

**NEPSI FINANCING SUBGROUP
TELECONFERENCE #5 NOTES
March 22, 2002**

The Financing Subgroup met via teleconference on March 22th from 1:00 to 2:30 p.m EST. Raoul Clarke, the subgroup chair, led the meeting. The list of participants is attached. The following is an account of the discussions.

The teleconference notes from the January 7th and January 17th teleconferences, which had been distributed in previous e-mails were approved.

Agreed on the goal of the next seven subgroup calls:

- To create a strawman proposal of a financing system to present to the full stakeholder group at the June NEPSI meeting in Minnesota.

Approved the list of issues the subgroup will work on in the next 7 teleconferences:

- 1) What kind of fee system should be established? Who pays? When? Visible vs. invisible?
 - Address crossover issues including free riders, Internet sales, orphans/historic products, collective or individual participation in the system; consumer incentives for return; incentives for design changes.
- 2) Shared responsibility – What does each stakeholder group contribute to the system?
- 3) What does the fee cover – Collection, transportation, and recycling? Base level of service? What is the level of the fee?
- 4) The Pot of Money (TPOM) – Who manages it - industry, government, TPO? If not a TPO, then what? Should there be an option to manage recycling outside the system? If so, what criteria would have to be met?

Agreed to hold a working meeting in Chicago on May 30th from 8:00 a.m. to 4:00 p.m. Gordon will coordinate with Region 5 for meeting space. (NOTE: this date may change)

Approved the schedule for the next 7 conference calls/meeting as follows:

- April 5 – Decide on the type of financing system to bring forward.
- April 18 – Agree on shared responsibility roles for each stakeholder group (i.e., government, industry, consumers, retailers) given the financing system selected.
- May 2 – Continue shared responsibility discussion (if needed) and begin discussion of the base level of service (i.e. what the fee will cover).
- May 16 – Discuss the structure of the entity that will manage the funds generated by the fee. Incorporate information from the cost group on the costs of collection, transportation, and recycling.
- May 30 – Review, comment on, and revise a draft strawman proposal distributed prior to the meeting.
- June 13 – Finalize revised strawman proposal distributed prior to the call.

Financing System Options. Began listing the pros and cons of two financing options that, based on points of agreement in previous NEPSI meetings, have “risen to the top.” The two options are:

- 1) Advanced visible fee on a product at the consumer point of sale
- 2) Producer pays a fee on a product at the point of import or distribution with the option to recover all or part of the fee

A table of pros and cons associated with each option is being constructed. The group began, but did not complete the table. Subgroup members will send comments on the partial draft to Lynn Knight (lynn.knight@erg.com). A revised partial draft will be sent to subgroup members on March 29th. Further comments will be incorporated and a 2nd revision will be circulated before the next call on April 5th.

During the discussions, there was general agreement on the following issues:

- 1) There is a need for backdrop legislation that requires all manufacturers and retailers to participate in the system. Retailers should not be allowed to “opt out.” If manufacturers are allowed to “opt out” there has to be rigorous requirements regarding an alternative system that would be acceptable.
- 2) For legislation to succeed, the active support of all the large players is needed.

**LIST OF PARTICIPANTS
FINANCING SUBGROUP TELECONFERENCE
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Subgroup Member	Affiliation
Raoul Clarke	Florida DEP
Jack Price	Florida DEP
Maureen Hickman	Minnesota OEA
Patricia Franco	Philips
Jennifer Sheperd	Solectron
Jan Whitworth	Oregon DEQ
Eric Most	INFORM
Scot Klag	Portland Metro
Holly Evans	EIA
J. Ray Kirby	Polymer Alliance Zoone
John Burkitt	Compaq
Ted Campbell	South Carolina DOC
Scott Cassel	Product Stewardship Institute
David Isaacs	Hewlett Packard
David Thompson	Panasonic
Frank Marella	Sharp
David Stitzhal	WEPSI/NWPSC
Margaret Walls	RFF
Jackie Johnson	CompTIA
Buddy Graham	PAZ
Gordon Hui	EPA
Lynn Knight	ERG