



# E-Cycle Wisconsin Guidance for Proof of Financial Responsibility for Electronics Recyclers

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## Purpose

This guidance provides direction for recyclers of eligible electronic devices<sup>1</sup> (EED) operating as part of the E-Cycle Wisconsin program (2009 Act 50) in fulfilling requirements for proof of financial responsibility, a necessary component of their annual registration application.

## Background

A person wishing to operate as an electronics recycler<sup>2</sup> under Wisconsin's electronics recycling law must register with the Department of Natural Resources (DNR). One requirement of recycler registration is to certify compliance with operational requirements listed under s. 287.17 (8) (c), Wis. Stats. One of the listed operational requirements is to maintain proof of financial responsibility, described under s. 287.17 (8) (c) 3., Wis. Stats., ensuring that sufficient funds are available to cover reasonably estimated costs of closure or cleanup of a recycling facility.

## Proof of Financial Responsibility

Recyclers are not required to submit proof of financial responsibility as part of their registration. However, under s. 287.17(9m), Wis. Stats., recyclers participating in the E-Cycle Wisconsin program must maintain records related to program operation for at least three years and make these available to DNR staff upon request.

Recyclers must also, under s. 287.17(8)(c)3, Wis. Stats., maintain an itemized statement of the reasonably estimated costs of closure and cleanup, along with documentation of the source of the estimates on a form to be specified by the DNR. The DNR has not yet developed forms for this purpose and instead is issuing this guidance to provide direction for recyclers in completing the financial responsibility cost estimate until a form is developed.

Section 287.17(8)(c)3, Wis. Stats., allows use of any of the documents listed below as proof of financial responsibility:

- a surety bond;
- a deposit of cash, certificates of deposit, or securities issued by the federal government;
- an escrow account;

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<sup>1</sup> Eligible electronic devices (EEDs) are covered electronic devices (CEDs), keyboards, mice, hard drives, and other computer peripherals, fax machines, DVD players and VCRs. CEDs are consumer computers, printers, televisions, laptops and computer monitors with displays that are at least 7" in the longest diagonal direction. EEDs do NOT include cell phones, digital cameras, iPods, etc.

<sup>2</sup> "Recycler" means as a person who accepts eligible electronic devices (EEDs) from households, K-12 public schools or collectors for the purpose of recycling: "Recycler" does not include a manufacturer who accepts products exclusively for refurbishing or repair (s. 287.17 (1)(L), Wis. Stats.). "Recycling" means preparing eligible electronic devices for use in manufacturing processes or for recovery of useable materials and delivering the materials for use (s. 287.17 (1)(m), Wis. Stats.).

- an irrevocable letter of credit; or
- an irrevocable trust.

See Appendix A for an example of an irrevocable letter of credit.

### **DNR as Beneficiary**

A recycler may, but is not required to, name the DNR as the beneficiary. If the recycler chooses to name the DNR as the beneficiary, the recycler must provide the DNR with an advance copy for DNR approval prior to registration. The document should be mailed to the address below, with a cover letter clearly noting the recycler name and address and that this is in reference to the E-Cycle Wisconsin program recycler registration.

Section Chief, Business Support and IT  
Bureau of Waste and Materials Management – WA/5  
P.O. Box 7921  
Madison, WI 53707

The beneficiary name and address should be written as:

State of Wisconsin Department of Natural Resources  
P.O. Box 7921  
Madison, WI 53707

### **General Guidelines for Developing a Cost Estimate**

The cost estimate should include the costs of properly managing any electronic devices and other inventory/equipment should the facility close. Some general guidelines:

- Estimates should be based on a third-party performing the work.
- Do not assume any salvageable costs.
- Estimate should assume maximum inventory ever on-site over the active life of the facility -- that is, the maximum weight of electronic devices that could be on-site.

### **Specific Cost-estimate Elements**

- Determine the cost to remove entire remaining inventory/loose scrap materials, including the following considerations:
  - Equipment needs, such as:
    - roll-off containers/other debris box containers;
    - end loaders/other heavy equipment;
    - semi-trucks/other trucks to haul away inventory; and
    - cleaning materials.
  - Labor for loading remaining inventory and loose scrap electronics.
  - Mobilization/Demobilization costs if heavy equipment needed.
  - Labor to sweep, clean and scrub all floors, walls and building.
  - Transportation costs.
  - Recycling costs for electronic devices and disposal fees for waste materials.
- Include cost to hire consultant to oversee closure/clean-up process.

- Include testing for soil or other contamination that may arise, including:
    - costs for sampling; and
    - costs for analysis.
  - Include ~ 10 percent contingency costs miscellaneous/unexpected costs.
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**Bureau of Waste and Materials Management**  
**Wisconsin Department of Natural Resources**  
**P.O. Box 7921, Madison, WI 53707-7921**  
[DNRWasteMaterials@wisconsin.gov](mailto:DNRWasteMaterials@wisconsin.gov)  
**(608)266-2111**

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The Wisconsin Department of Natural Resources provides equal opportunity in its employment, programs, services and functions under an Affirmative Action Plan. If you have any questions, please write to Equal Opportunity Office, Department of the Interior, Washington, D.C. 20240. This publication is available in alternative format (large print, Braille, audio tape, etc.) upon request. Please call (608) 266-2111 for more information.

# Appendix A: Sample Letter of Credit

## Bank's Letterhead

**IRREVOCABLE LETTER OF CREDIT NO.** \_\_\_\_\_

To: (Beneficiary Name and Address)

We hereby issue in your favor this irrevocable letter of credit for the account of our customer

\_\_\_\_\_  
(Customer Name and Address)

in the amount of \$ \_\_\_\_\_,

available upon presentation of:

1. A sight draft, bearing reference to this letter of credit no. \_\_\_\_\_, together with
2. A signed statement declaring that the amount of the draft is payable pursuant to regulations issued under the authority of s. 287.17(8)(c)3, Wisconsin Statutes, as amended.

This letter of credit is written to provide proof of financial responsibility pursuant to s. 287.17(8)(c)3, Wis. Stats.

This letter of credit is effective on \_\_\_\_\_, and shall expire on \_\_\_\_\_, except that this letter of credit shall automatically renew on the termination date for a term of one year and annually thereafter on each successive termination date, unless we elect to cancel this letter of credit. In the event we wish to cancel this letter of credit, we shall provide notice to the beneficiary and the owner in writing by certified mail not less than 90 days prior to the proposed cancellation date.

Whenever this letter of credit is drawn on under and in compliance with the terms of this credit, we will duly honor such draft upon presentation to us.

I hereby certify that I am authorized to execute this letter of credit on behalf of

\_\_\_\_\_  
(Name and Address of Issuing Institution)

\_\_\_\_\_  
Signature and Title of Official of Issuing Institution

\_\_\_\_\_  
Date Signed

This credit is subject to the Uniform Customs and Practice for Documentary Credits as most recently published by the International Chamber of Commerce and any subsequent revision thereto.