1 AN ACT concerning health.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

- Section 1. Short title. This Act may be cited as the Carpet Stewardship Act.
- Section 5. Findings and purpose. The General Assembly finds that:
 - (1) Based on data contained in the Illinois Commodity Waste Generation and Characterization Study, commissioned in 2014 by the Illinois Department of Commerce and Economic Opportunity, approximately 229,000 tons of carpet and carpet padding are landfilled each year, 1.5% of the total waste landfilled in this State.
 - (2) Discarded carpet and padding are currently being recycled in this State at a recycling rate estimated to be less than 1%, compared to a 15.4% recycling rate for the first 6 months of 2018 in California, which has enacted Extended Producer Responsibility legislation for carpet.
 - (3) Carpet recycling can be significantly expanded by utilizing an Extended Producer Responsibility approach which will lead to job creation through the collection, processing, and marketing of discarded carpet and padding. In California, this approach has created approximately 150

direct jobs.

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- (4) According to the U.S. Environmental Protection Agency, the recycling of discarded carpet has a positive impact on the reduction of greenhouse gases when compared to the landfilling or incineration of discarded carpet, which increases the generation of greenhouse gases.
- 7 Section 10. Definitions. In this Act:
- 8 "Agency" means the Illinois Environmental Protection 9 Agency.
- "Blended carpet" means carpet with a nonuniform face fiber,
 which is manufactured with multiple polymer types, fiber types,
 or both, in the face of the constructed material.
- "Brand" means a name, symbol, word, or mark that identifies
 the carpet, rather than its components, and attributes the
 product to the owner or licensee of the brand as the producer.

"Carpet" means a manufactured article that is (i) used in commercial buildings or single or multifamily residential buildings, (ii) affixed or placed on the floor or building walking surface as a decorative or functional building interior or exterior feature, and (iii) primarily constructed of a top visible surface of synthetic face fibers or yarns or tufts attached to a backing system derived from synthetic or natural materials. "Carpet" includes, but is not limited to, a commercial or residential broadloom carpet, modular carpet tiles, and artificial turf. "Carpet" includes a pad or

- 1 underlayment used in conjunction with a carpet. "Carpet" does
- 2 not include handmade rugs, area rugs, or mats.
- 3 "Clearinghouse" means the entity incorporated as a
- 4 nonprofit within the meaning of 26 U.S.C. 501 representing
- 5 carpet producers, and other designated representatives who are
- 6 cooperating with one another to collectively establish and
- 7 operate a discarded carpet recycling and reuse program for the
- 8 purpose of complying with this Act.
- 9 "Clearinghouse plan" means a single, detailed plan
- 10 prepared by the clearinghouse that includes all the information
- 11 required by this Act.
- "Consumer" means any person who makes a purchase at retail.
- "Discarded carpet" means carpet that is no longer used for
- its manufactured purpose.
- "Distributor" or "wholesaler" means a person who buys or
- 16 otherwise acquires carpet from another source and sells or
- offers to sell that carpet to retailers in this State.
- 18 "Nylon carpet" means carpet made with a uniform face fiber
- made with either nylon 6 or nylon 6,6.
- 20 "Person" means any individual, partnership,
- 21 co-partnership, firm, company, corporation, association, joint
- 22 stock company, trust, estate, political subdivision, State
- 23 agency, or any other legal entity, or their legal
- representative, agent, or assign.
- 25 "PET carpet" means carpet made from polyethylene
- terephthalate.

"Producer" means a person that:

- (1) has legal ownership of the brand, brand name, or co-brand of carpet sold in this State;
 - (2) imports carpet branded by a producer who meets the definition under paragraph (1) when that producer has no physical presence in the United States;
 - (3) if paragraphs (1) and (2) do not apply, makes unbranded carpet that is sold in this State; or
- (4) sells carpet at wholesale or retail, does not have legal ownership of the brand, and elects to fulfill the responsibilities of the producer for the product.
- "Polypropylene carpet" means carpet made from polypropylene.
- "Program year" means a calendar year. The first program
 year is 2021.
- "PTT carpet" means carpet made from polytrimethylene
 terephthalate.

"Recycling" means the process by which discarded carpet is collected, processed, and returned to the economic mainstream in the form of raw materials or products. "Recycling" is further defined to include only those pounds of discarded carpet that are an output of a recycling facility destined for an end market or reuse and is not meant to mean the gross input pounds of discarded carpet accepted by a recycling facility. "Recycling" does not include energy recovery or energy generation by means of combusting discarded carpet, and it does

not include any disposal or use of discarded carpet within the permitted boundaries of a municipal solid waste landfill unit.

"Recycling rate" means the percentage of discarded carpet that is managed through recycling or reuse, as defined by this Act, and is computed by dividing the amount of discarded carpet that is collected and recycled or reused by the total amount of discarded carpet that is generated over a program year. To determine the annual recycling rates required by this Act the amount of discarded carpet generated shall be calculated using an industry standard calculation based on annual sales, replacement rate, and the average weight of carpet.

"Retailer" means any person engaged in the business of making sales at retail that generate occupation or use tax revenue.

"Reuse" means donating or selling a discarded carpet back into the market for its original intended use, when the discarded carpet retains its original purpose and performance characteristics.

"Sale" or "sell" means a transfer of title to carpet for consideration, including a remote sale conducted through a sales outlet, catalog, website, or similar electronic means.

"Sale" or "sell" includes a lease through which carpet is provided to a consumer by a producer, distributor, or retailer.

"Stewardship assessment" means the amount added to the purchase price of carpet sold in this State that is necessary to cover the cost of collecting, transporting, processing and

- 1 marketing discarded carpet by the clearinghouse pursuant to the
- 2 clearinghouse plan, and shall not be used to pay for any fines
- 3 or penalties levied pursuant to this Act or for the final
- 4 disposal or incineration of discarded carpet.
- 5 "Wool carpet" means carpet made from wool.
- 6 Section 15. Formation, duties and powers of the 7 clearinghouse.
- 8 (a) To administer the carpet stewardship program a
 9 clearinghouse shall be created, and shall consist of the
 10 following members, to be appointed by the Director of the
- 11 Agency:

- 12 (1) two individuals who are representatives of a statewide association representing retailers;
- 14 (2) two individuals who are representatives of carpet 15 producers;
 - (3) one individual who is a representative of a national association representing manufacturers of carpet;
- 18 (4) two individuals who are representatives of carpet 19 recyclers;
- 20 (5) two individuals who are representatives of a 21 statewide association representing waste disposal 22 companies;
- 23 (6) two individuals who are representatives of environmental organizations;
- 25 (7) two individuals who are representatives of county

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1	or	municipal	joint	action	agency	waste	management
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- (8) one individual who is a representative of a company that utilizes discarded carpet to manufacture a new product, not including new carpet; and
- (9) one individual who is a representative of an association representing installers of carpet.
- (b) Members of the clearinghouse shall serve without compensation but shall be reimbursed for travel expenses with proceeds from the stewardship assessment, and the Agency shall be responsible for monitoring these expenses. Members shall serve on the clearinghouse until a successor is appointed and qualified.
- 14 (c) The clearinghouse's duties include, but are not limited 15 to:
 - (1) preparing the clearinghouse plan, and any required amendments, on an annual basis in compliance with this Act;
 - (2) implementing the clearinghouse plan;
 - (3) creating and administering a grant program to assist in subsidizing the costs to collect, process, or market discarded carpet for reuse or recycling;
 - (4) being responsible for meeting the performance goals specified by this Act;
- 24 (5) submitting annual program reports as required by this Act;
- 26 (6) recommending to the Agency in the annual

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- 1 clearinghouse plan any increases or decreases in the 2 stewardship assessment; and
 - (7) overseeing an annual audit of the carpet stewardship program's revenues and expenditures, and reporting those findings to the Agency.
 - (d) The clearinghouse may hire a director and necessary staff, and may organize itself into committees to implement this Act, which shall be funded by the stewardship assessment. The Agency shall monitor these expenses.
- Section 20. Carpet stewardship program and sale requirement.
 - (a) For all carpet sold in this State, producers shall, through the clearinghouse, implement and finance a statewide carpet stewardship program that: manages carpet by reducing its waste generation; promotes its recycling and reuse; and provides for negotiation and execution of agreements to collect, transport, process, or market the discarded carpet for end-of-life recycling or reuse.
 - (b) On and after January 1, 2021, a producer, distributor, or retailer that offers carpet for sale in this State is not in compliance with this Act and is subject to penalties under Section 70 if the carpet is not subject to the clearinghouse plan that is submitted by the clearinghouse and approved by the Agency under Section 30.

Section 25. Clearinghouse plan.

- (a) By July 1, 2020 and by July 1 every 3 years thereafter, beginning with program year 2021, the clearinghouse shall submit a 3-year plan to the Agency and receive approval of the plan. The clearinghouse plan shall include, at a minimum, each of the following:
 - (1) Certification that the carpet stewardship program will accept for collection all discarded carpet, regardless of type or which producer manufactured the product and its individual components.
 - (2) Contact information for each individual representing the clearinghouse, designation of a program manager responsible for administering the program in this State, a list of all producers participating in the carpet stewardship program, and the brands covered by the product stewardship program.
 - (3) A description of the methods by which discarded carpet will be collected in this State with no charge to any person, including an explanation of how the collection system will be convenient and adequate to serve the needs of businesses and residents in both urban and rural areas on an ongoing basis and how the stewardship group will achieve a convenience standard of having collection sites in all counties with a population density of greater than or equal to 100 individuals per square mile in this State by January 1, 2021 for program year 2021, and all counties

with a population density of greater than or equal to 50 individuals per square mile for program year 2022 and thereafter.

- (4) An evaluation, beginning with the second 3-year plan submitted by July 1, 2023, of the feasibility and cost of expanding the convenience standard to at least one collection site in every county in the State.
- (5) A description of how the adequacy of the collection program will be monitored, evaluated, and maintained.
- (6) The names and locations of collectors, transporters, and processors who will manage discarded carpet.
- (7) A description of how the discarded carpet and the products' components will be safely and securely transported, tracked, and handled from collection through final recycling and processing.
- (8) A description of the methods to be used to reuse, deconstruct, or recycle discarded carpet to ensure that the products' components, to the extent feasible, are transformed or remanufactured into finished products for use.
- (9) A description of the methods to be used to manage or dispose of discarded carpet that cannot be recycled or reused.
- (10) A description of the promotion and outreach activities and proposed budget that will be used to

encourage participation in the collection and recycling programs and how the activities' effectiveness will be evaluated and the program modified, if necessary.

- (11) Evidence of adequate insurance and financial assurance that may be required for collection, handling, and disposal operations.
- (12) A 3-year rolling performance goal, including an estimate of the percentage of discarded carpet that will be collected, reused, and recycled during each of the next 3 years of the stewardship plan, with a minimum goal of achieving a 15% recycling rate by December 31, 2023. The performance goals shall include a specific goal for the amount of discarded carpet that will be collected, recycled, and reused during each year of the plan. The performance goals must be based on:
 - (A) the most recent collection data available for this State;
 - (B) the estimated amount of discarded carpet disposed of annually;
 - (C) the weight of the discarded carpet that is expected to be available for collection annually; and
 - (D) actual collection data from other existing carpet stewardship programs.

The clearinghouse plan must state the methodology used to determine these goals. By March 1, 2023, the Agency, in consultation with the clearinghouse, shall establish a

recycling rate goal for the 3-year plan period beginning January 1, 2024. Thereafter, the Agency, in consultation with the clearinghouse, shall establish a recycling rate goal for each subsequent 3-year plan period by March 1 of the calendar year preceding the first year of that 3-year plan period.

- (13) A discussion of the status of end markets for discarded carpet and what, if any, additional end markets are needed to improve the functioning of the program.
- (14) A discussion of carpet design and manufacturing changes that the producers are considering or have implemented in order to reduce toxicity, water use, or energy use associated with the production of carpet and efforts to increase the recycled content, recyclability, or carpet longevity.
- (15) A funding mechanism consistent with Section 35 that demonstrates sufficient funding to carry out the plan, including the administrative, operational, and capital costs of the plan, and payment of incentive payments to carpet collectors, processors, and end use markets to assist with the implementation of this Act.
- (16) Annual budgets showing revenue and expenditure projections for the current program year and projected for the next 2 years of the program.
- (17) A process by which the financial activities of the clearinghouse that are related to the implementation of the

plan shall be subject to an annual independent audit, which shall be reviewed by the Agency.

- (18) An evaluation of the feasibility and effectiveness of a ban on landfilling discarded carpet in this State, and an opinion on whether to recommend a landfill ban.
- (19) Baseline information, for the most current year for which data is available, on the amount of square feet and pounds of carpet sold in this State, by type of polymer or non-polymer material used to make the carpet.
- (20) A discussion of the feasibility, cost, and effectiveness of labeling the backside of new carpet with the polymer type or non-polymer material used to manufacture the carpet to assist processors in more easily identifying the type of discarded carpet collected for processing.
- (21) A description of the program that shall be implemented to train carpet installers on how to properly manage discarded carpet so that it can be reused or recycled pursuant to this Act.
- (b) An update to the plan shall be submitted, at a minimum, every 3 years, or if the Agency determines that a plan update is needed, prior to the minimum of once every 3 years. If the Agency determines that a plan update is necessary, such update shall be submitted to the Agency by the clearinghouse within 30 days of receiving notice from the Agency of the update's

1 necessity.

- 2 (c) The clearinghouse shall notify the Agency within 30 days of any significant changes or modifications to the plan or 4 its implementation. Within 30 days of the notification, a written plan revision shall be submitted to the Agency for review and approval.
- Section 30. Review and approval of the clearinghouse plan and plan updates.
 - (a) Within 14 days of receipt of the clearinghouse plan, the Agency shall post the plan or plan update on its website. Within 30 days of its posting on the Agency website, any interested person living within the State of Illinois may provide written comments to the clearinghouse regarding the plan or plan update and those comments shall be responded to by the clearinghouse within 30 days after receipt of the comments.
 - (b) Within 90 days after receipt of the proposed plan or plan update, and not prior to the public comment opportunity provided in subsection (a), the Agency shall determine whether the plan or plan update complies with Section 25. If the Agency approves a plan or plan update, the Agency shall notify the clearinghouse of the plan approval in writing within 14 days of receipt. If the Agency rejects a plan or plan update, the Agency shall notify the clearinghouse in writing of the reasons for rejecting the plan within 14 days of receipt. The clearinghouse shall submit a revised plan to the Agency within

- 1 60 days after receiving notice of rejection. Any proposed
- 2 changes to a plan or plan update must be approved by the Agency
- 3 in writing.
- 4 (c) The clearinghouse plan and plan updates approved by the
- 5 Agency shall be placed on the Agency's website and made
- 6 available at the Agency's headquarters for public review within
- 7 30 days of the Agency's approval.
- 8 Section 35. Carpet stewardship assessment.
- 9 (a) On and after January 1, 2020, a producer of carpet shall add a carpet stewardship assessment fee of 4 cents per square foot to the purchase price of nylon carpet,
- 12 polypropylene carpet, and wool carpet, and 6 cents per square
- 13 foot to the purchase price of PET carpet, PTT carpet, and
- 14 blended carpet sold in this State by that producer. The
- assessment added under this Section shall be remitted by the
- producer on a quarterly basis to the clearinghouse.
- 17 (b) Notwithstanding any provision of law to the contrary,
- 18 the assessment established under this Section is exempt from
- 19 taxes imposed by the Illinois Department of Revenue and shall
- 20 meet both of the following requirements:
- 21 (1) The assessment shall be added by the producer to
- 22 the purchase price of all carpet sold by producers to an
- 23 Illinois retailer or distributor or otherwise sold for use
- in this State. The assessment shall be clearly visible on
- 25 all invoices or functionally equivalent billing documents

as a separate line item and shall be accompanied by a brief description of the assessment.

- (2) Each retailer and distributor shall add the assessment to the purchase price of all carpet sold in this State. The assessment shall be clearly visible on all invoices or functionally equivalent billing documents as a separate line item and shall be accompanied by a brief description of the assessment.
- (c) It is the intent of the General Assembly that the amount of the assessment fee be reduced by the clearinghouse as the carpet stewardship program is implemented over time and becomes more efficient.
- (d) If the amount of the assessment is too low to properly fund the carpet stewardship program, the clearinghouse may submit a plan update, which must be approved by the Agency, in accordance with Section 30, prior to the fee being increased.
- (e) The assessment shall be lowered if at any time the fee generates a fund balance at the end of a program year that is greater than one year's operating costs of the carpet stewardship program. If a fund balance greater than one year's operating cost is reached, the clearinghouse shall submit a plan update to reduce the assessment in accordance with Section 30.
- (f) The assessment fee shall be deposited by the clearinghouse into an Illinois chartered bank, and if for any reason this Act is repealed, the entire assessment fund balance

- 1 shall be transferred by the clearinghouse to the State of
- 2 Illinois to be deposited into the Solid Waste Management Fund.
- Section 40. State action antitrust exemption. Each producer and the clearinghouse shall be immune from liability for any claim of violation of antitrust law or unfair trade practice if the conduct is a violation of antitrust law, to the extent the producer or clearinghouse is exercising authority
- 8 under the provisions of this Act.

- 9 Section 45. Requirements applicable to producers.
- 10 (a) On and after January 1, 2020, a producer of carpet
 11 shall add the stewardship assessment, as established in Section
 12 35, to the cost of carpet sold to retailers and distributors in
 13 this State by the producer.
- 14 (b) Producers shall provide consumers with educational 15 materials regarding the stewardship assessment and carpet stewardship program as required by paragraph (1) of subsection 16 (b) of Section 35 of this Act. The materials shall include, but 17 18 are not limited to, (i) information regarding available 19 end-of-life management options for carpet offered through the 20 carpet stewardship program and (ii) information that notifies 21 the consumers that a charge for the operation of the carpet 22 stewardship program is included in the purchase price of carpet 23 sold in this State.
 - (c) Producers who sell carpet in this State shall register

- with the Agency by January 1, 2020 and annually thereafter for
- 2 as long as that producer sells carpet in this State.
- 3 Section 50. Requirements applicable to retailers and distributors.
- 5 (a) Three months after program plan approval, no carpet may 6 be sold in this State unless the product's producer is 7 participating in the clearinghouse plan.
- 8 (b) Any retailer or distributor may participate, on a
 9 voluntary basis, as a designated collection point pursuant to a
 10 product stewardship program and in accordance with applicable
 11 law.
- 12 (c) No retailer or distributor shall be found to be in 13 violation of this Section if, on the date the carpet was 14 ordered from the producer or its agent, the producer was listed 15 as compliant on the Agency's website in accordance with this 16 Act.
- 17 Section 55. Requirements applicable to the Agency.
- 18 (a) Beginning January 1, 2020, and annually thereafter, the
 19 Agency shall post on its website the list of carpet producers
 20 that registered with the Agency, in accordance with Section 45,
 21 and who are in compliance with this Act.
- 22 (b) Beginning January 1, 2021, and annually thereafter, for 23 the benefit of assisting consumers who wish to find collection 24 sites for recycling carpet, the Agency shall post on its

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- website the location of all collection sites identified to the Agency by the clearinghouse in its plans and annual reports.
 - (c) The Agency shall post on its website the plan as approved by the Agency and any subsequent updates within 30 days of receipt pursuant to Section 30.
 - (d) Beginning May 1, 2022, and annually thereafter, the Agency shall post on its website copies of the annual reports.
 - (e) Beginning March 1, 2023, and once every 3 years thereafter, the Agency shall, in consultation with the clearinghouse, establish the recycling rate performance goal in the clearinghouse plan, beginning with program year 2024.
- 12 Section 60. Annual stewardship reports.
 - (a) By April 1, 2022, and by April 1 of each year thereafter, the clearinghouse shall submit a report to the Agency that includes, for the previous program year, a description of the carpet stewardship program, including, but not limited to, the following:
 - (1) the amount of carpet sold by square feet and pounds in this State during the reporting period by polymer type or non-polymer material, including a separate reporting of the amount of carpet sold in this State for which the carpet stewardship assessment was collected;
 - (2) a description of the methods used to collect, transport, and process discarded carpet in regions of this State, and a listing of the persons used to collect,

transport, and process discarded carpet;

- (3) identification of all discarded carpet collection sites in this State and whether the requirement of paragraph (3) of subsection (a) of Section 25 has been met;
- (4) the weight of all discarded carpet collected and reused or recycled in all regions of this State, a comparison to the performance goals and recycling rates established in the clearinghouse plan, and, if appropriate, an explanation stating the reason or reasons performance goals were not met;
- (5) the weight of discarded carpet collected in this State but not recycled and its ultimate disposition, and a comparison to the performance goals in the clearinghouse plan;
- (6) the total cost of implementing the clearinghouse plan and a copy of the independent audit regarding the financial activities of the clearinghouse;
- (7) a proposed budget for implementing the clearinghouse plan in the subsequent calendar year;
- (8) an evaluation of the funding mechanism and its ability to properly fund the implementation of the clearinghouse plan, and provide adequate incentive payments to collectors, processors and end markets for managing carpet;
- (9) identification of the facilities processing carpet, the weight processed at each facility, and each

facility's processing capacity;

- (10) an evaluation of the effectiveness of the clearinghouse plan, and anticipated steps, if needed, to improve performance;
- (11) a discussion of progress made toward achieving carpet design changes according to paragraph (14) of subsection (a) of Section 25;
- (12) samples of educational materials provided to consumers and carpet installers, and an evaluation of the effectiveness of the materials and the methods used to disseminate the materials. The evaluation shall include, but shall not be limited to, information on the number of consumers and carpet installers that received or viewed the educational materials, and any consumer and carpet installer survey data that may have been collected regarding the educational materials used; and
- (13) an evaluation of the feasibility and effectiveness of a ban on landfilling carpet in this State, and an opinion on whether to recommend a landfill ban.
- Section 65. Administrative fee.
- (a) The clearinghouse shall pay the Agency an annual administrative fee of \$100,000 which may be paid for from revenue from the carpet stewardship assessment.
- 24 (b) The clearinghouse shall pay the Agency's administrative fee under subsection (a) on or before January 1,

- 1 2021, and annually thereafter.
- 2 (c) The Agency shall deposit the fees collected under this
- 3 Section into the Solid Waste Management Fund.
- 4 Section 70. Enforcement.

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- (a) On and after the implementation date of the carpet stewardship program, no producer, distributor, or retailer shall sell or offer for sale carpet to any person in this State if the producer of the carpet is not registered with the Agency pursuant to subsection (c) of Section 45 and participating in implementing the clearinghouse plan.
- (b) No retailer or distributor shall be found in violation of the provisions of subsection (a) if, on the date the carpet was ordered from the producer or its agent, the producer was listed on the Agency's website in accordance with the provisions of subsection (a) of Section 55.
 - (c) The Attorney General or State's Attorney may request, and a Court may impose, after providing notice and opportunity to be heard, a civil penalty in the amount of \$5,000 per day per violation against any person who violates the terms of this Act.
- (d) Nothing in this Act prohibits a retailer or distributor from selling their inventory of carpet existing prior to the date the first stewardship plan prepared by the clearinghouse is approved by the Agency.
 - (e) The penalties provided for in this Section may be

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recovered in a civil action brought in the name of the People
of the State of Illinois by the State's Attorney of the county
in which the violation occurred or by the Attorney General. Any
funds collected under this Section in an action in which the
Attorney General has prevailed shall be deposited in the
Environmental Protection Trust Fund, to be used in accordance
with the provisions of the Environmental Trust Fund Act.

Section 75. State procurement of carpet. Beginning on January 1, 2022, at least 35% of carpet purchased by State agencies shall be carpet with a minimum of 10% post-consumer recycled content by weight from discarded carpet and comply National Science Foundation/American the Standards Institute (NSF/ANSI) 140-2009 Standard, Platinum Level or the most current version in effect as provided by the American National Standards Institute. The carpet shall be purchased from a carpet producer with a third party certified closed loop recycling facility. Thereafter, those purchases shall increase by a rate of 10% per year until it reaches 75%. Prior to January 1, 2022, the clearinghouse shall provide a report to the Illinois Department of Central Management Services on the other types of products that contain recycled feedstock that the State should consider carpet as а purchasing.

Section 99. Effective date. This Act takes effect upon becoming law.