

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 614 (Delegate Morhaim, *et al.*)
Environmental Matters and Health and Government Operations

**Certification and Procurement - Environmentally Compliant Manufacturers of
Computers**

This bill requires the Board of Public Works to adopt regulations by January 1, 2006 requiring units of State government to establish a price preference, not to exceed 5% for the purchase of computers from manufacturers certified by the Maryland Department of the Environment (MDE) as environmentally compliant.

The bill is effective July 1, 2005.

Fiscal Summary

State Effect: Potentially significant increase in State procurement costs. Under one set of assumptions, costs could increase by up to \$200,000 annually to reflect a price preference for computers purchased through competitive sealed bids.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: Each State unit must review its procurement specifications by January 1, 2006 for computers currently used by the unit, and to the extent practicable, require the use of a percentage price preference for the purchase of computers from a certified environmentally compliant manufacturer. This requirement applies only to purchases made under competitive sealed bidding.

Manufacturers seeking certification from MDE must file an environmental compliance plan that contains the following:

- a description of the actions taken and planned by the manufacturer to design computers so that the computer is easier to recycle and contains less hazardous materials;
- a description of any recycling effort conducted or supported by the manufacturer, including recycling contracts with businesses located in the State; and
- any information required by MDE in regulation.

After review of the plan, if MDE determines that the manufacturer has demonstrated that it has a comprehensive and sufficient environmental compliance plan, MDE must certify the manufacturer as environmentally compliant. MDE must establish a list of certified environmentally compliant manufacturers.

The bill restricts the definition of computer to desktop, personal, or laptop computers, but not personal data assistants or peripheral devices (*e.g.*, mouse, keyboard, printer).

Current Law: Procurement laws currently contain price preferences for the purchase of recycled materials.

Background: As the life cycle for consumer technology decreases, disposal and potential recycling of electronics becomes more relevant. The U.S. Environmental Protection Agency (EPA) has initiated programs to:

- design and manufacture electronics that are easier to reuse and recycle, have lower impact on the environment through manufacture and use stages, and contain fewer hazardous constituents;
- increase purchasing of those electronic products which are more environmentally sustainable;
- return used electronics for reuse and recycling through convenient and low-cost centers; and
- promote environmentally safe reuse and recycling of used electronics.

Energy Star is a voluntary labeling program designed to identify and promote energy-efficient products in order to reduce greenhouse gas emissions. Computers and monitors were the first labeled products, then the label was expanded to additional office equipment products and residential heating and cooling equipment. The Energy Star label is now on major appliances, office equipment, lighting, home electronics, and more.

EPA has also extended the label to cover new homes and commercial and industrial buildings.

Chapter 154 of 2004 required MDE, in collaboration with various interest groups, to consider methods of funding and establishing a statewide electronic waste collection and recycling system. The Electronics Recycling Workgroup met during the 2004 interim and issued a report. The report found that the majority of current electronics recycling efforts remain voluntary. These efforts include the above mentioned Energy Star program and the National Electronics Products Product Stewardship Initiative, which aimed to create a national financing model for electronics recycling. The report also noted that since August 2004, three additional permanent electronics collection facilities have been identified, bringing the total in the State to seven. Certain Maryland counties have also committed to electronics recycling programs to work with existing newspaper, bottle and can, and other traditional recycling efforts.

State Fiscal Effect: MDE did not respond to a request for information, but it is assumed that review and certification of environmentally compliant manufacturers could be accomplished with existed resources.

The State purchases approximately \$20 million in computers annually, the majority purchased through competitive sealed proposals. The price preference in this bill applies only to purchases made via competitive sealed bids. It is not known what percentage of computer purchases fall into this category. However, *for illustrative purposes only*, if 80% of the \$20 million is purchased through competitive sealed proposals, procurement costs could increase at most, \$200,000 (5% of the remaining \$4 million purchased by competitive sealed bids) because of a price preference.

Additional Comments: HB 346 of 2005 proposes a 5% price preference for the purchase of environmentally preferable products. Additionally, HB 196 and SB 92 of 2005 propose that agencies must consider high-performance or green building design for prospective capital projects.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of General Services, Board of Public Works, Maryland Department of the Environment, Maryland Department of Transportation, Department of Budget and Management, U.S. Environmental Protection Agency, Department of Legislative Services

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