# GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2013

H HOUSE BILL 949

Short Title:	Market Based Recycling.	(Public)		
Sponsors:	Representatives Moffitt, McGrady, and West (Primary Sponsors).  For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.			
Referred to:	Commerce and Job Development, if favorable, Environment, if Finance.	favorable,		

# April 17, 2013

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT A PRODUCER-DRIVEN MARKET-BASED STATEWIDE RECYCLING PROGRAM TO ENHANCE RECOVERY RATES OF VALUABLE MATERIALS IN A COST-EFFICIENT MANNER THEREBY ENCOURAGING ECONOMIC GROWTH OF BUSINESSES IN THE STATE THAT USE RECOVERED MATERIALS TO MANUFACTURE A VARIETY OF PRODUCTS.

The General Assembly of North Carolina enacts:

**SECTION 1.** Article 9 of Chapter 130A of the General Statutes is amended by adding a new Part to read:

"Part 2I. Market-Based Recycling Program for Packaging and Printed Paper.

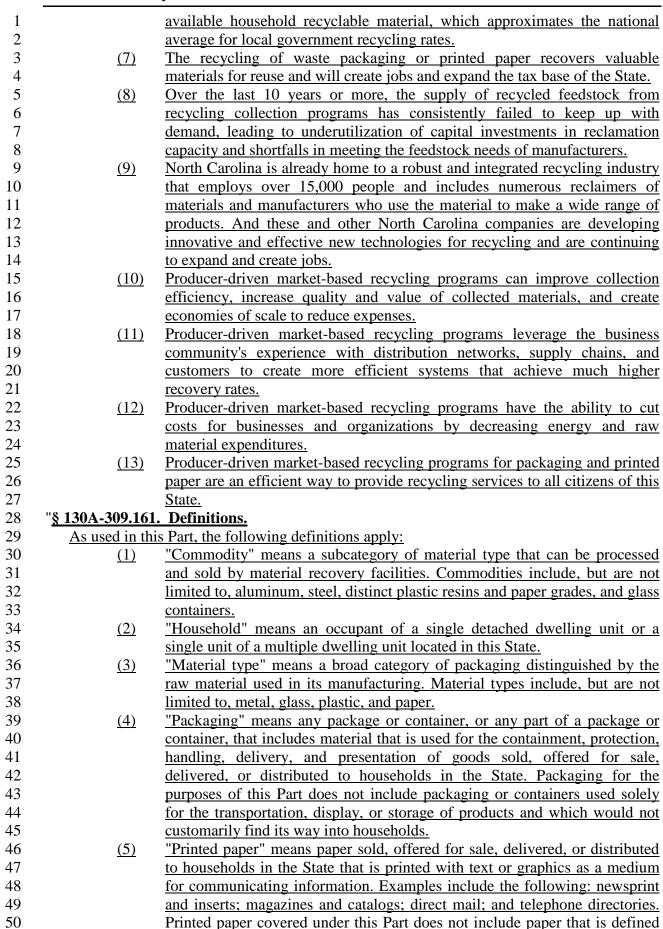
#### "§ 130A-309.160. Findings.

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## The General Assembly makes the following findings:

- (1) It is declared to be the policy of the State to obtain, to the extent practicable, economic benefits from the recovery of solid waste and reuse of material and energy resources.
- (2) It is declared to be the policy of the State to develop the State's recycling industry by promoting the successful development of markets for recycled items and by promoting the acceleration and advancement of the technology used in manufacturing processes that use recycled items.
- (3) It is declared to be the policy of the State to encourage counties, municipalities, and State agencies to contract with private persons for any or all the services in order to assure that the services are provided in the most cost-effective manner.
- (4) It is declared to be the goal of the State to foster partnerships between the public and private sectors that strengthen the supply of, and demand for, recyclable and reusable materials and that foster opportunities for economic development from the recovery and reuse of materials.
- (5) It is estimated that local governments across the State spent at least ninety-five million dollars (\$95,000,000) to finance recycling program efforts in North Carolina in the 2011–2012 fiscal year.
- (6) It is estimated that local governments across the State are only recycling between twenty-seven percent (27%) and thirty-one percent (31%) of





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1		as packaging, bound reference books, bound literary books, or bound text
2		books.
3	<u>(6)</u>	"Producer" means any of the following:
4	<del></del>	a. A person that has legal ownership of the brand, brand name, or
5		co-brand of a product or material sold, offered for sale, delivered, or
6		distributed in the State that results in waste packaging or printed
7		paper, whether or not the producer is located in the State.
8		b. A person that makes an unbranded product that is sold, offered for
9		sale, or distributed in the State that results in waste packaging or
10		printed paper.
11		c. A person that sells packaging and printed paper at retail, does not
12		have legal ownership of the brand, and elects to fulfill the
13		responsibilities of the producer for that product.
14	<u>(7)</u>	"Producer recycling program" means a requirement for a producer to provide
15		for or finance the recycling of packaging and printed paper including
16		collection, education, and recycling of those materials for recycling.
17	<u>(8)</u>	"Producer Recycling Organization" means an organization designated by a
18		group of producers to act as an agent on behalf of each producer to develop
19		and operate a producer recycling program for packaging and printed paper.
20	<u>(9)</u>	"Program plan" or "plan" means a detailed plan required under this Part that
21		describes the manner in which producers will implement and finance a
22		producer recycling program.
23	<u>(10)</u>	"Recycler" means a person that recycles waste packaging and printed paper.
24	<u>(11)</u>	"Recycling rate" means the percentage of packaging and printed paper sold,
25		offered for sale, delivered, or distributed to households in the State that is
26		collected, processed, and delivered for use in manufacturing processes or for
27		recycling of usable materials.
28	<u>(12)</u>	"Retailer" means a person that offers packaging and printed paper for sale in
29		the State at retail through any means, including remote offerings such as
30		sales outlets, catalogs, or the Internet. For purposes of this subdivision, "sale
31		at retail" does not include a sale that is a wholesale transaction with a
32		distributor or a retailer.
33	<u>(13)</u>	"Reuse" means a process by which packaging and printed paper is used
34		again without the process of manufacturing for the same purpose for which it
35		was originally manufactured.
36	<u>(14)</u>	"Sell" or "sale" means any transfer for consideration of title or of the right to
37		use, by lease or sales contract, including, but not limited to, transactions
38		conducted through sales outlets, catalogs, or the Internet, or any other similar
39		electronic means either inside or outside of the State, by a person who
40		conducts the transaction and controls the delivery of packaging and printed
41		paper, but does not include a manufacturer's or distributor's wholesale
42		transaction with a distributor or a retailer.
43	" <u>§ 130A-309.162</u>	. Responsibility for recycling discarded packaging and printed paper.

Each producer, whether acting individually or acting under a joint producer recycling program plan as authorized under subsection (d) of this section, shall implement a producer recycling program plan prepared in accordance with the provisions of G.S. 130A-309.163 for the collection and recycling of packaging and printed paper discarded by households in this State no later than June 1, 2016.

"§ 130A-309.163. Requirements for producers of packaging and printed paper.

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- (a) Registration Required. Each producer, before selling or offering for sale products or material in the State that would result in waste packaging or printed paper in North Carolina, shall register with the Department.
- (b) Producer Recycling Program Plan Required. Each producer, or a group of producers acting under a joint plan as authorized under subsection (d) of this section, shall develop, submit to the Department, and implement a producer recycling program plan for the collection and recycling of packaging and printed paper discarded by households in this State. The producer shall submit a proposed plan to the Department within 90 days of registration as required by subsection (a) of this section. The plan shall include all of the following:
  - (1) Contact information for an individual representing the entity submitting the plan, and, if applicable, a list of all producers participating in a joint plan as authorized under subsection (d) of this section.
  - (2) A description of:
    - a. The methods by which packaging and printed paper will be collected, transported, processed, and recycled from households in a convenient manner in all parts of the State, with an explanation of how existing infrastructure may be used.
    - b. How the producer, or, if applicable, producers operating under a joint plan, will provide for environmentally sound management practices to transport and recycle discarded packaging and printed paper.
    - c. How the producer, or, if applicable, producers operating under a joint plan, will finance the plan, including how any fee structure complies with the requirements of subsection (g) of this section.
    - d. How the existing recycling infrastructure will be enhanced to achieve a minimum recycling rate of fifty percent (50%) by 2020 for packaging and printed paper, as well as proposed annual interim recycling goals for recyclable packaging and printed paper.
    - e. Proposed activities that will develop markets for packaging that is not currently accepted for recycling and proposed incentives and other options available to encourage domestic use of recycled materials.
    - f. Potential joint activities with the Department and the Department of Commerce to identify ways in which the proposed recycling program can generate local infrastructure investment, business development, and job creation related to the collection, transportation, and processing of post-consumer packaging materials.
    - g. The process for determining how much packaging is sold into the State each year and determining the amount of material recovered and recycled.
    - h. Strategies for promoting the recycling program to residents, retailers, wholesalers, collectors, and other interested parties.
    - i. How the producer will provide recycling services throughout the State, particularly to underserved and rural communities.
  - A set of targets for recycling rates for each marketable commodity, including at least the following: steel cans; aluminum beverage containers; aluminum not used for beverages; polyethylene terephthalate (PET) beverage containers; PET not used for beverages; high density polyethylene (HDPE); polyvinyl chloride (PVC); low density polyethylene (LDPE); polypropylene (PP); polystyrene (PS); plastic bags and film plastic, including flexible film packaging; beverage container glass; glass containers not used for beverages; newsprint; magazines, catalogs, and other coated paper;

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- telephone directories; corrugated cardboard; paperboard; aseptic packaging
  and cartons; and other paper types.

  Information on stakeholder input on a proposed plan, or update to a plan as
  - (4) Information on stakeholder input on a proposed plan, or update to a plan as required pursuant to subsection (e) of this section. Before submitting a plan or an update to the Department, each producer, or group of producers acting under a joint plan as authorized under subsection (d) of this section, must solicit comments and input from stakeholders including retailers, waste haulers, recyclers, units of local government, consumers, and members of the public on the plan generally and for input on how the State's recycling system could be made more cost-effective and efficient. The producer, or group of producers acting under a joint plan, shall attempt to address any concerns before submitting its plan to the Department for review. Comments received from stakeholders must be submitted to the Department, which shall be considered by the Department in reviewing the plan.
  - (c) Mandatory Recycling Rates. By June 1, 2020, producers shall achieve an annual recycling rate of fifty percent (50%) by weight for all household packaging and printed paper sold into the State; and by June 1, 2023, producers shall achieve an annual recycling rate of sixty percent (60%) by weight for all household packaging and printed paper sold into the State. Recycling rate targets by material type and commodity shall be included in the program plan as described in subdivision (2) of subsection (b) of this section.
  - (d) Joint Producer Recycling Program Plans. A producer of packaging or printed paper sold or distributed in the State may fulfill the requirements of subsection (b) of this section by participation in a joint producer recycling program plan with other producers, or participation in a joint plan operated by a producer recycling organization. A joint plan shall meet the requirements of subsection (b) of this section. In addition, producers are authorized to act in cooperation with the Department, units of local government, commodity associations, retailers, waste haulers, and recyclers in order to maximize the recycling of household packaging and printer paper disposed of in this State and in order to fulfill the requirements of this Part.
  - (e) Producer Recycling Program Plan Revision. Beginning June 1, 2018, and every two years thereafter, a producer, or a group of producers acting under a joint plan as authorized under subsection (d) of this section, shall update its producer recycling program plan and submit it to the Department for review and approval. Updates to the plan shall incorporate measures to add or enhance recycling service and technical assistance for underserved locations, such as public property, office buildings, and food service establishments, and to add or enhance recycling service for products and material not currently capable of being recycled. Producers may consult with the Department regarding technical assistance to businesses. The Department may require a producer to revise a plan if the Department finds that the plan is inadequate.
  - (f) Payment of Costs for Plan Implementation. Each producer, whether operating individually or acting under a joint producer recycling program plan as authorized under subsection (d) of this section, is responsible for all costs associated with the development and implementation of its plan, including all costs of collecting and recycling packaging and printed paper discarded by households in the State. A producer shall not collect a fee from a household at the time packaging and printed paper is collected for recycling.
  - (g) Imposition of Fee Authorized by Joint Producer Programs and Producer Recycling Organizations. If applicable, a group of producers acting under a joint producer recycling program plan as authorized under subsection (d) of this section may propose a fee structure in their plan to be imposed on participating producers that will generate sufficient revenue to implement a plan. The following factors may be considered in setting a fee structure pursuant to this subsection: (i) fees that reward a producer's use of post-consumer material content; (ii)

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fees that reward higher recycling rates for marketable commodity types; (iii) fees that reward a producer's use of materials that have higher post-consumer material value; (iv) fees that reward a producer's use of materials with lower relative processing costs; and (v) fees that reward a producer's use of reusable or refillable packaging. On an annual basis, a producer recycling organization shall return any fund balance in excess of ten percent (10%) of cash reserves to participating producers in proportion to their annual contribution, provided the plan has met the target recycling rates set forth in G.S. 130A-309.163(b)(3).

- (h) Fee to Department Required. To support the Department's efforts to review, audit, and enforce producer recycling program plans, a producer, or a group of producers acting under a joint plan as authorized under subsection (d) of this section, shall pay (i) an initial registration fee to the Department within 90 days of registration as required in subsection (a) of this section; and (ii) an annual renewal registration fee to the Department, which shall be paid each year no later than July 1. The proceeds of these fees shall be credited to the Producer Recycling Management Account established pursuant to G.S. 130A-309.170. The Department shall set the fee at an amount that, when paid by all producers acting individually and groups of producers acting under joint plans as authorized by subsection (d) of this section, is not greater than the Department's full costs of administering and enforcing this Part, including any program development costs or regulatory costs incurred by the Department prior to program plans being submitted. The Department shall ensure:
  - (1) Costs to the Department must be transparent and available to the public on the Department's Web site.
  - (2) The fee structure shall be published on the Department's Web site by January 1, 2016.
- (i) Annual Report. No later than October 1, 2017, each producer, or group of producers acting under a joint producer recycling program plan as authorized under subsection (d) of this section, shall submit a report to the Department, and on October 1 annually thereafter, on the preceding year's activities. At a minimum, the report shall include all of the following:
  - (1) The recycling rate for each material type and marketable commodity, and a description of the methodology for determining how much packaging is sold into the State each year, and for determining the amount of material recycled.
  - (2) The progress toward achieving target recycling rates by material type and marketable commodity.
  - (3) An explanation for any deviations from the approved plan and proposed actions to achieve compliance.
  - (4) An evaluation of the effectiveness of the producer recycling program financing system in promoting reduction and recycling and reflecting actual costs to manage particular material types and marketable commodities.
  - (5) If applicable, a list of producers participating in a joint plan as authorized by subsection (d) of this section that are in arrears for fee payments.
  - (6) The public education and outreach activities performed, including an analysis of the activities' effectiveness using annual random consumer surveys.
  - (7) A description of activities and accounting for funds used for promoting domestic use of recyclable materials and for market development.
  - (8) A description of any joint activities with the Department and the Department of Commerce to identify ways in which the program can generate local infrastructure investment, business development, and job creation related to the collection, transportation, and processing of post-consumer packaging materials.

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- acting under a joint plan as authorized under subsection (d) of this section, shall provide information about the program, in writing, to all persons selling or distributing its product in
- this State. Notification must be provided at least 60 days before commencement of implementation of an approved plan, or implementation of a plan updated in accordance with subsection (e) of this section. This section shall not be construed to impose any requirements of this Part upon retailers or distributors.

(9)

# "§ 130A-309.164. Applicability.

Each producer of packaging or printed paper with gross sales in the State of less than two hundred fifty thousand dollars (\$250,000) is exempt from the requirements of this Part. A producer with gross sales in the State between two hundred fifty thousand dollars (\$250,000) and five hundred thousand dollars (\$500,000) shall pay an annual fee to a producer recycling organization not to exceed seven hundred fifty dollars (\$750.00) in lieu of payment of any other fees or compliance with any other requirements established by this Part.

Other information the Department may request in order to evaluate the

Information to Retailers and Distributors. – Each producer, or group of producers

## "§ 130A-309.165. Producer conduct authorized; prohibited.

effectiveness of the program.

- Conduct Authorized. A producer, or group of producers acting under a joint producer recycling program plan as authorized under subsection (d) of this section, is immune from liability for conduct under State law that would otherwise be prohibited relating to antitrust, restraint of trade, unfair trade practices, and other regulation of trade or commerce only to the extent that the conduct is necessary to develop, implement, and finance its responsibilities under this Part.
- Conduct Prohibited. A producer, or group of producers acting under a joint producer recycling program plan as authorized under subsection (d) of this section, shall not:
  - (1) Use funds collected pursuant to G.S. 130A-309.163(g) or otherwise generated to comply with the requirements of this Part (i) to disparage or make false or misleading claims against packaging material types; or (ii) for the purpose of influencing legislation or governmental action other than to amend a program plan.
  - Charge a visible fee to households, consumers, or businesses in order to (2) comply with the requirements of this Part.

### "§ 130A-309.166. Responsibilities of the Department.

- Review and Approval of Producer Recycling Program Plans. Within 60 days of submittal, the Department must review each producer recycling program plan submitted pursuant to G.S. 130A-309.163(b) and updated plans submitted pursuant to G.S. 130A-309.163(e) for compliance with the requirements of this Part. The Department shall notify the individual identified under a plan pursuant to G.S. 130A-309.163(b)(1) in writing whether the plan has been approved or rejected. If the Department rejects a plan, the Department shall notify the individual identified under a plan pursuant to G.S. 130A-309.163(b)(1) in writing of the reasons for rejecting the plan. A producer, or group of producers acting under a joint producer recycling program plan as authorized under subsection (d) of this section, whose plan has been rejected by the Department shall submit a revised plan to the Department within 60 days after receiving notice of the rejection.
  - Information to be Provided and Maintained. The Department shall: (b)
    - Develop and maintain a current list of producers that are in compliance with (1) the requirements of G.S. 130A-309.163, and post the list to the Department's Web site.
    - Develop and maintain a database of approved producer recycling program <u>(2)</u> plans, each of which shall be posted within 30 days of Department approval to the Department's Web site.

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- - Develop and implement a public education program on the laws governing the recycling and reuse of packaging and printed paper under this Article and on the methods available to consumers to comply with those requirements. The Department shall make this information available on the Department's Web site and shall provide technical assistance to producers to meet the requirements of G.S. 130A-309.163(b)(2)h.
  - Maintain the confidentiality of any information that is required to be (4) submitted by a manufacturer under this Part that is designated as a trade secret, as defined in G.S. 66-152(3), and that is designated as confidential or as a trade secret under G.S. 132-1.2.
- Annual Report. Beginning in 2017, the Department shall include information on the recycling of packaging and printed paper discarded by households in the State pursuant to this Part in the annual report required under G.S. 130A-309,06(c). In addition, the Department shall submit the information required by this section to the Fiscal Research Division. The report must include an evaluation of the recycling rates in the State for packaging and printed paper discarded by households in the State, a discussion of compliance and enforcement related to the requirements of this Part, and any recommendations for any changes to the system of collection and recycling of packaging and printed paper discarded by households in the State. In addition, the report shall include all of the following:
  - The overall recycling rate for each material type and marketable commodity. (1)
  - **(2)** The costs to the Department of administering the requirements of this Part and the amount of fees collected from producers pursuant to G.S. 130A-309.163(h).
  - <u>(3)</u> A description of the collection programs, including the location of collection sites.
  - <u>(4)</u> A summary of comments received from producers and other stakeholders.
  - Recommendations to improve the operation of the producer recycling (5) program.
- Consultation with Units of Local Government. The Department shall consult with municipalities and counties to determine how producer activities conducted pursuant to the requirements of this Part will allow for and are impacting the reduction of recycling activities by units of local government.

# "§ 130A-309.167. Authorization for multistate implementation.

The Department is authorized to participate in the establishment of a regional multistate organization or compact to assist in carrying out the requirements of this Part and to promote uniformity in administration among all participating states.

#### "§ 130A-309.168. Enforcement.

- Prohibition on Sales. On and after June 1, 2016, except as provided in G.S. 130A-309.164, no person may sell, offer for sale, barter, exchange, give, or distribute a product in the State which would result in waste packaging and printed paper unless the producer of the product participates individually, or jointly with other producers as authorized by G.S. 130A-309.163(d), in an approved producer recycling program for packaging and printed paper.
- Penalties. This Part may be enforced as provided by Part 2 of Article 1 of this (b) Chapter.
- Private Right of Action Among Producers. A producer injured by a violation of the requirements of this Part by another producer shall have a private right of action.

## "§ 130A-309.169. Units of local government.

Prohibition of Certain Fees. – A unit of local government may not assess a fee to households for collection and recycling services that it no longer provides or for collection and recycling costs for which a unit of local government is reimbursed by producers.

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(b)

recycling services.

(c) Opt Out. – A unit of local government may elect not to participate in a producer recycling program conducted pursuant to this Part. A unit of local government shall notify the Department in writing of its intention to opt out of a program operating within its jurisdiction. Local government units that opt out of a program are not eligible for reimbursement from producers.

any existing contracts between a unit of local government and any entity for collection and

Existing Contracts. – This Part shall not be construed to void or otherwise impair

- (d) Information for Local Solid Waste Management Plans. A producer shall provide information to a local government on the producer's activities within the local government's jurisdiction conducted pursuant to the requirements of this Part that are relevant to the local government's responsibilities with respect to management of solid waste as provided in G.S. 130A-309.09A and G.S. 130A-309.09B.
- (e) <u>Local Government Authority Not Preempted. Nothing in this Part shall be</u> construed as limiting the authority of any local government to manage packaging and printed paper that are solid waste.

## "§ 130A-309.170. Producer Recycling Management Account.

- (a) <u>Creation. The Producer Recycling Management Account is established as a nonreverting account within the Department. The Account consists of revenue credited to the Fund from the proceeds of the fee imposed on producers under G.S. 130A-309.163(h).</u>
- (b) <u>Use.</u> <u>Moneys in the Account shall only be used by the Department for implementation, administration, oversight, and enforcement of the provisions of this Part."</u>

**SECTION 2.** G.S. 130A-309.03 reads as rewritten:

## "§ 130A-309.03. Findings, purposes.

(b) It is the purpose of this Part to:

- (1) Regulate in the most economically feasible, cost-effective, and environmentally safe manner the storage, collection, transport, separation, processing, recycling, and disposal of solid waste in order to protect the public health, safety, and welfare; enhance the environment for the people of this State; and recover resources which have the potential for further usefulness.

(2) Establish and maintain a cooperative State program of planning, technical assistance, and financial assistance for solid waste management.
 (3) Require counties and municipalities to adequately plan and provide efficient,

 (3) Require counties and municipalities to adequately plan and provide efficient, environmentally acceptable solid waste management programs; and require counties to plan for proper hazardous waste management.

 (4) Require review of the design, and issue permits for the construction, operation, and closure of solid waste management facilities.

 (5) Promote the application of resource recovery systems that preserve and enhance the quality of air, water, and land resources.

 (6) Ensure that exceptionally hazardous solid waste is transported, disposed of, stored, and treated in a manner adequate to protect human health, safety, and welfare; and the environment.

(7) Promote the reduction, recycling, reuse, or treatment of solid waste, specifically including hazardous waste, in lieu of disposal of the waste.

(8) Promote methods and technology for the treatment, disposal, and transportation of hazardous waste which are practical, cost-effective, and economically feasible.

(9) Encourage counties and municipalities to utilize all means reasonably available to promote efficient and proper methods of managing solid waste

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1 2		and to promote the economical recovery of material and energy resources from solid waste, including contracting with persons to provide or operate
3		resource recovery services or facilities on behalf of the county or
4		municipality.
5		Promote the education of the general public and the training of solid waste
6		professionals to reduce the production of solid waste, to ensure proper
7		disposal of solid waste, and to encourage recycling.
8		Encourage the development of waste reduction and recycling as a means of
9		managing solid waste, conserving resources, and supplying energy through
10		planning, grants, technical assistance, and other incentives.
11		Encourage the development of the State's recycling industry by promoting
12	' '	the successful development of markets for recycled items and by promoting
13		the acceleration and advancement of the technology used in manufacturing
14		processes that use recycled items.
15		Give the State a leadership role in recycling efforts by granting a preference
16	' '	in State purchasing to products with recycled content.
17		Require counties to develop and implement recycling programs so that
18		valuable materials may be returned to productive use, energy and natural
19		resources conserved, and the useful life of solid waste management facilities
20		extended.
21	(15)	Ensure that medical waste is transported, stored, treated, and disposed of in a
22		manner sufficient to protect human health, safety, and welfare; and the
23		environment.
24	(16)	Require counties, municipalities, and State agencies to determine the full
25		cost of providing storage, collection, transport, separation, processing
26		recycling, and disposal of solid waste in an environmentally safe manner
27		and encourage counties, municipalities, and State agencies to contract with
28		private persons for any or all the services in order to assure that the services
29		are provided in the most cost-effective manner."
30	SECTI	<b>ON 3.</b> This act becomes effective July 1, 2014.

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