

SB 1564 A STAFF MEASURE SUMMARY**Senate Committee On Labor and Business****Action Date:** 02/13/20**Action:** Do pass with amendments and requesting referral to Ways and Means. (Printed A-Engrossed.)**Vote:** 3-2-0-0**Yeas:** 3 - Hass, Monnes Anderson, Taylor**Nays:** 2 - Hansell, Knopp**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact**Prepared By:** Tyler Larson, LPRO Analyst**Meeting Dates:** 2/4, 2/13**WHAT THE MEASURE DOES:**

Establishes program for environmentally sound management of discarded mattresses funded by assessment on sale of new mattresses. Prohibits a producer, renovator, or retailer from selling or offering for sale any mattress to any person in this state unless registered with a stewardship organization. Requires retailer to purchase mattress only from producer or renovator registered with stewardship organization, collect mattress stewardship assessment at the point of sale and remit funds to the stewardship organization, and provide information to consumers at the point of sale about discarding mattresses through stewardship program. Requires assessment be identified as separate line item on receipt. Dedicates assessment funds received by stewardship organization to planning, implementation, and administration of the stewardship program and prohibits use of assessment funds to pay civil penalties assessed against the organization or associated legal fees. Requires stewardship organization to submit plan for development and implementation of mattress stewardship program to DEQ, including proposed stewardship assessment amount. Establishes requirements for stewardship organization plan, including minimum collection service levels based on county population. Requires DEQ to post plan or amendment to website, hold hearing, and provide for public comment period before taking action on proposed plan. Establishes that plan approved by DEQ is valid for four years, requires stewardship organization to submit plan to DEQ for reapproval at least 180 days prior to expiration, and requires plan submitted for reapproval to include proposed improvements based on third-year program study. Requires stewardship program with approved plan to submit annual report to DEQ and pay annual fee established by DEQ to cover costs of program administration. Requires stewardship organization with approved plan to conduct study during third year of implementing stewardship program to evaluate service delivery and program effectiveness. Allows DEQ to require performance audit. Requires Director of DEQ to appoint mattress stewardship program advisory committee to represent interests of identified stakeholders. Requires advisory committee to meet at least once annually, consult with stewardship organizations operating programs, and advise DEQ regarding review and approval of plans, amendments, and annual reports. Authorizes DEQ to enter and inspect property for purposes of investigating actual or suspected violations. Requires stewardship organization to maintain and provide records upon request to DEQ. Establishes Mattress Stewardship Fund and dedicates funds to DEQ for administration, implementation, and enforcement of program. States intent to exempt assessment from state and federal antitrust laws and requires DEQ to actively supervise conduct of stewardship organization in establishing, administering, collecting, and disbursing assessment funds. Allows Environmental Quality Commission to adopt rules as necessary to implement program. Establishes civil penalties for violations and that civil penalties assessed against stewardship organization are joint and several liability of organization and each producer registered with organization. Requires initial plans to be submitted to DEQ no later than October 1, 2021, and stewardship organization to implement approved program no later than seven months after initial plan approval. Makes

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assessment and prohibition on sales without assessment operative January 1, 2021. Becomes effective on 91st day following adjournment *sine die*.

ISSUES DISCUSSED:

- Function and benefits of product stewardship programs
- History of Senate Bill 276-A (2019) and interim work to develop measure and proposed amendments
- Current options for mattress disposal and options for consumers under proposed program
- Provisions of the measure and proposed amendments
- Current mattress recycling practices and costs

EFFECT OF AMENDMENT:

Modifies stewardship organization plan requirements. Reduces plan approval to four years and requires stewardship organization to submit plan for reapproval at least 180 days before expiration. Requires plan submitted for reapproval to include proposed improvements based on result of third-year program study. Modifies requirements for annual report. Establishes that civil penalties assessed against stewardship organization are joint and several obligation of stewardship organization and each producer registered with stewardship organization. Prohibits stewardship organization from using assessment fees to pay legal fees associated with action taken by state. Requires permanent collection sites in county with population of 10,000 or more be staffed and open to public at least six days per week, and at least one day per week in county with population less than 10,000. Removes emergency clause and becomes effective on 91st day following adjournment *sine die*.

BACKGROUND:

In 2009, Oregon became the first state in the nation to enact a law requiring architectural paint manufacturers to implement a program to reduce waste, increase reuse and recycling, and safely dispose of remaining unusable paint and other coatings. The paint product stewardship program is paid for by consumers who pay an assessment on each container of paint product registered for sale in Oregon. Retailers remit the assessment back to manufacturers, who pay a stewardship organization to manage collections and provide outreach and education to consumers on how to estimate the right amount to purchase, and how to reuse and recycle paint products.

California created a product stewardship program for the recovery and recycling of used mattresses in 2013. Similar to other product stewardship programs, the program is financed by an assessment at the point of sale which is remitted to a product stewardship organization that is responsible for offering collection and recycling services and consumer education. Producers and retailers must register with the stewardship organization, and retailers may not offer for sale any mattress not registered in the product stewardship program. The assessment for California's mattress stewardship program is currently \$10.80 per mattress.

Senate Bill 1564-A establishes a statewide mattress product stewardship program for the recovery and recycling of used mattresses. The measure requires DEQ to certify a stewardship organization to implement and administer the program, which is financed by an assessment at the point of sale. The amount of the assessment must be proposed by the organization and approved by DEQ. Producers, renovators, and retailers would be required to register with the stewardship organization and remit assessment funds to the organization. The organization would be required to provide free collection and recycling service throughout the state and report annually to DEQ.