



Oregon E-cycles:
**An analysis of existing and conceptual
registration fee models**

Stakeholder Committee

11/29/11

DRAFT



Overview

1. Current fee model – why it's not working
2. Conceptual Models
3. Key issues



Key issues for discussion

1. Are we considering the appropriate criteria to develop the fee models?
2. How closely should the fee match market share?
3. Are there other models we should consider?
4. Which models do you like or dislike? Why?



Current Fee Model

Market Share	Fee
> 1 %	\$15,000
0.1% ≤ 1%	\$5,000
0.01% < 0.1%	\$200
< 0.01%	\$40

Authority:

ORS 459A.315 Registration by manufacturer; fees.

ORS 459A.340 Duties of department.

“Determine a manufacturer’s annual registration fee for purposes of ORS 459A.315 (2) using national market data prorated for Oregon based on statewide population.”



Registration fee revenue by year

	2008	2009	2010	2011
Total manufacturers	172	176	162	169
Revenue received	\$388,000	\$339,000	\$339,000	\$287,000
Average 4 yr rec'd	\$338,338			

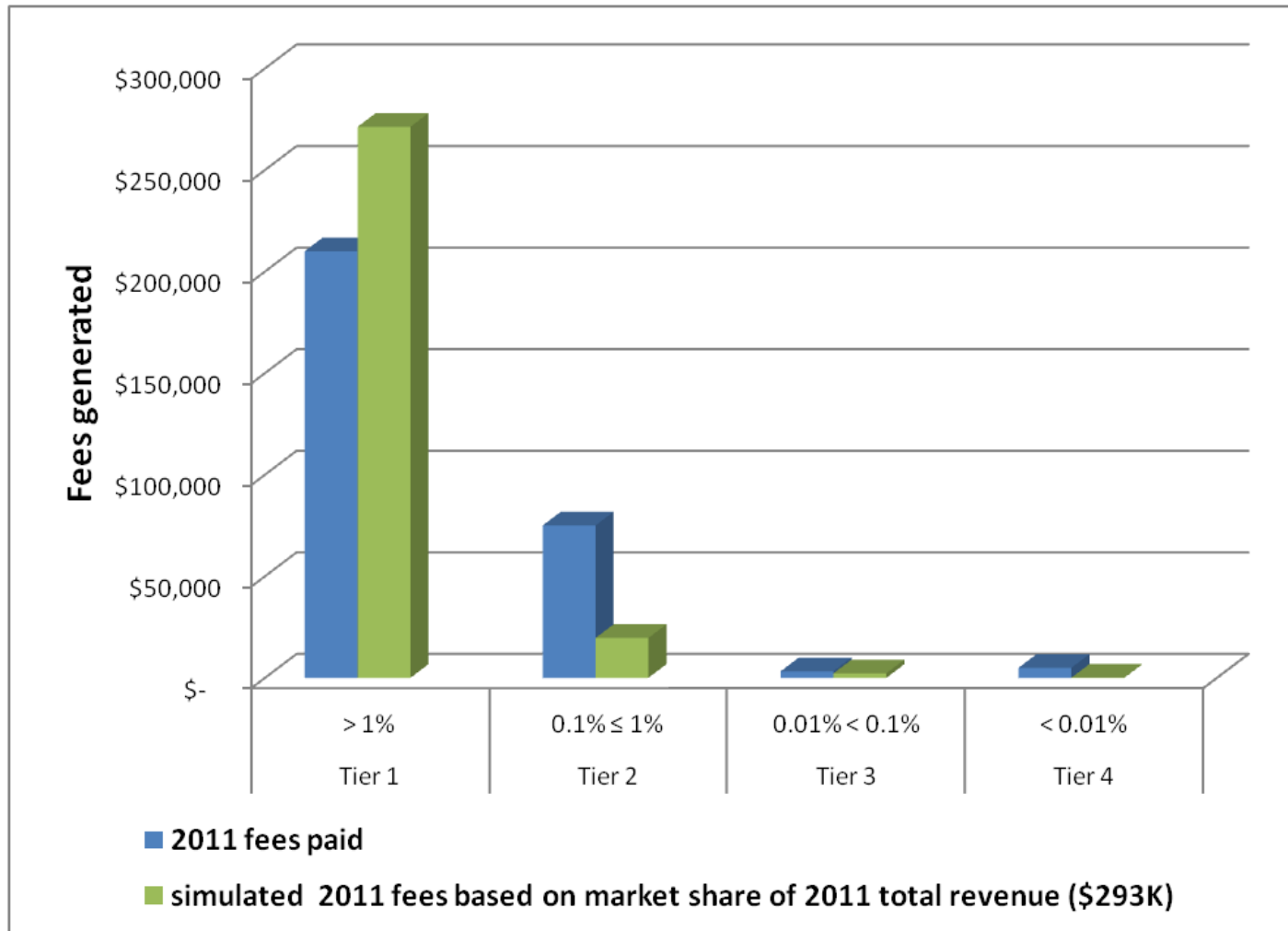


Shifting tiers affects revenue

	2010	2011
Tier 1 (\$15,000)	16	14
Tier 2 (\$5,000)	18	15
Tier 3 (\$200)	18	16
Tier 4 (\$40)	110	124
Total mnfs	162	169
Total revenue	\$338,000	\$287,000

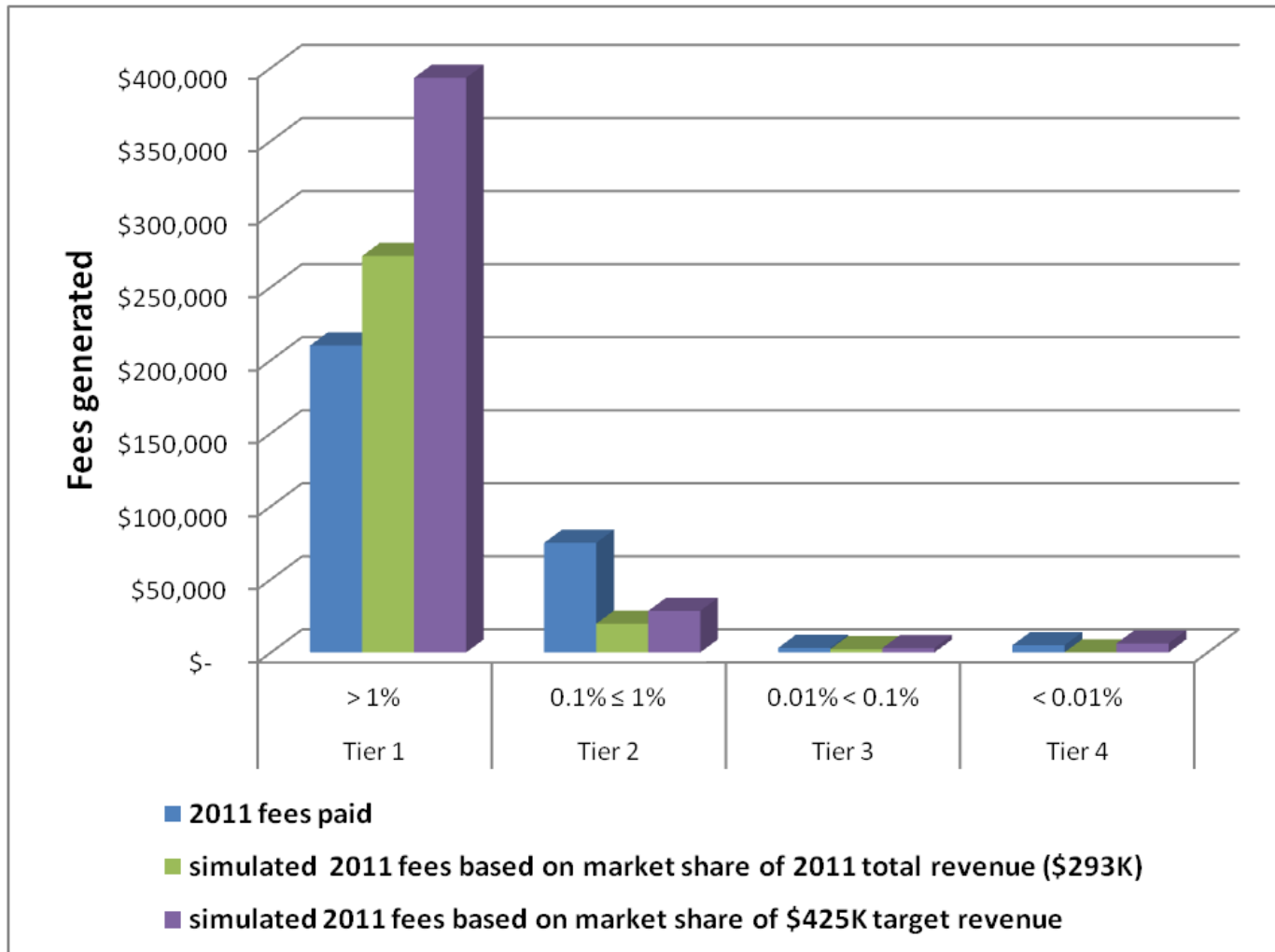


2011 revenue + market share simulation



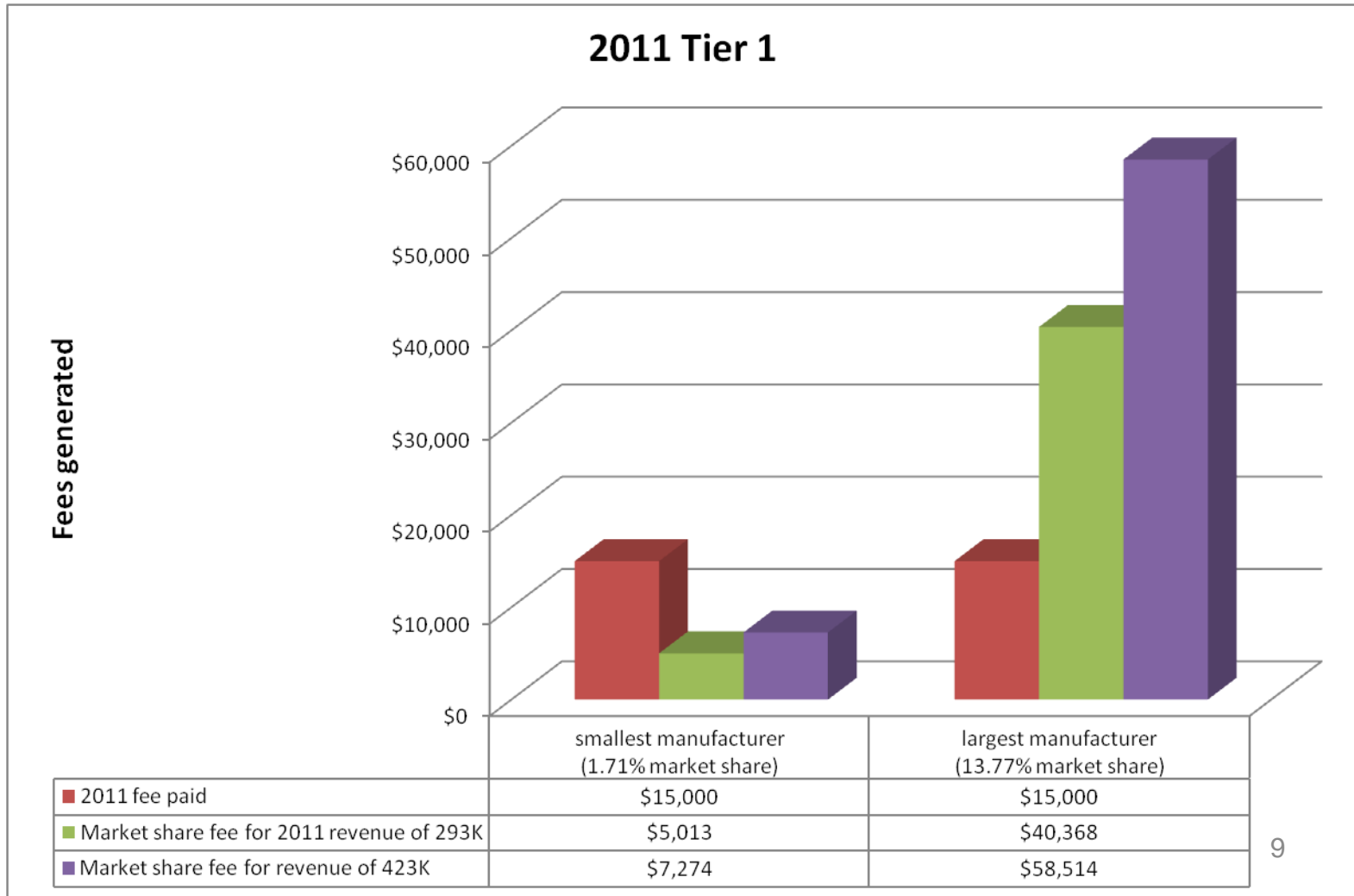


2011 revenue + market share simulations





Matching fees to market share within tiers





Development criteria for conceptual fee models

1. Annually, the model meets our target revenue of \$425,000.
2. The fees closely match market share for individual manufacturers or tiers of manufacturers.



Registration Fee Models Reviewed Today:

1. Existing fees
2. 25% increase
3. Straight market share
4. 6-tier market share
5. 6-tier market share w/ 20K cap
6. Flat fee
7. 8-tier
8. 360 surcharge



25% increase in existing tiers

Average 4 yr rec'd	\$338,338
Target Revenue	\$425,000
% increase in revenue needed	25%



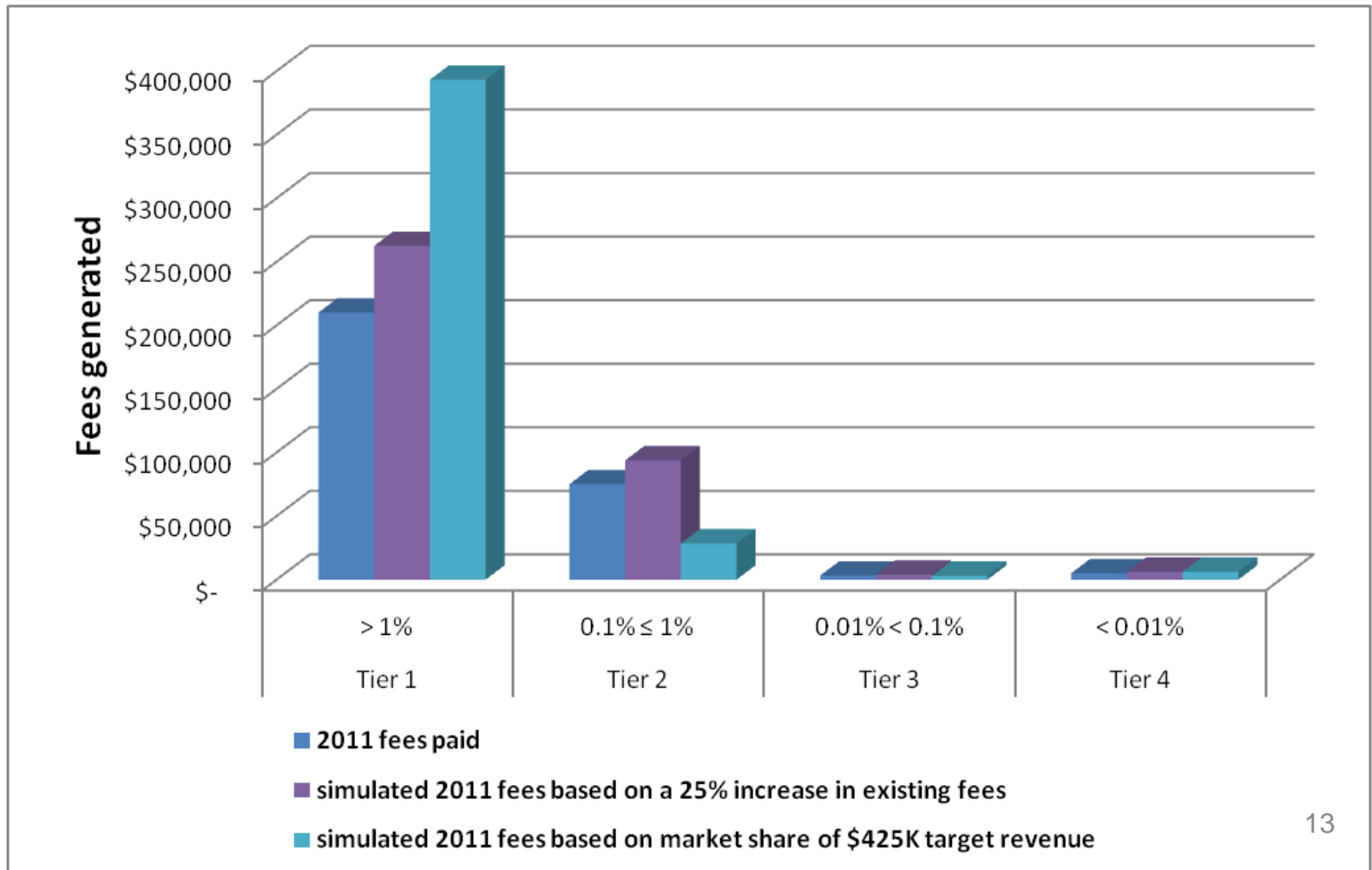
Market Share	Current Fee	25% increase in fee
> 1 %	\$15,000	\$18,750
0.1% ≤ 1%	\$5,000	\$6,250
0.01% < 0.1%	\$200	\$250
< 0.01%	\$40	\$50



25% increase in all tiers against historical market share data				
	2008	2009	2010	2011
Total \$ received	\$484,900	\$460,700	\$422,500	\$366,450
4-year average	\$433,638			



“25% increase” + market share simulations





Straight market share model

Facility	2011 Market Share	\$425,000	Current fee	<i>%change from current fee</i>
Manufacturer 1	13.77%	\$58,514	\$15,000	290%
Manufacturer 2	13.62%	\$57,882	\$15,000	286%
Manufacturer 13	3.00%	\$12,735	\$15,000	-15%
Manufacturer 14	1.71%	\$7,274	\$15,000	-52%
Manufacturer 15	0.97%	\$4,104	5000	-18%
Manufacturer 29	0.13%	\$545	5000	-89%
Manufacturer 30	0.09%	\$390	200	95%
Manufacturer 44	0.01%	\$61	200	-70%



6 Tier – proportional market share

Tier	Market Share	Fee
1	≥ 10%	Proportional MS of all manufacturers in tier divided evenly among all manufacturers
2	≥ 5% < 10%	
3	> 1 < 5%	
4	0.1% ≤ 1%	
5	0.01% < 0.1%	
6	< 0.01%	\$50

example

Tier	Facility	Market Share	Proportional fee	Tiered fee
1	Manufacturer 1	10%	\$42,500	\$53,125
1	Manufacturer 2	15%	\$63,750	\$53,125



6 Tier – proportional market share

Tier	Facility	2011 Market Share	\$425,000	\$425,000 straight	Current fee	%change from current fee
1	Manufacturer 1	13.77%	\$54,467	\$58,514	\$ 15,000	263%
1	Manufacturer 2	13.62%	\$54,467	\$57,882	\$ 15,000	263%
2	Manufacturer 13	3.00%	\$12,700	\$12,735	\$ 15,000	-15%
3	Manufacturer 14	1.71%	\$12,700	\$7,274	\$ 15,000	-15%
4	Manufacturer 15	0.97%	\$1,891	\$4,104	\$5,000	-62%
4	Manufacturer 29	0.13%	\$1,891	\$545	\$5,000	-62%
5	Manufacturer 30	0.09%	\$146	\$390	\$200	-27%
5	Manufacturer 44	0.01%	\$146	\$61	\$200	-27%

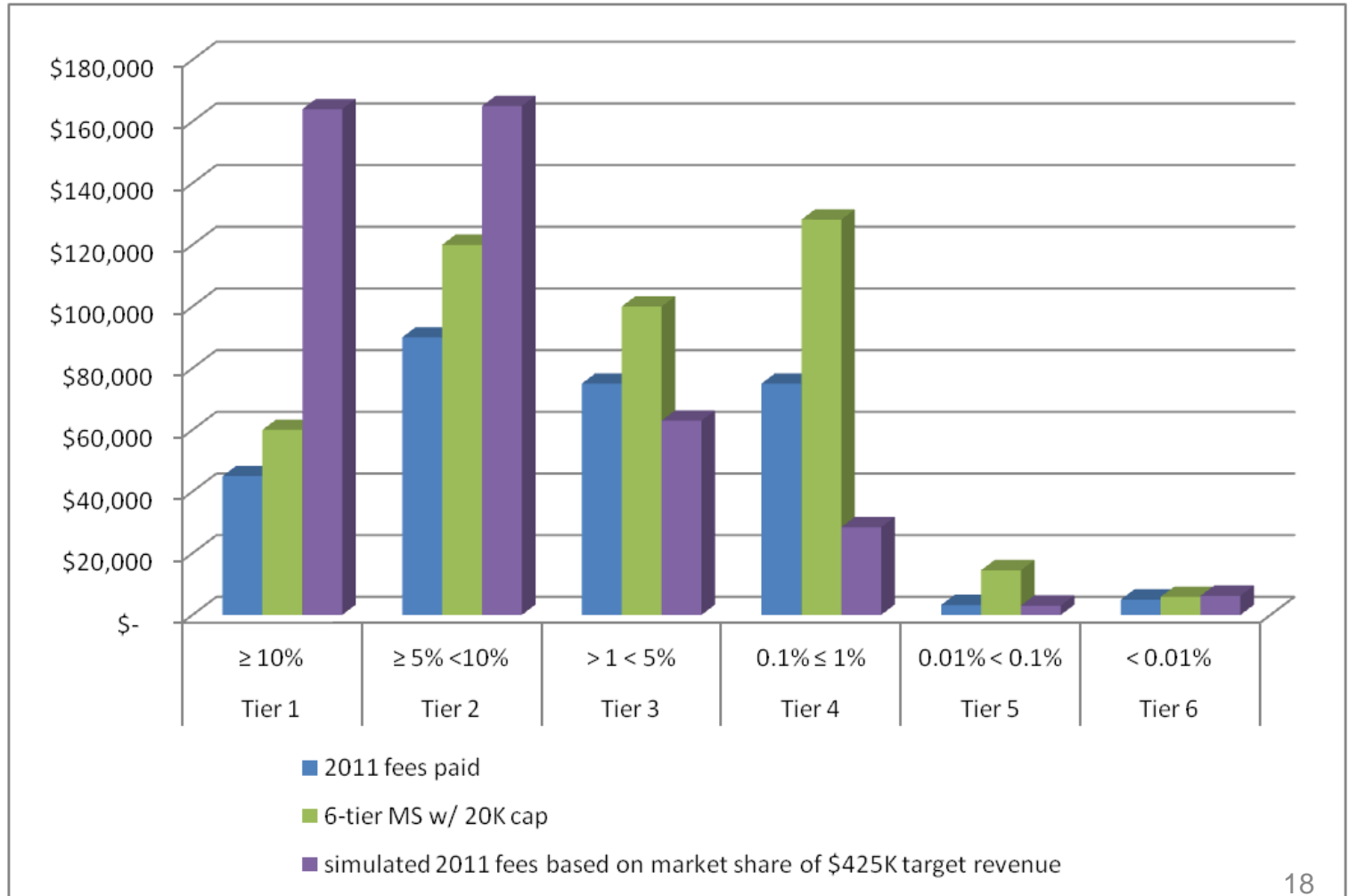


6-tier market share model with 20K Cap

TIER	Market Share	2011 fees paid	total market share	6-tier MS w/ 20K cap	simulated 2011 fees based on market share of \$425K target revenue
Tier 1	≥ 10%	\$ 45,000	39%	\$60,000	\$164,000
Tier 2	≥ 5% <10%	\$ 90,000	39%	\$120,000	\$165,000
Tier 3	> 1 < 5%	\$ 75,000	14.90%	\$100,000	\$63,000
Tier 4	0.1% ≤ 1%	\$ 75,000	6.69%	\$128,168	\$28,422
Tier 5	0.01% < 0.1%	\$ 3,200	0.76%	\$14,465	\$3,007
Tier 6	< 0.01%	\$ 4,960	0.03%	\$5,850	\$6,200



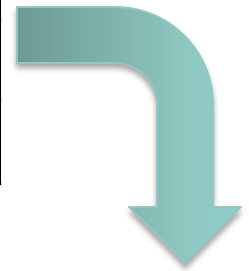
6-tier market share model with 20K Cap





Flat fee model - \$8,000

Market Share	Current Fee	Flat Fee	% change
> 1 %	\$15,000	\$8,000	-47%
0.1% ≤ 1%	\$5,000	\$8,000	60%
0.01% < 0.1%	\$200	\$8,000	3900%
< 0.01%	\$40	\$60	50%



Flat fee of \$8,000 compared against historical market share data				
	2008	2009	2010	2011
Total \$ received	\$455,680	\$472,460	\$456,040	\$367,440
4-year average	\$437,905			



8-Tier Model

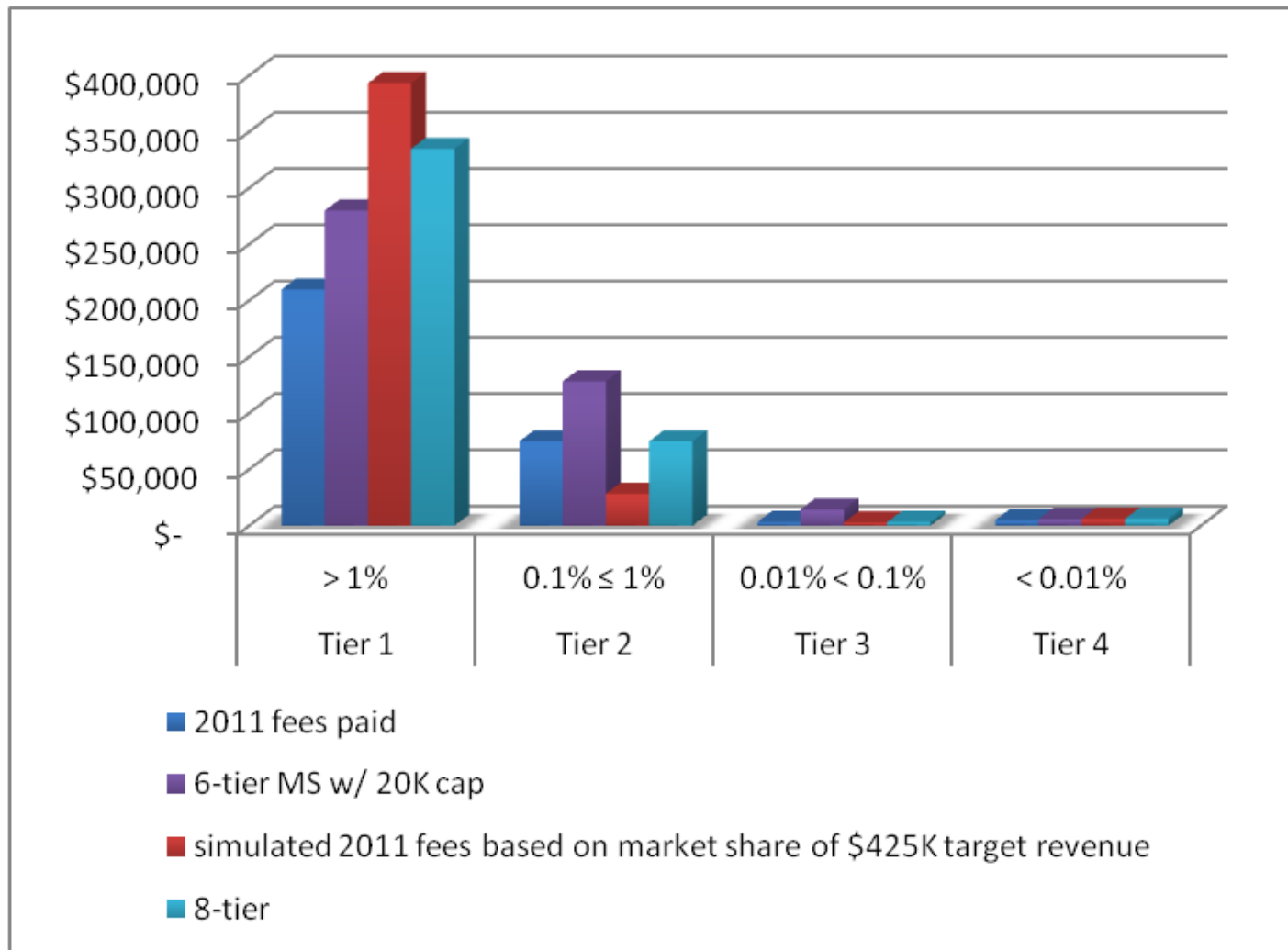
Tiers	Market Share	Current fees	Proposed Fee
1	≥15	\$15,000	\$60,000
2	> 12.5 <15	\$15,000	\$50,000
3	≥ 10 < 12.5	\$15,000	\$40,000
4	≥ 5 < 10	\$15,000	\$20,000
5	> 1 < 5	\$15,000	\$15,000
6	0.1% ≤ 1%	\$5,000	\$5,000
7	0.01% < 0.1%	\$200	\$200
8	< 0.01%	\$40	\$50



	2008	2009	2010	2011
Revenue	\$ 459,100	\$459,800	\$464,050	\$419,400
Average hist	\$ 450,588			



8-tier comparison w/ other models





360 target with surcharge

Tiers		Current Fees	360 target w/surcharge fees
1	≥ 10%	\$15,000	\$25,000
2	≥ 5% < 10%	\$15,000	\$20,000
3	> 1 < 5%	\$15,000	\$18,000
4	0.1% ≤ 1%	\$5,000	\$3,600
5	0.01% < 0.1%	\$200	\$360
6	< 0.01%	\$40	\$40



	2008	2009	2010	2011
Revenue	\$441,880	\$429,440	\$394,680	\$349,720
4-year average	\$403,930			

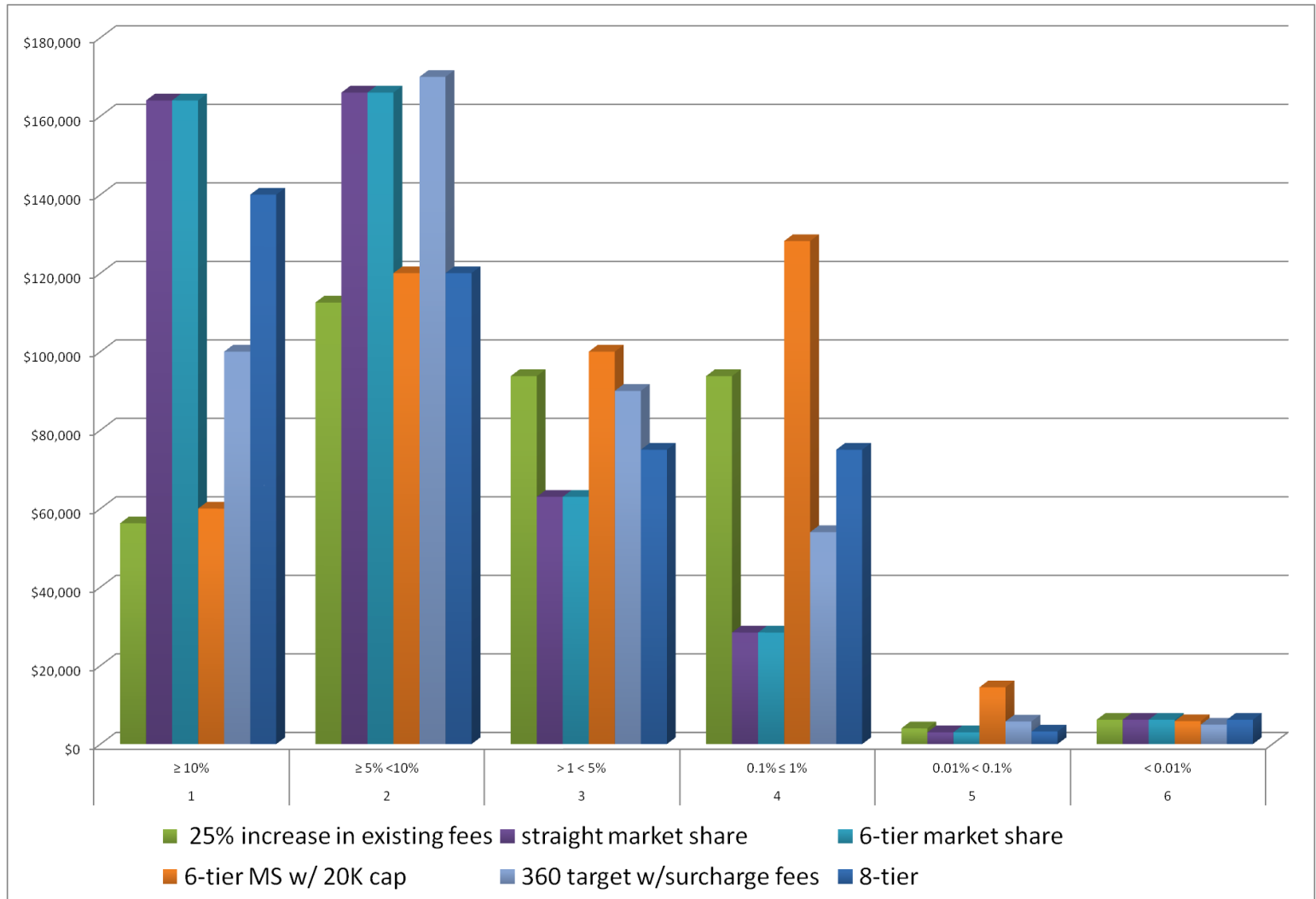


Surcharge distribution example

2011 revenue generated	\$349,720
2011 target revenue	\$425,000
Surcharge amount	\$75,280
Number of Tier 1 and 2 manufacturers	9
Surcharge cost per manufacturer	\$8,364



Comparison of all models using 2011 data





Summary analysis

Model	Criteria	
	Generate 425K? Annually	Fee close to market share?
existing fee	no	no
25% increase	no	no
straight market share	yes	yes
6-tier market share	yes	yes
6-tier market w/20 K cap	yes	no
Flat fee	no	no
8 tier	yes	sometimes
360K surcharge	yes	sometimes



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