

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 5, 2003**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Environmental Regulation

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB2967** by Naishtat (Relating to the establishment of a program for the disposition of electronic equipment in a manner that protects the water and other natural resources of the state; providing a criminal penalty.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2967, As Introduced: a negative impact of (\$10,544,212) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$5,272,106)
2005	(\$5,272,106)
2006	(\$5,272,106)
2007	(\$5,272,106)
2008	(\$5,272,106)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable (Cost) from <i>General Revenue Dedicated Funds</i>	Probable (Cost) from <i>Other Funds</i>	Probable (Cost) from <i>FEDERAL FUNDS 555</i>
2004	(\$5,272,106)	(\$477,609)	(\$3,353,877)	(\$1,209,943)
2005	(\$5,272,106)	(\$477,609)	(\$3,353,877)	(\$1,209,943)
2006	(\$5,272,106)	(\$477,609)	(\$3,353,877)	(\$1,209,943)
2007	(\$5,272,106)	(\$477,609)	(\$3,353,877)	(\$1,209,943)
2008	(\$5,272,106)	(\$477,609)	(\$3,353,877)	(\$1,209,943)

**Fiscal Analysis**

The bill would require producers of electronic equipment to have plans approved by the Texas Commission on Environmental Quality (TCEQ) for financing the collection, treatment, recovery, reuse, recycling, and disposition of electronic equipment. "Electronic equipment" would include equipment that depends on electric current or an electromagnetic field to work properly and that contains one or more printed circuit boards. The term would include: (a) computer equipment, including a central processing unit or a peripheral device, including a display monitor, keyboard, or printer; (b) video equipment, including a television; (c) telecommunications equipment, including a wire line or cellular telephone, facsimile machine, or answering machine; (d) a small electronic device or appliance; (e) audio equipment; (f) a toy, game, or educational device; or (g) a major household

appliance.

The bill would: prohibit producers of electronic equipment from selling or reselling such equipment in the state unless the TCEQ approves a plan submitted by the producer that provides for the financing of all aspects of the equipment's recycling and the producer implements that plan; require that each producer label all of their electronic equipment to provide information to consumers on this bill's banning the equipment's disposal and available alternatives; require producers to conduct a TCEQ-approved poll that demonstrates that 85% of the public is aware of the producer's plan; require producers to provide information to recyclers on the proper and safe dismantling of their electronic equipment; require producers to collect an amount of electronic waste per person per year created before the effective date of this bill; prohibit the export of electronic equipment waste to certain countries; require an electronic recycling facility to provide the TCEQ with proof of compliance with all applicable state and federal health and safety laws, rules, and regulations; require state agencies certain purchasing practices regarding electronic equipment; require producers to submit, and the TCEQ to review an annual report regarding compliance with the bill's provisions.

The bill also would prohibit electronic equipment from being disposed in a landfill, incinerator or cement kiln. In addition, the bill would allow the TCEQ to assess a fee for the review of plans submitted by producers in amounts necessary to recover costs incurred by the TCEQ.

### **Methodology**

According to the Texas Building and Procurement Commission (TBPC), provisions of the bill could result in increased costs to the state of 5 percent to 7 percent in the cost of bid or purchase prices for electronic equipment. The TBPC reports that this projection is based on information from vendors and from other states. The TBPC also reports that producers of electronic equipment could potentially restrict their marketing operations to lease/rental agreements, rather than sell equipment and pass title to the products to the state, since producers otherwise could incur costs associated with tracking and recovering equipment at an indefinite time in the future.

This estimate assumes that the state's cost of acquiring (through purchase or lease) electronic equipment would increase by 5 percent over current cost levels. This estimate assumes annual state expenditures on electronic equipment of \$212,270,713, based on statewide expenditures for objects of expense relating to the acquisition of telecommunications equipment, computer equipment, and related parts as reported in the Uniform Statewide Accounting System (USAS) for fiscal year 2002. The annual increase in costs associated with the bill is therefore estimated at \$10,613,535. This estimate allocates costs to the various methods of finance based on overall 2002-03 expenditures, as reported to the Legislative Budget Board by state agencies in their 2004-05 Legislative appropriations requests.

Cost associated with implementing the bill could be higher than presented in this estimate, since the estimate does not include cost increases for electronic equipment purchased by state agencies that is not related to computers or telecommunications equipment.

It is estimated that costs to the TCEQ in changing agency rules, reviewing plans submitted by producers, and monitoring and enforcing provisions of the bill would not result in a significant increase in agency workload. This estimate assumes that any additional costs to the TCEQ could be absorbed using current resources.

## **Technology**

The cost of acquiring technology-related equipment would be expected to increase by 5 percent.

## **Local Government Impact**

Local governments would be expected to incur cost increases for the acquisition of electronic equipment of 5 percent over current levels. The cost to each unit of local government would depend on that entity's level of expenditures on such equipment.

**Source Agencies:** 303 Building and Procurement Commission, 313 Department of Information Resources,  
582 Commission on Environmental Quality

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