AMENDED IN ASSEMBLY APRIL 2, 2018 AMENDED IN ASSEMBLY MARCH 15, 2018

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 2110

Introduced by Assembly Member Eggman

February 8, 2018

An act to amend and renumber the heading of Chapter 8.6 (commencing with Section 42490) of, and to add Chapter 8.6 (commencing with Section 42488) to, Part 3 of Division 30 of the Public Resources Code, relating to public resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 2110, as amended, Eggman. Electronics: Right to Repair Act. Existing law, the Electronic Waste Recycling Act of 2003, enacts a comprehensive and innovative system for the reuse, recycling, and proper and legal disposal of covered electronic devices, as defined, and provides incentives to design electronic devices that are less toxic, more recyclable, and that use recycled materials.

Existing law establishes the Bureau of Electronic and Appliance Repair, Home Furnishings, and Thermal Insulation under the supervision and control of the Director of Consumer Affairs. Existing law requires the director to administer and enforce provisions relating to the licensure and regulation of, among others, electronic and appliance repair dealers.

This bill would enact the Right to Repair Act. The bill-would would, except as provided, require the original equipment manufacturer of electronic equipment or parts sold and used in the state to, among other things, provide to independent repair providers and owners of the equipment certain parts, tools, and information, including diagnostic

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and repair information, as specified, for the purpose of providing a fair marketplace for the repair of that equipment. The bill would require compliance with these provisions for equipment or parts that are no longer manufactured for 5 years after the date the original equipment manufacturer ceases to manufacture the equipment or parts. The bill would authorize a city, county, city and county, or the state to impose civil penalties for a violation of these provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature finds and declares all of the 2 following:

- (1) Electronic waste (e-waste) generation globally was approximately 44.7 metric tons in 2016, with an expected annual growth rate of 3 to 4 percent. The United States alone generated 6.3 million tons of e-waste in 2016, but only collected 22 percent of that total amount.
- (2) Reducing the cost and difficulty of repairing electronics is critical to reducing the generation of e-waste.
- (3) Consumers should have the right to repair at a competitive price every product that they purchase.
- (4) Lack of competition in the electronics repair industry creates high costs for consumers, businesses, and governments.
- (b) It is therefore the intent of the Legislature to support the adoption of policies that meaningfully address the growing quantity of e-waste that is generated in the state, and to support the reuse, repair, redistribution, and refurbishing of electronics.
- SEC. 2. The heading of Chapter 8.6 (commencing with Section 42490) of Part 3 of Division 30 of the Public Resources Code is amended and renumbered to read:

CHAPTER 8.7. CELL PHONE RECYCLING ACT OF 2004

SEC. 3. Chapter 8.6 (commencing with Section 42488) is added to Part 3 of Division 30 of the Public Resources Code, to read:

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Chapter 8.6. The Right to Repair Act

- 42488. This act shall be known, and may be cited, as the Right to Repair Act.
- 42488.1. It is the intent of the Legislature to provide a fair marketplace for the repair of electronic equipment and to prohibit intentional barriers and limitations to third-party repair.
- 42488.2. For purposes of this chapter, the following definitions apply:
 - (a) "Authorized repair provider" means either of the following:
- (1) A person or business that has an arrangement for a definite or indefinite period with an OEM in which the OEM grants to the person or business a license to use a trade name, service mark, or related characteristic for purposes of offering repair services under the name of the OEM.
- (2) A person or business retained by the OEM to provide refurbishing services for the OEM's product or products.
- (b) "Documentation" means a manual, schematic diagram, reporting output, or service code description provided to the authorized repair provider for purposes of effecting repair.
- (c) "Embedded software" means any programmable instructions provided on firmware delivered with equipment for the purposes of equipment operation, including all relevant patches and fixes made by the OEM for that purpose, including, but not limited to, a basic internal operating system, internal operating system, machine code, assembly code, root code, or microcode.
- (d) "Equipment" means electronic equipment, or a part of electronic equipment, originally manufactured for distribution and sale in the United States.
- (e) "Fair and reasonable terms" means an equitable price in light of relevant factors. "Fair and reasonable terms," with regard to diagnostic and repair information, includes, but is not limited to, all of the following:
- (1) The net cost to the authorized repair provider for similar information obtained from the OEM, excluding any discounts, rebates, or other incentive programs.
- (2) The cost to the OEM for preparing and distributing the information, excluding any research and development costs incurred in designing and implementing, upgrading, or altering

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1 the product, but including amortized capital costs for the 2 preparation and distribution of the information.

- (3) The price charged by other OEMs for similar information.
- (4) The price charged by other OEMs for similar information prior to the launch of OEM Internet Web sites.
- (5) The ability of aftermarket technicians or shops to afford the information.
 - (6) The means by which the information is distributed.
- (7) The extent to which the information is used, including the number of users, and frequency, duration, and volume of use.
 - (8) Inflation.

- (f) "Independent repair provider" means a person or business operating in the state that is not affiliated with an OEM or an OEM's authorized repair provider, that is engaged in the diagnosis, service, maintenance, or repair of equipment, except that an OEM shall be considered an "independent repair provider" if the OEM engages in the diagnosis, service, maintenance, or repair of equipment that is not affiliated with that OEM.
- (g) "Medical device" has the same definition as provided in the federal Food, Drug, and Cosmetic Act (21 U.S.C. Sec. 321(h)).
- (h) "Motor vehicle" has the same definition as provided in Section 415 of the Vehicle Code, except that "motor vehicle" does not include a motorcycle or a recreational vehicle or manufactured home equipped for habitation.
- (i) "Motor vehicle dealer" has the same definition as provided in Section 285 of the Vehicle Code.
- (j) "Motor vehicle manufacturer" has the same definition as provided in Section 672 of the Vehicle Code.
- (k) "Original equipment manufacturer" or "OEM" means a person or business that, in the ordinary course of business, is engaged in the business of selling or leasing new equipment or parts of equipment to any person or business, and is engaged in the diagnosis, service, maintenance, or repair of equipment or parts of that equipment. "Original equipment manufacturer" does not include a motor vehicle dealer or the manufacturer of a motor vehicle or a motor vehicle part.
- (*l*) "Owner" means a person or business that owns or leases equipment purchased or used in the state.

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(m) "Part" or "service part" means a replacement part, either new or used, made available by the OEM to the authorized repair provider for purposes of effecting repair.

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- (n) "Remote diagnostics" means a remote data transfer function between equipment and the provider of repair services, including settings controls and location identification.
- 42488.3. (a) The original equipment manufacturer of equipment or parts sold and used in the state shall do both of the following:
- (1) Make available, in a timely manner, to independent repair providers or owners of equipment manufactured by the OEM the same diagnostic and repair information that the OEM provides to authorized repair providers, including to refurbishment facilities for subcontract repairs. The information shall be provided at no charge or for the same charge that the OEM charges to, and in the same format that the OEM makes the information available to, authorized repair providers and refurbishment facilities for subcontract repair. The information shall include repair technical updates, schematic diagrams, updates, corrections to embedded software, and safety and security patches.
- (2) (A) Except as provided in subparagraph (B), make available for purchase by the owner, the owner's authorized agent, or an independent repair provider, equipment or service parts, including any updates to the embedded software of the equipment or parts, subject to fair and reasonable terms.
- (B) Nothing in this chapter requires an OEM to sell equipment or service parts if the parts are no longer available to the OEM or the authorized repair provider of the OEM.
- (b) An OEM that sells diagnostic, service, or repair documentation to an independent repair provider or to an owner in a format that is standardized with other OEMs, and on terms and conditions more favorable than the manner, terms, and conditions that an authorized repair provider receives for the same diagnostic, service, or repair documentation, shall be prohibited from requiring an authorized repair provider to continue purchasing diagnostic, service, or repair documentation in a proprietary format, unless the proprietary format includes diagnostic, service, or repair documentation or functionality that is not available in the standardized format.

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(c) (1) An OEM of equipment sold or used in this state shall make available for purchase by owners and independent repair providers, subject to fair and reasonable terms, all diagnostic repair tools incorporating the same diagnostic, repair, and remote communications capabilities that the OEM makes available to its own repair or engineering staff or an authorized repair provider.

- (2) An OEM that provides diagnostic repair documentation to aftermarket diagnostic tool manufacturers, diagnostics providers, and third-party service information publications and systems shall have fully satisfied its obligations under this chapter and shall not be responsible for the content and functionality of those aftermarket diagnostic tools, diagnostics, or service information publications or systems.
- (d) OEM equipment or parts sold or used in this state for the purpose of providing security-related functions shall include diagnostic, service, and repair information necessary to reset a security-related electronic function from information provided to owners and independent repair facilities. If not required to be included under this subdivision, the information necessary to reset an immobilizer system or security-related electronic module shall be obtained by owners and independent repair facilities through the appropriate secure data release systems.
- 42488.4. (a) Notwithstanding any other law, nothing in this chapter shall be construed to affect the terms of any agreement executed and in force between an authorized repair provider and an original equipment manufacturer, including, but not limited to, the performance or provision of warranty or recall repair work by an authorized repair provider on behalf of an OEM pursuant to an authorized repair agreement, except that a provision in an agreement that purports to waive, avoid, restrict, or limit an OEM's compliance with this chapter shall be void and unenforceable.
- (b) Nothing in this chapter shall be construed to require an OEM or authorized repair provider to provide an owner or independent repair provider access to information that is not diagnostic and repair information that an OEM provides to an authorized repair provider pursuant to the terms of the agreement between the OEM and authorized repair provider.
- (c) Nothing in this chapter applies to a motor vehicle manufacturer, a product or service of a motor vehicle manufacturer, or a motor vehicle dealer.

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(d) (1) Nothing in this chapter—requires a manufacturer of applies to a medical device to implement a provision of this chapter that is prohibited pursuant to the federal Food, Drug, and Cosmetic Act (21 U.S.C. Sec. 301 et seq.) or any other federal law to the extent that law preempts this chapter. device, a digital electronic product or embedded software manufactured exclusively for use in a health care setting, or a product or service offered in connection with the use of a digital electronic product manufactured exclusively for use in a health care setting.

(2) For purposes of this subdivision, "health care setting" includes, but is not limited to, acute care hospitals, long-term care facilities, such as nursing homes or skilled nursing facilities, physicians' offices, urgent care centers, outpatient clinics, home settings where health care is provided at home by professional health care providers, emergency medical services, and specific sites within nonhealth care settings where health care is routinely delivered, such as a medical clinic embedded within a workplace or school.

42488.5. (a) A city, county, city and county, or the state may impose civil liability on a person or entity that knowingly violated this chapter, or reasonably should have known that it violated this chapter, in the amount of one thousand dollars (\$1,000) per day for the first violation, two thousand dollars (\$2,000) per day for the second violation, and five thousand dollars (\$5,000) per day for the third and subsequent violations.

(b) A civil penalty collected pursuant to subdivision (a) shall be paid to the city attorney, city prosecutor, or district attorney, or Attorney General that brought the action, or to the state if the Attorney General brought the action. The penalties collected pursuant to this section by the Attorney General may be expended by the Attorney General, upon appropriation by the Legislature, to enforce this chapter.

42488.6. This chapter shall apply for equipment or parts that are no longer manufactured for five years after the date the OEM ceased to manufacture the equipment or parts. An OEM may continue to comply with this chapter beyond five years for equipment or parts the OEM no longer manufactures, at the discretion of the OEM.