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Submitted via electronic mail to Ms. Moore [Cynthia.Moore@dnr.state.wi.us]

February 8, 2006

Re: Comments of Hewlett-Packard Company on the Midwest Initiative "Model Electronic Waste Recycling Legislation for the Great Lakes States" -- Discussion Draft (January 27, 2006)

Dear Ms. Moore:

Hewlett-Packard Company ("HP") appreciates the opportunity to provide comments on the January 27, 2006 Midwest Initiative Workgroup Discussion Draft "Model Electronic Waste Recycling Legislation for the Great Lakes States." HP was pleased to provide the Workgroup HP's November 17, 2005 detailed comments on the Workgroup November 2005 Discussion Draft Model Electronic Waste Legislation and to discuss HP's electronic waste recycling program recommendations at the Workgroup's November 18, 2005 meeting.

HP's fundamental recommendation to the Workgroup was that it develop a manufacturer responsibility product take-back program modeled on HP's Product Stewardship Solution. HP submitted to the Workgroup its White Paper in order to provide the Workgroup a comprehensive description of the Product Stewardship Solution and a model bill to implement it.

The Workgroup November 2005 Discussion Draft contained two options for an electronic waste recycling program. HP supported the overall approach of allowing manufacturers to choose to meet their recycling responsibilities under the proposed legislation either by establishing a take back program or by submitting a payment to the Corporation to be established by the legislation. This overall approach is consistent with HP's Product Stewardship Solution. HP underscored the fundamental importance of the manufacturer take-back program option to the development of a sound and reasonable electronic waste recycling program.

Much to our surprise - and disappointment - the Workgroup eliminated the manufacturer take-back option from the proposed legislation. Instead, the Workgroup proposes to implement its electronic waste recycling program through a manufacturer wholesale \$10 per video display unit flat tax and management by a non-profit corporation. Rather than take the opportunity to improve the manufacturer take-back option based on the detailed, constructive recommendations we provided, the Workgroup stepped backwards and eliminated the option.

In contrast, HP is encouraged by the cooperative multi-stakeholder process in Washington State. The stakeholder group developed a draft legislative proposal that is based on a manufacturer (or producer) responsibility model. The stakeholder proposal has become two identical Washington State bills: HB 2662 and SB 6428. These bills have been voted out of their respective substantive

legislative committees. These bills place responsibility on the manufacturer for the collection and recycling of discarded electronic devices. Thus, the Washington State bills do not rely on a manufacturer's wholesale tax and are dramatically different in approach from the current Workgroup legislative proposal.

HP encourages the Workgroup to review the Washington State bills. We think this is particularly important in light of our experience that there is a general lack of interest by state legislatures in tax approaches to address electronic waste recycling.

HP's major concerns with the Workgroup's proposed legislation are two:

- No manufacturer take-back option is available; and
- The electronic waste recycling program is managed by a non-profit corporation funded by a wholesale manufacturer \$10 per video display unit flat tax.

In its November 17th comments, HP made five major recommendations for the Workgroup's electronic waste recycling legislation and provided a detailed explanation in support of each recommendation. Those recommendations remain central to the development of a sound and reasonable electronic waste recycling program. They are:

- The manufacturer recycling obligation should be based on return share, not market share.
- The manufacturer take back alternative should be an integral part of any legislation proposed by the Midwest Initiative Workgroup. The Option A manufacturer take back system should be modified to improve implementation and create an effective manufacturer responsibility option.
- The Corporation should be eliminated due primarily to accountability and legal problems; at a minimum, it should be made voluntary.
- The wholesale manufacturer tax faces Constitutional problems and should be restructured as a manufacturer recycling payment, based on return share, for those manufacturers who do not establish a take back program.
- The scope of products should be limited to CRT devices or, at most, video display devices from households.

Attached to this letter is a copy of HP's November 17th comments to the Workgroup. These comments, including HP's detailed analyses of the November 2005 Discussion Draft's provisions that are presented in the Attachment to HP's November 17th letter and HP's recommended changes, are applicable to the January 27, 2006 Discussion Draft. This is because substantially all of the draft legislative language addressed in HP's comments is essentially identical in the two drafts except for the elimination from the January 27th Draft of the manufacturer take back program option.

Although HP is seriously concerned with the Workgroup's January 27th proposed electronic waste recycling legislation, HP remains willing and interested in helping the Workgroup develop a sound and effective electronic waste recycling program for the Great Lakes States region. This offer is underscored by the time and effort HP has devoted to providing comments on the Workgroup's legislative proposal. HP's 16 years of practical experience in the operation of electronic device recycling facilities in the United States should be a valuable asset for the Workgroup.

HP looks forward to working collaboratively with the Workgroup to develop a sound electronic waste recycling program for the Great Lakes States region.

Sincerely,

A handwritten signature in blue ink that reads "Renee St. Denis". The signature is written in a cursive, flowing style.

Renee St. Denis
Director, Americas Product Take Back
Hewlett-Packard Company

Attachment

Enclosure