

Background on Covered Electronic Waste Payment Rate Considerations

The Electronic Waste Recycling Act of 2003 (SB 20, Sher), as amended (the Act) established a comprehensive program to finance the end-of-life management of certain electronic devices. The program is financed through a covered electronic waste (CEW) recycling fee paid by consumers at the point of retail sale of new covered electronic devices (CEDs). These revenues are used to administer the programs established by the Act, including the disbursement of recovery and recycling payments, through CalRecycle's CEW Recycling Program, to approved collectors and recyclers of CEWs.

CalRecycle has the responsibility and authority to evaluate the standard statewide CEW recovery and recycling payment rates and to adjust them as warranted to reflect the average net cost of providing CEW recovery and recycling services intended and prescribed by the Act. Initially, this was a biennial process, but Senate Bill 1215 (SB 1215, Newman) granted CalRecycle the authority to adjust the payment rates annually, beginning in 2023. CalRecycle must establish the payment rates by the statutory deadline of July 1st. The payment rates have been adjusted both up and down since the program's operational inception. Refer to tables one and two for details.

CEWs are discarded CEDs. This document concerns the CEDs that are defined by statute as video display devices with a screen size greater than four inches, measured diagonally, that are determined by the Department of Toxic Substances Control (DTSC) to be hazardous 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:

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

The Act charges CalRecycle with principal responsibility for administering the financial aspects of the CEW Recycling Program. This includes establishing a rate of payment for the proper recovery and recycling of CEWs generated by persons in California.

The recovery payment rate is currently set in regulations at \$0.35 cents per pound, and the combined recovery and recycling payment rates are currently set at \$0.98 cents per pound for CRT CEW and \$1.10 cents per pound for non-CRT CEW. Effectively, this sets the recycling payment rate for CRT CEW at \$0.63 cents per pound and non-CRT CEW at \$0.75 cents per pound. CalRecycle makes the combined payment to approved recyclers in response to complete and compliant payment claims that document the origin and “cancellation” (processing) of eligible CEWs. Approved recyclers are required to make the recovery payment within certain timeframes to approved collectors for all eligible and properly documented CEWs transferred from the collector to the recycler.

Statutory Authority to Adjust Payment Rates

The recovery and recycling payment rates were established at the outset of the CEW Recycling Program through a combination of statute and emergency regulations. Initial rates were set through market research, stakeholder input, and consideration of the California Integrated Waste Management Board (CIWMB, the predecessor of CalRecycle). Updates to the single recycling rate are listed in the chart below.

Table 1: Recovery Rate and Single Recycling Rate 2005-2018

Rate	1/2005 – 6/2008	7/2008 – 6/2014	7/2014 – 6/2016	7/2016 – 6/2018
Recovery Rate	\$0.20	\$0.16	\$0.18	\$0.19
Combined Rate	\$0.48	\$0.39	\$0.44	\$0.49

In 2018, the combined recovery and recycling rate was split into two separate rates: one rate for CRT CEW and one for non-CRT CEW. Updates to the separate recycling rates are listed in the chart below.

Table 2: Recovery Rate and Split Recycling Rate 2018-Present

Rate	7/2018 – 6/2020	7/2020 – 6/2022	7/2022 – 7/2023	7/2023 to Present
Recovery Rate	\$0.19	\$0.26	\$0.33	\$0.35
Combined Rate CRT	\$0.49	\$0.66	\$0.85	\$0.98
Combined Rate Non-CRT	\$0.60	\$0.87	\$1.03	\$1.10

The following sections of the Public Resources Code (PRC) guide CalRecycle’s actions:

Section 42477(a): “On July 1, 2004, or as specified otherwise in Section 25214.10.1 of the Health and Safety Code, and on July 1 of each year thereafter, CalRecycle in collaboration with DTSC shall establish an electronic waste recovery payment schedule for covered electronic wastes generated in this state to cover the average net cost for

an authorized collector to operate a free and convenient system for collecting, consolidating and transporting covered electronic wastes generated in this state.”

Section 42478(a)(1): *“Except as provided in paragraph (2), on July 1, 2004, or as specified otherwise in Section 25214.10.1 of the Health and Safety Code, and on July 1 of each year thereafter, CalRecycle, in collaboration with DTSC, shall establish a covered electronic waste recycling payment schedule for covered electronic wastes generated in this state from discarded covered electronic devices, as defined in subparagraph (A) of paragraph (1) of subdivision (g) of Section 42463, to cover the average net cost for an electronic waste recycler to receive, process, and recycle each major category, as determined by CalRecycle, of covered electronic waste, resulting from discarded covered electronic devices, as defined in subparagraph (A) of paragraph (1) of subdivision (g) of Section 42463, received from an authorized collector. CalRecycle shall make the electronic waste recycling payments to a covered electronic waste recycler pursuant to this article.”*

Collaboration with DTSC

CalRecycle is required to make any adjustments to the recovery and/or recycling payment rates in collaboration with DTSC. This collaboration has been accomplished through ongoing coordination and joint implementation of the Act’s provisions. Specifically, CalRecycle program staff communicates regularly with DTSC regulatory and compliance staff to discuss program progress and challenges, to ensure participant compliance, and to align programmatic efforts.

PRC Section 42474.5 empowers DTSC to enforce the Act and its implementation using DTSC’s hazardous waste management authority. Furthermore, PRC Section 42476(f)(2) states that CalRecycle may pay an electronic waste recycling and/or recovery payment only if *“The covered electronic waste, including any residuals from the processing of the waste, is handled in compliance with all applicable statutes and regulations,”* many of which fall under the jurisdiction of DTSC.

In October 2012, DTSC enacted emergency regulations for residual bare CRTs/CRT glass disposition that established pathways for proper disposal. These regulations were readopted in September 2014 and again in September 2016 before being finalized in October 2018. This action was in response to changing conditions in the residual CRT glass markets. Residual bare CRTs management continues to be a significant cost concern for CEW approved recyclers. The economic impact of this rule change has been significant. As traditional CRT glass recycling markets faded, regulated disposal has become the predominant option available for approved recyclers. Currently, the majority of residual bare CRTs generated in California are disposed of in Resource Conservation and Recovery Act permitted landfills.

Net Cost Reports Inform Payment Rate Considerations

To inform the evaluation of payment rates, regulations governing the CEW Recycling Program allow CalRecycle to require that approved collectors and approved recyclers submit annual Net Cost Reports documenting revenues and costs incurred during the management of CEW within the previous calendar year. The latest cycle of reports was due to CalRecycle on or before March 1, 2024.

As stated previously, CalRecycle is guided by PRC 42477-78 when using the “average net cost” of recovery and recycling to determine payment rates. Regulatory language relating to the Net Cost Report can be found in Title 14 of the California Code of Regulations Section 18660.10. Given that the nature of participating organizations varies considerably based on size, location, business model, target customer base, scope of materials handled, available markets, and other factors, there is a substantial range of costs and revenues reported. Reconciling “average net costs” and the apparent intent of the Act is challenging. Payment rates based on the average weighted net cost do not, by definition, cover the full cost to collect and process material for all approved collectors and recyclers. In the end, statute does not direct CalRecycle to set payment rates at a level sufficient to cover every organization’s net operational costs.