

**Covered Electronic Waste Recycling Program**  
**Background and Summary of Program Costs and Revenue Need Considerations**

The Electronic Waste Recycling Act of 2003 (Act), as amended, established the Covered Electronic Waste (CEW) Recycling Program to finance the end-of-life management of covered electronic devices (CEDs). The CEW Recycling Program is financed through a CEW recycling fee paid by consumers at the point of retail sale of a new CED. Fees collected are used to fulfill the statutory responsibilities established by the Act, including the disbursement of recovery and recycling payments to approved collectors and approved recyclers of CEW.

CalRecycle has the responsibility to evaluate the CEW Recycling Program's revenue needs and adjust the fee levels as warranted to maintain fund solvency and ensure continued operation of the program. Pursuant to Public Resource Code (PRC) Section 42464(g), no more frequently than annually, and no less frequently than biennially, CalRecycle shall review at a public hearing the CEW recycling fee for video display devices and shall make any adjustments to the fee to ensure that there are sufficient revenues in the account to fund the CEW Recycling Program established pursuant to the Act.

CalRecycle must make necessary determinations regarding the CEW recycling fee by the statutory date of August 1. Any changes would become effective the following January.

The current fee assignments are as follows:

- **Four dollars (\$4)** for each CED with a screen size greater than 4 inches but less than 15 inches measured diagonally.
- **Five dollars (\$5)** for each CED with a screen size greater than or equal to 15 inches but less than 35 inches measured diagonally.
- **Six dollars (\$6)** for each CED with a screen size greater than or equal to 35 inches measured diagonally.

CEDs are defined by statute as video display devices with a screen size greater than four inches, measured diagonally, that are identified by the Department of Toxic Substances Control (DTSC) to exhibit hazardous characteristics when disposed. DTSC must incorporate covered devices in regulations (Title 22, Division 4.5, Chapter 11, Article 5, Appendix X, subsection (c)) as well as make ongoing determinations as new facets and forms of technology are assessed against existing regulations.

Currently, CEDs include the following categories:

- Cathode Ray Tube (CRT)-containing devices (including bare CRTs, CRT-containing televisions and computer monitors);
- Liquid Crystal Display (LCD)-containing televisions (excluding LCD projection televisions) and desktop monitors;
- Organic Light Emitting Diode (OLED)-containing televisions and desktop monitors;
- Laptop computers with LCD or OLED-containing screens;
- Tablet computers with LCD and OLED-containing screens;

- Smart Displays with LCD-containing screens;
- Plasma televisions (excluding plasma projection televisions); and
- Portable DVD players with LCD screens.

Monies paid by consumers are remitted by retailers to the California Department of Tax and Fee Administration (CDTFA) and deposited in the Covered Electronic Waste Recycling Fee Subaccount (Subaccount) of the Electronic Waste Recovery and Recycling Account (EWRRA). The EWRRA was established by the Act within the Integrated Waste Management Fund, while the Subaccount was created in 2022 following the passage of Senate Bill 1215 and the addition of battery-embedded products to the CEW Recycling Program. While the Subaccount is used to pay for the specific program operations of CalRecycle, DTSC, CDTFA, and some State Controller's Office (SCO) payment services, related to discarded video display devices, the vast majority of expenditure demand comes from CEW recycling payment claims submitted by approved recyclers.

In assessing the adequacy of the fee, CalRecycle must consider:

- How much expenditure demand can be expected in the near future?
- How much revenue is necessary to ensure continued program solvency?
- What are CED sales projections?
- How should any changes in the fee be structured to best achieve adequate and stable revenue levels?

### Revenue and Expenditures

California's CEW Recycling Program is financed through a fee that is assessed on the retail sale of CEDs. The fee levels were initially set in the Act at \$6, \$8, and \$10, depending on the screen size of the device. Since then, CalRecycle has adjusted the fee levels both up and down, depending on the health of the EWRRA and the cost and revenue projections made by program staff. See Table 1 below for the current and previous fee levels.

*Table 1: Fee Levels*

Categories	2005 to 2008	2009 to 2010	2011 to 2012	2013 to 2016	2017 to 2019	2020 Forward
More than four inches but less than 15 inches	\$6	\$8	\$6	\$3	\$5	\$4
At least 15 inches but less than 35 inches	\$8	\$16	\$8	\$4	\$6	\$5
35 inches or more	\$10	\$25	\$10	\$5	\$7	\$6

From January 2005 through December 2022, CalRecycle has received approximately 4,725 claims for payment totaling approximately \$1.2 billion. This represents the recovery and recycling of over 2.6 billion pounds of CEW. CalRecycle projects that the total volume of CEW claimed for payment will begin to rise from approximately 63 million pounds claimed in 2022 to approximately 70 million pounds in the next several years. CalRecycle based the projected growth in CEW claimed volume on the average annual increase in claimed non-CRT CEW in recent years, and the average decline in CRT CEW claims in the same time span.

The continued decline in CRT CEW recovered, recycled, and claimed for payment brings new challenges for the CEW Recycling Program. Non-CRT CEW became the predominant portion of the total CEW claimed for payment in 2021. As detailed in Attachment 2, non-CRT CEW are more costly to manage and require a separate increased payment rate. In addition, the depletion of CRT CEW drives the management costs up, including the recovery costs to collect the material. These trends will continue to impact the recovery and recycling payment rates in the next years.

**Historical and projected program revenues are as follows:**

*Table 2: Historical Program Revenues*

Year	Revenues
FY 2004/05:	~\$ 31,000,000
FY 2005/06:	~\$ 78,000,000
FY 2006/07:	~\$ 80,000,000
FY 2007/08:	~\$ 77,000,000
FY 2008/09:	~\$ 108,000,000
FY 2009/10:	~\$ 175,808,000
FY 2010/11:	~\$ 156,278,000
FY 2011/12:	~\$ 110,242,000
FY 2012/13:	~\$ 86,884,000
FY 2013/14:	~\$ 54,148,000
FY 2014/15:	~\$ 59,367,000
FY 2015/16:	~\$ 62,292,000
FY 2016/17:	~\$ 71,833,000
FY 2017/18:	~\$ 83,069,000
FY 2018/19:	~\$ 87,012,000
FY 2019/20:	~\$ 92,746,000
FY 2020/21:	~\$ 103,902,000
FY 2021/22:	~\$ 86,117,000
FY 2022/23:	~\$ 83,645,000

*Table 3: Projected Program Revenues*

Year	Projected Revenues Current Fees
FY 2023/24:	~\$ 84,247,000

FY 2024/25:	~\$ 84,742,000
FY 2025/26	~\$ 85,237,000

#### Fee Levels: Maintaining Solvency

As CalRecycle administers the financial aspects of the CEW Recycling Program, it is obligated to maintain a fund balance that allows it to make recovery and recycling payments, as well as to provide funding for its own program specific operations and certain operations of both DTSC and CDTFA. CalRecycle has the authority and responsibility to revisit and revise CEW recycling fee levels annually, as warranted, to maintain adequate funds in the Subaccount. If CalRecycle maintains the existing fee levels, the next opportunity to make adjustments will be on or before August 1, 2024.

CalRecycle's specific authority is contained in PRC Section 42464(g):

*"On or before August 1, 2005, and, thereafter, no more frequently than annually, and no less frequently than biennially, CalRecycle, in collaboration with DTSC, shall review, at a public hearing, the covered electronic waste recycling fee outlined in subdivision (a) and shall make any adjustments to the fee to ensure that there are sufficient revenues in the Covered Electronic Waste Recycling Fee Subaccount to fund the covered electronic waste recycling program, as related to covered electronic devices, as defined in subparagraph (A) of paragraph (1) of subdivision (g) of Section 42463 and the resulting covered e-waste, established pursuant to this chapter. Adjustments to the fee that are made on or before August 1, shall apply to the calendar year beginning the following January 1. CalRecycle shall base an adjustment of the covered electronic waste recycling fees on both of the following factors:*

*(1) The sufficiency, and any surplus, of revenues in the Covered Electronic Waste Recycling Fee Subaccount to fund the collection, consolidation, and recycling of covered electronic waste resulting from covered electronic devices, as defined in subparagraph (A) of paragraph (1) of subdivision (g) of Section 42463, and the resulting covered e-waste, that is projected to be recycled in the state.*

*(2) The sufficiency of revenues in the Covered Electronic Waste Recycling Fee Subaccount for CalRecycle and DTSC to administer, enforce, and promote the program established pursuant to this chapter, as related to covered electronic devices, as defined in subparagraph (A) of paragraph (1) of subdivision (g) of Section 42463 and the resulting covered e-waste, plus a prudent reserve not to exceed 5 percent of the amount in the Covered Electronic Waste Recycling Fee Subaccount."*

#### Additional Factors in Reserve and Fee Considerations

Per the Budget Act of 2019, \$2 million was loaned from the EWRRA fund balance to the Pharmaceutical and Sharps Waste Fund. Per the Budget Act of 2020, an additional \$3.8 million was loaned from the EWRRA fund balance to the Pharmaceutical and Sharps Waste Fund.

### The Mechanics of Adjusting Fee Levels

CalRecycle has the authority to adjust, pursuant to timeframes and considerations contained in statute, the CEW recycling fee assessed on consumers. Adjustments to the fee would be considered regulations under the Administrative Procedures Act (APA). CalRecycle has the authority to make such adjustments pursuant to an emergency rulemaking. PRC Section 42475.2 grants CalRecycle the authority to promulgate all regulations under the Act as emergency regulations that remain in effect for two years. This timeframe will allow any fee changes to remain in effect until the next time CalRecycle is authorized to revisit and revise the fee levels.