has been effective, we've also seen how some of the statutory provisions have kept the program from meeting its full potential, with many of the necessary changes being simultaneously recommended by the DNR in their annual reports and the industry participants.

During the 2021-22 Legislative Session, Representative Mursau and I pursued six of the requested changes to the E-Cycle Wisconsin Program in a bill that later became Act 79. This initiative was the first major set of updates to Wisconsin's electronics recycling law in over a decade, and with the support of the DNR, industry participants, and local governments, these recommendations were implemented for more efficient program administration and more effective program operations. While many stakeholders expressed support for this effort, some also came forward with requests for additional revisions to the law beyond what was being considered in that legislation.

Senate Bill 866 reflects those additional requests for changes to the E-Cycle Wisconsin program. The primary change updates the targets that registered manufacturers must meet for electronics recycling. Under current law, the annual target weight recycled is based on 80% of the weight of the goods sold to households and schools three years prior. Under this bill, we'll update that target to be a percentage of the total amount recycled two years prior, with the percentage for each manufacturer based on their market share of sales by weight to households and schools two years prior. To accomplish this goal, the bill makes changes to the annual reporting requirements.

To help better explain the change to the manufacturer target formula, I want to provide a hypothetical example. If I run the Widget Company, an electronics manufacturing company that sells products in Wisconsin, I'm registered with the state and have to submit reports annually on my sales to households and schools in this state. I must also meet my recycling target, which is based on 80% of the weight of electronics I sold three years prior. So, in 2024, the Widget Company will report the weight of my sales in 2022. If I sold 20 pounds of electronics in 2022, I'd be responsible for collecting 16 pounds of electronics in 2025 (80% of 20 pounds).

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When the program was first kicking off in the early 2010's, it was much easier for manufacturers to meet their recycling targets because thousands of Wisconsinites had several old TVs, computers, and cell phones lying around not in use. However, many of those unused and unwanted electronics have been collected, making it hard for manufacturers to meet recycling targets which count on consumers replacing their devices nearly annually.

Senate Bill 866 changes the recycling formula to be based on market share percentages over just sales. To continue the hypothetical example, in 2024, the Widget Company will report the weight of my sales in 2023, which is only one year prior versus the two years prior under current law. If I sold 20 pounds of electronics in 2023, and statewide all manufacturers reported 200 pounds of electronics sales, then the Widget Company's market share is 10%. The DNR will then take 10% of the total statewide recycling collections in 2023, as reported by recyclers. If that amount reported from 2023 was 150 pounds, the DNR would report to the Widget Company by August 1st, 2024 that we will be responsible for collecting 15 pounds of electronics in 2025 (10% of 150 pounds).

Other changes recommended by the DNR and supported by stakeholder groups include expanding the definition of peripheral and updating manufacturer fees to make the tiers consistent in maximum per unit cost. Finally, at the request of industry stakeholders, Senate Bill 866 requires the DNR to make updates to the administrative rules on the E-Cycle Wisconsin program to define 'good faith progress' towards meeting a recycling target.

Between 2021 Act 79 and 2023 Senate Bill 866, the Legislature will have considered and may make nearly a dozen total updates to the electronics recycling laws, providing a pathway with many opportunities to make the E-Cycle Wisconsin program more workable for manufacturers, collectors, and recyclers.



Jeff Mursau

STATE REPRESENTATIVE • 36TH ASSEMBLY DISTRICT

Senate Committee on Natural Resources and Energy
SB 866 – Changes to the E-Waste Recycling Program

January 4, 2024

Thank you for the opportunity to testify in support of SB 866, which makes changes to the Electronic Waste Recycling Program. I am happy to be here today with Senator Cowles. This is an issue we've been working on for many years and the bill before you today builds on the progress of our previous efforts.

E-Cycle Wisconsin is a statewide, manufacturer-funded program that went into effect in 2010. The purpose of the program is to collect and recycle certain electronics and keep them out of our landfills. To date, more than 370 million pounds of electronics have been recycled. The Wisconsin program is a great success story and often recognized across the country as being one of the best!

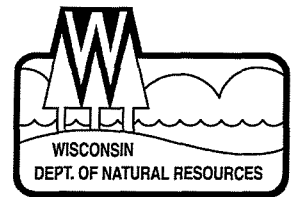
Last session, the Legislature passed 2021 Wisconsin Act 79, which made several important updates to the program, including a grant program to improve access and reduce costs for consumers. These efforts led to the highest number of collection sites and events in almost a decade and the collection of 23.1 million pounds of electronics. Senate Bill 866 is a trailer bill that incorporates some additional considerations raised by stakeholders, many of them are also identified in the DNR's annual report to the Legislature and Governor.

Under Wisconsin law, manufacturers must register with the DNR and recycle a target number of weight each year based on 80% of their sales three years prior to the year for which the calculation is made. Under SB 866, manufacturers would instead be responsible for recycling an amount *equal to the percentage of their market share* in Wisconsin the two years prior.

Additional changes include:

- Expands and clarifies the definition of “consumer computer peripherals” to include “consumer video display peripherals”, which includes the cords or plug-ins for TVs and monitors.
- Requires DNR to promulgate rules on what constitutes “good faith progress” when determining whether to waive a shortfall fee for manufacturers who don't meet their required recycling target.
- Updating manufacturer fees to make the tiers consistent in maximum per unit cost.

Once again, thank you for holding a public hearing on this important piece of legislation. I am happy to answer any questions you may have.



Senate Committee on Natural Resources and Energy

2023 Senate Bill 866 *Changes to the Electronic Waste Recycling Program* *January 4, 2024*

Good morning, Chair Cowles and members of the Committee. My name is Sarah Murray, and I am the E-Cycle Wisconsin coordinator for the Wisconsin Department of Natural Resources (DNR). Thank you for the opportunity to testify, for informational purposes, on Senate Bill 866, related to changes to the electronic waste recycling program.

We appreciate the authors' willingness to bring this bill forward and include several recommendations from the DNR's annual reports to the Legislature on Wisconsin's electronics recycling law. We also appreciate the consideration of the technical comments we provided.

We anticipate that expanding the definition of "peripheral" to include equipment used with video display devices as well as computers would make recycling electronics easier for consumers, help collectors and recyclers cover more of their costs, and add a modest amount of weight to help manufacturers meet their recycling targets.

Increasing the registration fees that many electronics manufacturers pay to the DNR would help us continue to provide good service, technical assistance and outreach to E-Cycle Wisconsin participants and the public, since many of our costs have increased since 2010.

The current formula that sets manufacturer recycling targets is based directly on the weights of covered electronic devices they sell. Since early in the E-Cycle Wisconsin program, we have seen a disconnect between these weights and the weights of electronics recycled under the program. For many years, the program collected millions more pounds than were covered by manufacturer targets, as many of us replaced our old tube TVs and monitors with much lighter flat-screen TVs, tablets and cellphones. Now that many of us have cleaned out our basements and closets, the weight being collected for recycling has been less than the manufacturer targets for the last few years.

We appreciate the willingness of the industry and the bill's authors to look at an alternative method for setting manufacturer targets that would align them more closely with what is actually available for recycling. The target formula in this bill should result in more achievable targets while leaving the basic structure of E-Cycle Wisconsin in place. This would allow us to continue the many successful parts of the program and implement the change with minimal disruption.

The main concern with the bill is the timing of the target formula change. E-Cycle Wisconsin's new program year began Jan. 1, and manufacturer registration for this program year is already underway. Under the current law, manufacturers have known their targets for the 2024 program year for several months, because the 2024 targets are based on sales during 2022. It is our understanding that many manufacturers have already signed contracts or other agreements with registered recyclers, who in turn

have contracts with registered collectors, based on these targets. In addition, local governments and other collectors that hold recycling events during spring and summer may have difficulty finding a recycler to work with if there is uncertainty for the next few months about what manufacturer targets will be. If recyclers aren't sure how many pounds manufacturers will pay for, they could be hesitant to commit to new events or collection sites.

Under the current wording in the bill, the DNR would not be able to set targets for the 2024 program year unless manufacturers are required to submit additional sales data on their registration due March 1. Because of the need to update the online registration forms in what is already a very busy reporting season for the DNR, this could potentially delay manufacturer registrations, and the DNR would be unlikely to be able to provide manufacturers with targets until late spring or early summer, nearly halfway through the program year. This uncertainty could disrupt Wisconsin households' access to convenient and affordable electronics recycling. Because of this, the author could consider using the current target formula for 2024, and implementing the target formula change for the 2025 program year.

On behalf of the Department of Natural Resources, we would like to thank you for your time today. I would be happy to answer any questions you may have.

January 4, 2024

Senator Robert L. Cowles
Chair, Senate Committee on Natural Resources and Energy
P.O. Box 7882
Madison, WI 53707

Re: SB 866/E-Cycle Wisconsin Program Changes: **Support**

Dear Chairman Cowles:

Thank you for the opportunity for the Consumer Technology Association (CTA®) to submit written testimony on SB 866, proposed technical changes to statutes governing the E-Cycle Wisconsin program. We very much appreciate the collaboration of you, Representative Mursau, your offices, and staff in the Department of Natural Resources in developing these proposed changes which are important for proper program functioning.

CTA is North America's largest technology trade association with more than 1,000 member companies. CTA members are the world's leading innovators – from startups to global brands – helping support more than 18 million American jobs. CTA owns and produces CES – the most influential tech event in the world. For many years, CTA has encouraged and advanced policies and practices in consumer technology as part of the industry's broader commitment to environmental sustainability. CTA also represents many manufacturers who are obligated to finance E-Cycle Wisconsin.

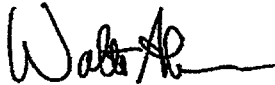
As background, the E-Cycle Wisconsin program has been operational since 2010 and obligates manufacturers of covered electronic devices such as televisions and computer equipment to recycle an amount specified by a statutory formula. Among other technical changes, the bill proposes to update the current formula which has caused major discrepancies between the manufacturers' recycling target and the amount of old electronics actually available for recycling. For example, a few years ago the target was well above available weight being returned by Wisconsin residents but starting in 2022 there has not enough available weight to meet the manufacturer recycling targets. These discrepancies have been acknowledged by DNR in their annual reports to the governor and legislature, including the most recent report.

While CTA encourages Wisconsin to move the program more towards models implemented in Illinois, South Carolina, and now Oregon where the emphasis is on collection convenience and not an annual pound's target, this bill is an important technical correction that sets the pounds target based on recent collections rather than sales weights.

CTA also appreciates DNR for providing feedback on these amendments and we ask that they continue to be reasonable and use good judgement in determining when a manufacturer has used "good faith progress" towards meeting targets. This will remain a critical component to keeping the program functioning for the foreseeable future as the bill effectively locks in the very high industry-wide collection levels achieved during 2022 and 2023 in pursuit of the unreachable targets that this bill amends.

Thank you again for your consideration of this bill, and CTA supports passage by the committee.

Respectfully,

A handwritten signature in black ink, appearing to read "Walter Alcorn", with a long horizontal flourish extending to the right.

Walter Alcorn
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Consumer Technology Association
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