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Summary of Current Draft Framework: National Advanced Recovery Fee Model

- A visible, advanced recovery fee (ARF) is applied to all NEPSI products sold in the US. The fee applies to all types of sales (e.g., retail, catalog, Internet, etc.).
- The seller of the product collects the ARF from consumers at the point of sale. Retailers and other sellers transfer the money into a trust fund. Sellers may keep a percentage of the fee to cover the administrative costs of handling the ARF. The ARF is **not** a negotiable part of the product price.
- Federal legislation is needed to require all NEPSI products sold in US to carry a visible fee. Legislation would cap the fee for 4 or 5 product categories; authorize establishment of a trust fund; and authorize establishment of a national multi-stakeholder TPO with a predominance of industry representation.
- The funds cover the “Base Service” costs of a national system as described in another NEPSI document. These costs include: recycling of old and new products; transportation from collection point to the processor; and a reasonable, limited “collection incentive payment” to encourage collection by a variety of entities, including retailers, municipalities, non-profits, etc. (See NEPSI Collection Incentive Payment document.)
- Individual manufacturers will have the flexibility to act independently in some circumstances (e.g., recycling their own products rather than having them recycled by others).
- The federal program preempts state and local electronics recycling programs.
- A TPO will develop and implement plans to meet system goals, and report on system performance. The TPO may secure contracts for transportation and processing, and will pay collection incentive payments to those who collect NEPSI products. The TPO may offer refunds to members who sell new products that cost less to recycle. The TPO may also contract with members who want to process their own products. Membership in the TPO is voluntary.
- State and local governments are responsible for assuring convenient collection services. State and local governments also have primary responsibility for public outreach and promotion of collection services.

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Summary of Current Draft Framework: National Advanced Recovery Fee/Partial Cost Internalization Hybrid Model

- Establish a visible, national advanced recovery fee (ARF) system for a limited time frame to fund establishment of collection and recycling infrastructure, and to retire significant quantities of historic equipment. After a prescribed time period, the same system costs will be shared according to a shared responsibility model, the precise details of which still need to be worked out. A general outline of each of the two phases follows.

ARF Phase (same as simple ARF model)

- Sellers collect a visible ARF from consumers at all points of sale. Sellers transfer the money to a trust fund.
- Legislation is needed to authorize establishment of a trust fund as well as a national voluntary multi-stakeholder TPO with a predominance of industry representation. Legislation will clearly define limited responsibilities and powers of the TPO.
- The fund covers collection incentive payments and transportation and recycling costs.

Consult the simple ARF model documents for more details regarding this phase.

Transition: After a set period of time, there will be an assessment of the demonstrated benefits of the ARF phase towards meeting specific criteria and goals (TBD). The assessment will determine whether it makes sense to transition to a PCI system at that time, or if it is in the best interest of all stakeholders to temporarily postpone the PCI phase.

Shared Responsibility Phase (Post-ARF Phase)

- Government and other “collectors” (e.g., retailers, haulers, others) will cover costs of collection and transportation to consolidation points. Collectors may charge drop-off fees to cover collection and consolidation costs if necessary. (The NEPSI stakeholders will jointly determine how consolidation points will be determined.)
- Manufacturers cover transportation costs from consolidation points as well as recycling processing costs.
- Retailers, other sellers, and producers (and TPO if it still exists) shall provide national education and promotion (i.e., with product literature and along with other national advertising campaigns).
- State and local governments are primarily responsible for education and outreach regarding local collection services.

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Summary of Current Draft Framework: Partial Cost Internalization Model

- Manufacturers will take financial and/or physical responsibility for transporting the collected products from consolidation points, sorting by brand (if needed), and processing their own brand products.
- Government will take responsibility for facilitating collection of materials by developing partnerships with retailers, haulers, processors, etc., and/or providing collection services.
- All parties collecting products (i.e., government, retailers, haulers, others) will take financial and/or physical responsibility for collecting and transporting materials to consolidation points. Collectors may charge drop-off fees to cover collection and consolidation costs if necessary.
- Federal legislation is needed to define the basic responsibilities of the parties involved; assure a level playing field by requiring all manufacturers, as a condition of selling products in the U.S., to accept financial and/or physical responsibility for end-of-life management services of an “equivalent portion of product”. Federal legislation may be needed to allow industry to work cooperatively if they so choose.