

## 98TH GENERAL ASSEMBLY State of Illinois 2013 and 2014 SB3546

Introduced 2/14/2014, by Sen. Melinda Bush

## SYNOPSIS AS INTRODUCED:

New Act

Creates the Carpet Stewardship Act. Provides that, for all carpet sold in this State, producers shall, individually or through a stewardship group, implement and finance a statewide carpet stewardship program that manages the product by reducing the product's waste generation, promotes its reuse and recycling, and provides for negotiation and execution of agreements to collect, transport, and process the product for end-of-life recycling and reuse. Provides that the Illinois Environmental Protection Agency must approve each carpet stewardship plan for the plan to be valid. Establishes requirements for review of the plans, carpet stewardship assessments, requirements for producers, retailers, and distributors of carpet. Requires stewardship groups to submit annual reports to the Agency and pay specified administrative fees. Provides enforcement provisions for the Act. Establishes requirements for State procurement of carpet in the future. Effective January 1, 2015.

LRB098 18644 MGM 53787 b

FISCAL NOTE ACT

1 AN ACT concerning carpet.

## 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.
- 6 Section 5. Findings and purpose.
- 7 The General Assembly finds that:
  - (1) based on data contained in the Illinois Commodity Waste Generation and Characterization Study, commissioned in 2008 by the Illinois Department of Commerce and Economic Opportunity, approximately 280,000 tons of discarded carpet and carpet padding are landfilled each year in this State;
  - (2) carpet made from polyethylene terephthalate (PET) and polytrimethylene terephthalate (PTT) has increased in market share of carpet sold in the United States from approximately 4% in 2007 to 30% in 2013 and is expected to reach 40% by 2015; carpet made from PET and PTT is currently not recyclable and has a negative value to carpet recycling companies;
  - (3) numerous products can be manufactured from non-PET and PTT carpet and carpet padding including new post-consumer content carpet and padding, carpet backing,

plastics, and engineered resins;

- (4) in 2002 the carpet industry established a nonprofit organization, the Carpet America Recovery Effort (CARE), to work with the various stakeholders to develop solutions to recover carpet and padding, and divert this material from final disposal, of which approximately 93% is currently landfilled according to CARE;
- (5) CARE is the current carpet stewardship organization responsible for implementing the carpet stewardship law in the State of California, which is based on the concept of Extended Producer Responsibility (EPR) and represents at least 90% of the carpet manufacturers in the United States;
- (6) discarded carpet and padding are currently being recycled in this State, albeit at a very low level due to a lack of existing collection and processing infrastructure; and
- (7) carpet recycling can be significantly expanded utilizing an Extended Producer Responsibility approach which will lead to job creation through the collection, processing, and marketing of discarded carpet and padding.
- 22 Section 10. Definitions.
- 23 "Agency" means the Illinois Environmental Protection 24 Agency.
- 25 "Artificial turf" means artificial or synthetic turf used

1 for sports playing surfaces.

"Blended carpet" means carpet with a non-uniform 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.

"CARE" means the Carpet America Recovery Effort, a third-party nonprofit carpet stewardship organization incorporated as a nonprofit corporation pursuant to Section 501(c)(3) of Title 26 of the United States Code in 2002 and established to increase the reclamation and stewardship of discarded carpet.

"Carpet" means a manufactured article that is used in commercial buildings or single or multifamily residential buildings, is affixed or placed on the floor or building walking surface as a decorative or functional building interior or exterior feature, and is 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 or modular carpet tiles, and artificial turf. "Carpet" includes a pad or underlayment used in conjunction with a carpet. "Carpet" does not include handmade rugs, area rugs, or mats.

"Consumer" means any person who makes a purchase at retail.

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1	"Discarded	carpet"	means	carpet	that	is	no	longer	used	for
2	its manufacture	ed purpos	se.							

- "Distributor" or "wholesaler" means a person who buys or otherwise acquires carpet from another source and sells or offers to sell that carpet to retailers in this State.
- "Person" means any individual, partnership, co-partnership, firm, company, corporation, association, joint stock company, trust, estate, political subdivision, State agency, or any other legal entity, or their legal representative, agent, or assigns.
- "PET carpet" means carpet made from polyethylene terephthalate.
- "Producer" means a person that:
- 14 (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 that meets the definition under paragraph (1) when the producer has no physical presence in the United States;
- 19 (3) if paragraphs (1) and (2) do not apply, makes 20 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.
- "PTT carpet" means carpet made from polytrimethylene terephthalate.
- "Recycling" means the process by which discarded carpet is

- 1 collected, processed, and returned to the economic mainstream
- in the form of raw materials or products. "Recycling" does not
- 3 include energy recovery or energy generation by means of
- 4 combusting discarded carpet, and it does not include any use
- 5 within the permitted boundaries of a municipal solid waste
- 6 landfill unit.
- 7 "Retailer" means any person engaged in the business of
- 8 making sales at retail that generate occupation or use tax
- 9 revenue.
- "Reuse" means donating or selling a collected discarded
- 11 carpet back into the market for its original intended use, when
- 12 the discarded carpet retains its original purpose and
- 13 performance characteristics.
- "Sale" or "sell" means transfer of title of carpet for
- 15 consideration, including a remote sale conducted through a
- 16 sales outlet, catalog, website, or similar electronic means.
- "Sale" or "sell" includes a lease through which carpet is
- 18 provided to a consumer by a producer, distributor, or retailer.
- "Stewardship assessment" means the amount added to the
- 20 purchase price of PET carpet, PTT carpet, and blended carpet
- 21 sold in this State that is necessary to cover the cost of
- 22 collecting, transporting, and processing discarded carpet by
- 23 the stewardship group pursuant to a stewardship plan.
- "Stewardship group" means an organization appointed by one
- or more producers to act as an agent on behalf of the producer
- 26 to design, submit, implement, and administer a product

- stewardship plan under this Act. 1
- 2 "Stewardship plan" means a detailed plan written by a
- stewardship group, on behalf of one or more producers, that 3
- includes all the information required by this Act. 4
- 5 15. Section Carpet stewardship program and sale
- 6 requirement.
- 7 (a) For all carpet sold in this State, producers shall,
- 8 individually or through a stewardship group, implement and
- 9 finance a statewide carpet stewardship program that manages the
- 10 product by reducing the product's waste generation, promotes
- 11 its reuse and recycling, and provides for negotiation and
- 12 execution of agreements to collect, transport, and process the
- product for end-of-life recycling and reuse. On or before 13
- October 1, 2015, each producer shall join the stewardship 14
- 15 group.
- 16 (b) On and after July 1, 2016, a producer, distributor, or
- retailer that offers carpet for sale in this State, is not in 17
- compliance with this Act and is subject to penalties under 18
- 19 Section 65, if the carpet is not subject to a stewardship plan
- 20 this is submitted by a stewardship group that includes the
- 21 producer of that carpet, which plan has been approved by the
- 22 Agency under Section 25.
- (c) On July 1, 2016, and annually thereafter, the Agency 23
- 24 shall post on its website a list of the carpet producers that
- 25 are in compliance with this Act.

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(d) Until January 1, 2020, CARE shall be the sole carpet stewardship group allowed under this Act. After that date, one or more producers may form a separate stewardship group to fulfill the requirements of this Act provided the producer or producers comprising the stewardship group have a percentage share of total carpet sales in this State that is 20% or greater based on the carpet sales data for the previous four quarters for which sales data is available.

Section 20. Carpet stewardship plan.

- (a) On or before January 1, 2016, a producer shall submit a stewardship plan, for the planning period of July 1, 2016 through June 30, 2019, to the Agency and receive approval of the plan or shall submit documentation to the Agency that demonstrates that the producer has entered into an agreement with a stewardship organization to be an active participant in an approved carpet stewardship plan. A stewardship plan shall include, at a minimum, all of the following elements:
  - (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 the individual and the entity submitting the plan, 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 all areas in this State without relying on end-of-life fees being charged to consumers, including an explanation of how the collection system will be convenient and adequate to serve the needs of small 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 50% of the counties in this State by July 1, 2017 and 90% of the counties in this State by July 1, 2018;
- (4) a description of how the adequacy of the collection program will be monitored and maintained;
- (5) the names and locations of collectors, transporters, and processors that will manage discarded carpet;
- (6) 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;
- (7) a description of the method to be used to reuse, deconstruct, or recycle the discarded carpet to ensure that the products' components, to the extent feasible, are transformed or remanufactured into finished products for use;

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determine these goals.

1	(8) a description of the promotion and outreach							
2	activities and proposed budget that will be used to							
3	encourage participation in the collection and recycling							
4	programs and how the activities' effectiveness will be							
5	evaluated and the program modified, if necessary;							
6	(9) evidence of adequate insurance and financial							
7	assurance that may be required for collection, handling,							
8	and disposal operations;							
9	(10) three-year performance goals, including an							
10	estimate of the percentage of discarded carpet that will be							
11	collected, reused, and recycled during each of the first 3							
12	years of the stewardship plan; the performance goals shall							
13	include a specific goal for the amount of discarded carpet							
14	that will be collected and recycled and reused during each							
15	year of the plan, the performance goals must be based on:							
16	(i) the most recent collection data available for							
17	this State;							
18	(ii) the estimated amount of discarded carpet							
19	disposed of annually;							
20	(iii) the weight of the discarded carpet that is							
21	expected to be available for collection annually; and							
22	(iv) actual collection data from other existing							
23	carpet stewardship programs;							
24	The stewardship plan must state the methodology used to							

(11) 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;

- (12) a discussion of carpet design and manufacturing changes that the producers are considering 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;
- (13) a funding mechanism, consistent with Section 30, 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 processors for the processing of PET, PTT and blended carpet;
- (14) annual budgets showing revenue and expenditure projections for the first 3 years of the program;
- (15) a process by which the financial activities of the stewardship group or individual producer that are related to the implementation of the plan shall be subject to an independent audit, which may be reviewed by the Agency;
- (16) 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;
- (17) baseline information for calendar year 2014 on the amount in square yards and pounds of carpet sold in this State by type of polymer or non-polymer material used to make the carpet; and

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- 1 (18) a discussion of the feasibility, cost and
  2 effectiveness of labeling the backside of new carpet with
  3 the polymer type or non-polymer material used to
  4 manufacture the carpet to assist processors in more easily
  5 identifying the type of discarded carpet collected for
  6 processing.
  - (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 every 3 years.
  - (c) The entities responsible for each stewardship plan shall notify the Agency within 30 days of any significant changes or modifications to the plan or its implementation. Within 30 days of the notification, a written plan revision shall be submitted to the Agency for review and approval.
  - (d) After January 1, 2020, a stewardship group not associated with CARE may be appointed by one or more producers to design, submit, and administer a stewardship plan in accordance with the requirements of this Section, and that plan may be approved by the Agency in accordance with Section 25.
- 20 Section 25. Review and approval of the plan and plan 21 updates.
- 22 (a) Each stewardship organization or individual producer 23 submitting a stewardship plan or a plan update shall consult 24 with stakeholders including retailers, contractors, 25 collectors, recyclers, local government, and customers, during

- 1 the development of the plan.
  - (b) Within 14 days of receipt of a proposed stewardship plan or plan update, the Agency shall post the plan or plan update, on its website. Within 30 days of its posting on the Agency website, a person may provide written comments to the stewardship group regarding the plan or plan update and those comments shall be responded to by the stewardship group within 30 days after receipt of the comments.
    - (c) Within 90 days after receipt of a proposed stewardship plan or plan update, and not prior to the public comment opportunity provided in subsection (b) of this Section, the Agency shall determine whether the plan or plan update complies with Section 20 of this Act. If the Agency approves a plan or plan update, the Agency shall notify the applicant of the plan approval in writing. If the agency rejects a plan or plan update, the Agency shall notify the applicant in writing of the reasons for rejecting the plan. An applicant whose plan or plan update is rejected by the Agency shall submit a revised plan to the Agency within 60 days after receiving notice of rejection. Any proposed changes to a stewardship plan or plan update must be approved by the Agency in writing.
    - (d) All stewardship plans and plan updates approved by the Agency shall be placed on the Agency's website and made available at the Agency's headquarters for public review within 30 days of the Agency's approval.

- 1 Section 30. Carpet stewardship assessment.
  - (a) On and after October 1, 2015, a producer of PET carpet, PTT carpet, or blended carpet shall add a carpet stewardship assessment of 15 cents per square yard to the purchase price of all PET carpet, PTT carpet, and blended carpet sold in this State by that producer. The assessment added under this Section shall be remitted on a quarterly basis to the stewardship group.
    - (b) The assessment established under this Section is exempt from taxes imposed by the Illinois Department of Revenue and shall meet both of the following requirements:
      - (1) The assessment shall be added by the producer to the purchase price of all PET, PTT, and blended carpet sold by producers to an Illinois retailer or distributor or otherwise sold for use 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.
      - (2) Each retailer and distributor shall add the assessment to the purchase price of all PET, PTT, and blended 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 this State's intent that a goal of this Act be to

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- reduce the amount of the assessment fee as the carpet stewardship program is implemented.
  - (d) If the amount of the assessment is too low to properly fund the carpet stewardship program the stewardship group may submit a plan update, which must be approved by the Agency, in accordance with the requirements of Section 25, 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 12 months operating costs of the carpet stewardship program. If a fund balance above a year's operating cost is reached, the stewardship group shall submit a plan update to reduce the assessment in accordance with the requirements of Section 25.
- Section 35. State action antitrust exemption. Each producer and the representative stewardship group 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 stewardship group is exercising authority under the provisions of this Act.
- 21 Section 40. Requirements applicable to producers.
- 22 (a) On and after October 1, 2015, a producer of PET, PTT, 23 or blended carpet shall add the stewardship assessment, as 24 established in Section 30, to the cost of PET, PTT, and blended

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- carpet sold to retailers and distributors in this State by the producer.
- (b) Producers of carpet or the stewardship group shall 3 provide consumers with educational materials regarding the 4 5 stewardship assessment and carpet stewardship program. The 6 materials shall include, but are not limited to, information 7 regarding available end-of-life management options for carpet 8 offered through the carpet stewardship program and information 9 that notifies the consumers that a charge for the operation of 10 the carpet stewardship program is included in the purchase 11 price of PET, PTT, and blended carpet sold in this State.
- Section 45. Requirements applicable to retailers and distributors.
- 14 (a) Three months after program plan approval, no carpet may
  15 be sold in this State unless the product's producer is
  16 participating in an approved stewardship plan.
  - (b) Any retailer or distributor may participate, on a voluntary basis, as a designated collection point pursuant to a product stewardship program and in accordance with applicable law.
  - (c) No retailer or distributor shall be found to be in violation of this Section if, on the date the carpet was ordered from the producer or its agent, the producer was listed as compliant on the Agency's website according to this Act.

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- Section 50. Requirements applicable to the Agency. 1
- (a) Beginning July 1, 2016, and annually thereafter, for 2 3 the benefit of assisting consumers who wish to find collection sites for recycling carpet, the Agency shall post on its 4 5 website the location of all collection sites identified to the Agency by producers in their plans and annual reports. 6
  - (b) Beginning July 1, 2016, and annually thereafter, the Agency shall post on its website (i) the list of producers for which the Agency has received a plan or plan update in accordance with Section 20, and (ii) the plan as approved by the Agency and any subsequent updates within 30 days of receipt.
- (c) Beginning May 1, 2017, and annually thereafter, the Agency shall post on its website (i) the list of producers for which the Agency has received an annual report in accordance 16 with Section 55, and (ii) copies of the annual reports.
  - Section 55. Annual stewardship reports.
  - (a) By April 1, 2017, and by April of each year thereafter, each stewardship group shall submit a report to the Agency that includes, for the previous calendar year, a description of the carpet stewardship program, including, but not limited to, the following:
  - (1) the amount of carpet sold by square yards and pounds in this State during the reporting period by polymer type or non-polymer material, including a

reporting of the amount of PET, PTT, and blended 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 all 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 20 has been met;
- (4) the weight of all discarded carpet collected and recycled in all regions of this State, and a comparison to the performance goals and recycling rates established in the stewardship plan;
- (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 stewardship plan;
- (6) the total cost of the implementing the carpet stewardship plan and a copy of the independent audit regarding the financial activities of the stewardship group;
- (7) a proposed budget for implementing the carpet stewardship plan in the subsequent calendar year;
- (8) an evaluation of the funding mechanism and its ability to properly fund the implementation of the

stewardship plan, and provide adequate incentive payments to processors for managing PET, PTT, and blended carpet;

- (9) identification of the facilities processing carpet, and the weight processed at each facility and each facility's processing capacity;
- (10) an evaluation of the effectiveness of the carpet stewardship plan, and anticipated steps, if needed, to improve performance;
- (11) a discussion of progress made toward achieving carpet design changes according to paragraph (12) of subsection (a) of Section 20;
- (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 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 60. Administrative fee.
  - (a) The stewardship organization submitting a stewardship

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- plan shall pay the Agency an annual administrative fee of \$10,000.
- 3 (b) A stewardship organization subject to this Section 4 shall pay the Agency's administrative fee under subsection (a) 5 on or before January 1, 2016, and annually thereafter.
- 6 (c) The Agency shall deposit the fees collected under this
  7 Section into the Solid Waste Management Fund.
- 8 Section 65. Enforcement.
  - (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 a member of a stewardship group with an approved 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 (b) of Section 50.
  - (c) The Attorney General or State's Attorney may request, and the Court impose, after providing notice and opportunity to be heard, a civil penalty in the amount of \$500 per day 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 CARE is approved by

- 1 the Agency.
- (e) The penalties provided for in this Section may be 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 70. State procurement of carpet. Beginning on 10 11 January 1, 2017, at least 35% of carpet purchased by State 12 agencies shall be carpet with post-consumer recycled content from discarded carpet and comply with the National Science 1.3 Foundation/American National Standards Institute (NSF/ANSI) 14 15 140-2009 Standard, Platinum Level or the most current version 16 in effect as provided by the American National Standards Institute. Thereafter, those purchases shall increase by a rate 17 of 10% per year until it reaches 75%. Prior to January 1, 2018, 18 19 CARE shall provide a report to the Illinois Department of 20 Central Management Services on the other types of products that 21 contain recycled carpet as a feedstock that the State should 22 consider purchasing.
- Section 75. Report to the General Assembly. No later than January 1, 2022, the Director of the Agency shall submit a

- 1 report to the General Assembly describing the results of the
- 2 carpet stewardship program on a statewide basis. The report
- 3 shall also contain recommendations whether the program should
- 4 be made permanent and any modifications to improve its function
- 5 and efficiency.
- 6 Section 99. Effective date. This Act takes effect January
- 7 1, 2015.