

## ATTACHMENT 1 - ECONOMIC AND FISCAL IMPACT STATEMENT

### *Structure for Pursuing Multiple Covered Electronic Waste Recycling Payment Rates*

#### ECONOMIC IMPACT STATEMENT

##### A. ESTIMATED PRIVATE SECTOR COST IMPACTS

###### 1. Check the appropriate box(es) below to indicate whether this regulation:

**h. None of the above.** CalRecycle is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. There are no new or separate costs incurred to participate in or comply with the Covered Electronic Waste (CEW) Recycling Program. The CEW Recycling Program is a cost relief program established pursuant to the Electronic Waste Recycling Act of 2003. Its intent is to offset cost for the otherwise compliant management of certain electronic wastes.

The proposed regulations split the single CEW recycling payment rate into separate payment rates for cathode ray tube (CRT) CEW and non-cathode ray tube (non-CRT) CEW. The proposed regulations establish the regulatory structure necessary to accommodate a differential payment rate for non-CRT CEW. This allows recyclers to receive an increased payment for processing/recycling non-CRT CEW given that the net cost of processing/recycling is higher for non-CRT CEW than CRT CEW.

The related emergency regulations that impacted approved recyclers were approved and became effective in May of 2018. These emergency regulations were readopted in May of 2020 and expire in May of 2022. The requirements of the proposed regulations that are now being finalized are no more burdensome than the emergency regulations already in effect. Essentially, the requirements of the proposed regulations benefit the impacted businesses.

###### 3. Enter the total number of businesses impacted:

There are currently twenty approved recyclers in the CEW Recycling Program. Approved recyclers must apply to participate by submitting certain documents that demonstrate eligibility. Subsequently, approved recyclers conduct and document CEW recycling activities. Approved recyclers submit payment claims to CalRecycle. The twenty voluntary participants mentioned above will not be economically impacted by splitting the single CEW recycling payment rate into separate payment rates for CRT CEW and non-CRT CEW.

###### Describe the types of businesses (Include nonprofits):

Businesses are approved recyclers in the CEW Recycling Program. The CEW Recycling Program, including the associated payment system, is a voluntary program intended to relieve the costs of managing certain electronic wastes and businesses are not required to participate. However, participants must comply with applicable laws and regulations, including State hazardous waste rules that govern the handling of CEW. These businesses will not be economically impacted by splitting the single CEW recycling payment rate into separate payment rates for CRT CEW and non-CRT CEW.

**Enter the number or percentage of total businesses impacted that are small businesses:**

The majority of businesses that must comply with the applicable laws and regulations are small businesses. Only approved recyclers would need to comply with these rules, and approximately 90 percent of these are small businesses. These businesses will not be economically impacted by splitting the single CEW recycling payment rate into separate payment rates for CRT CEW and non-CRT CEW.

**4. Creation or Elimination of Businesses within the State of California:**

The requirements and options in the regulations will not create or eliminate businesses within the State of California. The proposed regulations split the original payment rate for CEW into separate rates for CRT and non-CRT CEW. However, the rules do not create new and separate material management standards.

The related emergency regulations that impacted approved recyclers were approved and became effective in May 2018. They were readopted in May 2020 and expire in May 2022. The change in regulatory structure enabled CalRecycle to pursue different payments and, as such, significantly increase the payment rate for non-CRT CEW. This has resulted in a net gain of recyclers that process and claim non-CRT CEW for payment from thirteen in 2018 to eighteen in 2020.

**6. Creation or Elimination of Jobs within the State of California:**

The requirements and options in the regulations will not eliminate jobs within the State of California. The proposed regulations split the single CEW recycling payment rate into separate payment rates for CRT CEW and non-CRT CEW pursuant to the Electronic Waste Recycling Act of 2003. However, the rules do not create new and separate material management standards. Splitting the single rate into multiple rates has allowed additional recyclers to begin profitably processing non-CRT CEW. This has resulted in a net gain of recyclers that process and claim non-CRT CEW for payment from thirteen in 2018 to eighteen in 2020. These recyclers were not new to the CEW Recycling Program, as they were already approved recyclers processing CRT material. Since the volume of CRT processed by recyclers is decreasing annually due to depletion of legacy material, CalRecycle has no way of knowing if the five new non-CRT recyclers hired additional employees or shifted the duties of existing employees that were processing CRT devices.

**B. ESTIMATED COSTS**

**1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime?**

There are no new or separate costs incurred to participate in or comply with the CEW Recycling Program. The CEW Recycling Program is a cost relief program established pursuant to the Electronic Waste Recycling Act of 2003. Its intent is to offset cost for the otherwise compliant management of certain electronic wastes. Existing regulations already require recordkeeping, reporting, and claim submission. The proposed regulations establish the regulatory structure necessary to accommodate a differential payment rate for non-CRT CEW.

**5. Are there comparable Federal regulations? Explain the need for State regulation given the existence or absence of Federal regulations:**

There are no comparable Federal regulations.

**C. ESTIMATED BENEFITS**

**1. Briefly summarize the benefits of the regulation, which may include among others, the health and welfare of California residents, worker safety and the State's environment:**

The management of non-CRT CEW poses numerous challenges to the recycling industry. Non-CRTs are more difficult to dismantle because they require longer processing time and they often have less intrinsic material value than CRTs. In addition, they contain residuals that are fully regulated hazardous waste entailing high disposal costs (e.g., plasma panels) or that require special handling (e.g., fluorescent lamps). As non-CRTs are lighter and CEW recycling payments are weight based, recyclers are paid less for these devices although they are more costly to manage. Creating separate rates for CRT and non-CRT devices has allowed more approved recyclers to process and claim non-CRT CEW for payment.

**2. Are the benefits the result of specific statutory requirements, or goals developed by the agency based on broad statutory authority?**

Specific statutory requirements.

The statute requires CalRecycle to establish a CEW recycling payment schedule for CEWs generated in this state to cover the average net cost for an electronic waste recycler to receive, process, and recycle each major category.

The proposed regulations benefit the health and welfare of the residents of California by enabling approved recyclers to get increased payments for processing/recycling non-CRT CEW. This will ensure that Californian residents can discard their non-CRT CEW for free, thus keeping hazardous material out of the landfills.

**D. ALTERNATIVES TO THE REGULATION**

**1. List alternatives considered and describe them below. If no alternatives were considered, explain why not:**

Alternatives to the proposed rules have been considered. CalRecycle conducted targeted outreach in 2017 to recyclers that process non-CRT CEW to learn more about non-CRT operations. After drafting emergency regulations, CalRecycle solicited comments on the draft proposed regulatory text at a 2018 workshop. Stakeholders supported the proposed action and were looking forward to the actual determination of the payment rates.

CalRecycle primarily uses net cost data to set the Standard Statewide Combined Recovery and Recycling Payment Rates. Net Cost Reports, required pursuant to Title 14 of California Code of Regulations, section 18660.10, are intended to describe the costs and revenues associated with the handling of CEW within the scope of the CEW Recycling Program. Thirteen CRT recyclers and seven non-CRT recyclers provided

CalRecycle split cost reports in 2017 on a voluntary basis. Since the 2018 net cost reporting cycle, separate CRT and non-CRT cost calculations were required.

In terms of reported numbers, we have continued to see a significant difference in the cost per pound to process CRT and non-CRT CEW. Based on the weighted average of all recyclers in our program, the net cost to recycle CRT in 2019 was 27.7 cents per pound, while the net cost to recycle non-CRT in 2019 was 40.6 cents per pound.

CalRecycle considered three alternatives to the proposed rules: adding multiple rates for non-CRT CEW; having a per unit rate structure rather than a per pound rate structure; or continuing with no changes (keep the single payment rate).

A per unit weight structure may work in the future as materials become lighter, but recyclers are still processing heavy legacy material. CalRecycle does not believe that it currently makes sense to pay the same recycling rate on a small non-CRT device such as a tablet and large, heavy devices such as plasma or CRT televisions. The latter devices can weigh over 100 pounds, take up more storage space and can require multiple employees or specialized equipment to unload them from trucks and to move them to storage areas and dismantling tables. They also produce greater volumes of hazardous residuals which adds additional disposal costs.

Having multiple rates for non-CRT devices would have added the burden of requiring recyclers to calculate the costs and revenues of additional non-CRT waste streams in the annual Net Cost Reports. This approach may have been effective, but it is not cost-effective and too burdensome on the recyclers. It should be noted that no stakeholder has supported this option at any of CalRecycle's previous workshops or public hearings.

Continuing with no changes would have negatively affected recyclers participating in the CEW Recycling Program. As stated in the Problem Statement, non-CRTs are more difficult to dismantle and require longer processing times than CRT devices. Non-CRTs also have less intrinsic material value than CRTs due to miniaturization (for e.g., the circuit boards are smaller and hence contain fewer precious metals). In addition, they contain residuals that are fully regulated hazardous waste that entail high disposal costs (e.g., plasma panels) or that require special handling (e.g., fluorescent lamps). As non-CRTs are lighter and CEW recycling payments are weight-based, recyclers are paid less for these devices even though they are more costly to manage. Hence, the single recycling payment rate that CalRecycle established at the inception of the CEW Recycling Program proved to be insufficient for non-CRTs.

CalRecycle determined that: 1) no alternative would be more effective in carrying out the purpose for which the action is proposed; 2) no alternative would be as effective and less burdensome to affected private persons, while at the same time protecting human health, safety, and the environment, and the integrity of public funds; and 3) no alternative would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

**4. Rulemaking law requires agencies to consider performance standards as an alternative, if a regulation mandates the use of specific technologies or equipment or prescribes specific actions or procedures. Were performance standards considered to lower compliance costs?**

The regulations do not mandate the use of specific technologies or equipment. The regulations do not prescribe any new specific actions.