

## WMMFA Member Manufacturer Invoice – Quarter 1 - 2016

The enclosed invoice represents your share of expenses for the 1st quarter of 2016 for electronics recycling in Washington State per Chapter 70.95N RCW and passage of SB 5699

INVOICES ARE ISSUED QUARTERLY FOR THE FOLLOWING QUARTER'S EXPENSES

This is the first quarterly member manufacturer (currently all manufacturers that sell covered electronic products (CEP's) in Washington State) invoice for 2016. The next invoice you receive will be for Q2 2016. Each manufacturer's calculated share for 2016 is based on total market share of CEP product weights using the formula:

**Member quarterly cost (invoice) = (member (manufacturer) market share %) x Total budgeted plan quarterly expenses**

**Market Share** Due to passage of SB 5699 effective January 1, 2014 market share data by manufacturer is provided by the Washington State Department of Ecology. The law mandates the usage of market share as the only factor for the determination of member's share of cost. Ecology may determine the market share for CEP's based on manufacturer and retailer supplied data, as well as available market research data. For 2016 the Department of Ecology used many of the data sources as the WMMFA used in prior years.

### FAQ's:



If you are receiving this invoice your organization is a member manufacturer of the WMMFA. The WMMFA is the organization mandated by Washington State law to implement and operate unwanted electronics recycling in Washington State.

**Q: How were total expenses for the authority, a part of which I share, determined for this quarter?**

A: The manufacturer governed State (or "Standard") plan which the Authority operates budgets for the collection of approximately 43 million pounds of CEP's in 2016. This volume is budgeted to be 3% LESS than what was collected in 2015 due to decreased volumes realized in 2014 and 2015. Based on an analysis of our collector network, seasonal factors, and outreach efforts the Authority has budgeted for collection of 10.9 million pounds of covered devices for the 1st quarter of 2016. The Authority's actual cost for 2015 was approximately \$.266 per collected, transported and processed pound. Administrative expenses (salaries, labor, office, and misc.) were 3.1% of total expenses for 2015. There is no reserve component to the 1<sup>st</sup> quarter 2016 invoice as reserves from Q4 2015 will be carried forward in to 2016. It is the goal of the WMMFA to keep reserves at the absolute minimum required to maintain operations due to unforeseen circumstances.

**Q: Our invoices seem large in comparison to our sales for the year?**

A: We collect several years' worth of devices in a single fiscal year from which we have to pay for the processing – regardless of the volume returning or the date the product was sold. There is no connection between what is sold (market share) in a year and what is turned in for recycling in a year. The program began in 2009 and there are several years' worth of unwanted electronic devices sold over multiple prior years returning for recycling within a single current year. Unlike some State's plans Washington law requires we pay for fixed collection site expenses, transport from all corners of the state to approved processors and also pay processing costs of all materials collected. There is no pounds goal. A convenience standard replaces pounds goals.

**Q: Will each quarter's invoice be about the same amount?**

A: An individual manufacturer's invoiced amounts may change based on seasonal volume changes in materials returning for processing, or, if expenses increase or decrease dramatically. There is a great deal of volatility with the current options available for CRT glass recycling. This volatility has led to a projection of grater processing costs going forward.

**Q: Are all manufacturers paying their share?**

A: 99.9% of the total amounts due on all manufacturers' invoices issued in 2015 were collected. Manufacturers that pay late will be assessed finance charges and can be banned by Ecology from selling products in the State for nonpayment. Manufacturers may also be fined by the Dept. of Ecology for nonpayment. Enforcement action for non-payment is at the discretion of the Department of Ecology.

**Q: What if the plan receives more, or less, pounds than anticipated this quarter, or in future quarters?**

A: The invoices for next quarter will reflect any shortfall or surplus in funding as a result of actual vs. projected pounds received. The Authority is an instrumentality of the State created to carry out electronic recycling. All collected funds will go to cover expenses. Reserves are used to fund unanticipated volume and processing expenses only, and are kept at a minimal level.

**Q: My invoice for the 1<sup>st</sup> quarter of 2016 varies significantly from my 2015 quarterly invoice average. Why?**

A: In 2015 a manufacturer's share was based on 90% market share + 10% return share AND the WMMFA relied on data from ERCC (Electronics Recycling Coordination Clearinghouse). ERCC purchased data from market research firms IDC and NPD. Beginning 2016 the Washington State Department of Ecology is responsible for determining market shares. While Ecology uses some of the same data sources they may have different and/or additional sources and therefore resulting share figures may vary.

**Q: Are there penalties for a member's late or nonpayment?**

A: The Washington State Department of Ecology is responsible for any enforcement action under the law, which could include penalties assessed against members who fail to pay their computed share of the costs of the WMMFA Standard Plan operations. Initially, a 3% late charge is applied to past due invoices by the WMMFA. A 10% finance charge is applied after 90 days. Compliance and enforcement for violations of the Ecology approved Standard Plan are outlined in Chapter 173-900 Washington Administrative Code.

**Q: Why do I receive an annual invoice from Ecology in addition to a quarterly invoice from the Authority?**

A: Registration fees are established by Ecology in amounts to fully recover and not to exceed expenses incurred by them to implement 70.95N RCW. More information about the RCW and WAC can be obtained at <http://www.ecy.wa.gov/programs/swfa/eproductrecycle/>. The Authority is the manufacturer operated (via manufacturer representative Board governance) organization that implements, operates, and finances, through member payments - the approved State electronics recycling plan as submitted by the WMMFA. Invoices from the WMMFA (such as this one) cover the actual recycling costs.

**Q: May I appeal my assessment of charges? Per WAC 173-900-997 (subject to change soon – based on Ecology's role in share determination)**

A: Any manufacturer participating in the standard plan may appeal an assessment of charges or apportionment of cost as invoiced by the authority. The manufacturer must pay their charges or apportionment to the authority and submit a written petition to the director of the department of ecology within fourteen calendar days of receipt of notification of charges (invoice) or apportionment of charges. The written petition must include proof that:

- > The authority's assessments or apportionment of costs were an arbitrary administrative decision.
- > An abuse of administrative discretions is proven; or
- > It is not an equitable assessment of apportionment of costs.
- > Within thirty calendar days of receipt of the written petition, the director or the director's designee will review the appeal.
- > The director (of Ecology) will reverse any assessments of charges or apportionment of costs if the appeal is determined to be correct.

**Q: Who manages and oversees the Authority?**

A: The Authority is managed by an Executive Director. Governance is provided by an 11 member board of directors. Members are chosen by the Washington State Director of Ecology, comprised of representatives of participating manufacturers and one retailer (at this time). Two members of the board, one from Ecology and one from the Department of Community, Trade and Economic Development carry no voting rights and serve in an advisory capacity. The Department of Ecology provides oversight in compliance areas of the recycling plan and the rules of law.

Please visit our web site at <http://www.wmmfa.net/> or contact us directly for additional information.

If you have any additional questions please contact the WMMFA: E-mail: [jfriedrick@wmmfa.net](mailto:jfriedrick@wmmfa.net) or at phone: 1-855-674-5871