

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: H999 (3rd Edition)

SHORT TITLE: Toner/Inkjet Cartridges

SPONSOR(S): Representatives Hackney and Sauls

FISCAL IMPACT					
	Yes ()	No (X)	No Estimate Available ()		
	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>
REVENUES					
EXPENDITURES	See Assumptions and Methodology				
POSITIONS: (cumulative)					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	All State agencies and departments.				
EFFECTIVE DATE:	Applies to agreements or contracts entered into on or after October 1, 2003.				

BILL SUMMARY: This bill amends Article 1 of Chapter 75 of the General Statutes by adding a new section that makes void and unenforceable as a matter of public policy any provision in any agreement or contract that prohibits the reusing, remanufacturing, or refilling of a toner or inkjet cartridge. The bill provides that the new statute shall not prevent a maintenance warranty from requiring the use of new or specified cartridges in equipment under warranty.

ASSUMPTIONS AND METHODOLOGY: State agencies currently use remanufactured, reused, or refilled (remanufactured) toner and inkjet cartridges. These cartridges are less expensive than new cartridges. Therefore, the State realizes a cost savings for using the remanufactured cartridges rather than new ones. This bill would void or make unenforceable any agreement or contractual arrangement that would prohibit the use of remanufactured toner and inkjet cartridges. By making such contracts void or unenforceable, this bill would allow State agencies to continue to use remanufactured toner and inkjet cartridges and thereby continue to realize the savings from using those cartridges.

Lexmark, the number two printer maker in the United States, has pending legal action against a North Carolina based company, Static Control Components, Inc., that alleges that Static Control is illegally copying Lexmark's printer computer chip technology and using it

to remanufacture cartridges. If Lexmark is successful in its legal action, Static Control and other companies that remanufacture cartridges, could be negatively impacted in that they will not be able to remanufacture cartridges. If the availability of remanufactured cartridges is limited and the State has to purchase new cartridges, the State could lose the savings it currently realizes from the use of remanufactured cartridges. At this time, the Purchase and Contract Division within the Department of Administration could not estimate the amount of savings from the use of remanufactured cartridges.

SOURCES OF DATA: Department of Administration

TECHNICAL CONSIDERATIONS: None.

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DATE: July 15, 2003



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