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## SUBSTITUTE HOUSE BILL 2246

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State of Washington 63rd Legislature 2014 Regular Session

By House Environment (originally sponsored by Representatives S. Hunt, Fitzgibbon, Hudgins, Morris, Ryu, Roberts, Bergquist, Goodman, and Pollet) READ FIRST TIME 02/04/14.

- AN ACT Relating to financing for stewardship of mercury-containing lights; amending RCW 70.275.030, 70.275.040, and 70.275.050; reenacting and amending RCW 70.275.020; adding a new section to chapter 70.275 RCW; adding new sections to chapter 43.131 RCW; adding a new section to chapter 70.95M RCW; creating a new section; recodifying RCW 70.275.080; repealing RCW 70.275.120; providing an effective date; providing a contingent effective date; and declaring an emergency.
- 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 9 <u>NEW SECTION.</u> **Sec. 1.** The legislature finds that additional flexibility is needed for mercury-containing light manufacturers to comply with the requirements of chapter 70.275 RCW in order to provide a sustainable funding mechanism and provide effective state protections to producer-operated product stewardship programs under chapter 70.275 RCW.
- 15 Sec. 2. RCW 70.275.020 and 2010 c 130 s 2 are each reenacted and 16 amended to read as follows:
- 17 The definitions in this section apply throughout this chapter 18 unless the context clearly requires otherwise.

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- 1 (1) "Brand" means a name, symbol, word, or mark that identifies a 2 product, rather than its components, and attributes the product to the 3 owner of the brand as the producer.
  - (2) "Collection" or "collect" means, except for persons involved in mail-back programs:
  - (a) The activity of accumulating any amount of mercury-containing lights at a location other than the location where the lights are used by covered entities, and includes curbside collection activities, household hazardous waste facilities, and other registered drop-off locations; and
  - (b) The activity of transporting mercury-containing lights in the state, where the transporter is not a generator of unwanted mercury-containing lights, to a location for purposes of accumulation.
    - (3) "Covered entities" means:

- (a) A ((single family or a multifamily household generator and persons that deliver no more than fifteen)) household generator or other person who purchases mercury-containing lights at retail and delivers no more than ten mercury-containing lights to registered collectors for a product stewardship program ((during a ninety-day period)) on any given day; and
- (b) A ((single-family or a multifamily household generator and persons that utilize)) household generator or other person who purchases mercury-containing lights at retail and utilizes a registered residential curbside collection program or a mail-back program for collection of mercury-containing lights and ((that)) discards no more than fifteen mercury-containing lights into those programs ((during a ninety-day period)) on any given day.
  - (4) "Department" means the department of ecology.
- (5) "Final disposition" means the point beyond which no further processing takes place and materials from mercury-containing lights have been transformed for direct use as a feedstock in producing new products, or disposed of or managed in permitted facilities.
- (6) "Hazardous substances" or "hazardous materials" means those substances or materials identified by rules adopted under chapter 70.105 RCW.
- 36 (7) "Mail-back program" means the use of a prepaid postage 37 container with mercury vapor barrier packaging that is used for the

collection and recycling of mercury-containing lights from covered entities as part of a product stewardship program and is transported by the United States postal service or a common carrier.

- (8) "Mercury-containing lights" means lamps, bulbs, tubes, or other devices that contain mercury and provide functional illumination in homes, businesses, and outdoor stationary fixtures.
- (9) "Mercury vapor barrier packaging" means sealable containers that are specifically designed for the storage, handling, and transport of mercury-containing lights in order to prevent the escape of mercury into the environment by volatilization or any other means, and that meet the requirements for transporting by the United States postal service or a common carrier.
- (10) "Orphan product" means a mercury-containing light that lacks a producer's brand, or for which the producer is no longer in business and has no successor in interest, or that bears a brand for which the department cannot identify an owner.
- (11) "Person" means a sole proprietorship, partnership, corporation, nonprofit corporation or organization, limited liability company, firm, association, cooperative, or other legal entity located within or outside Washington state.
- (12) "Processing" means recovering materials from unwanted products for use as feedstock in new products. Processing must occur at permitted facilities.
  - (13) "Producer" means a person that:

- (a) Has or had legal ownership of the brand, brand name, or cobrand of a mercury-containing light sold in or into Washington state, ((except for persons whose primary business is retail sales)) unless the brand owner is a retailer whose mercury-containing light was supplied by another producer participating in a stewardship program under this chapter;
- (b) Imports or has imported mercury-containing lights branded by a producer that meets the requirements of (a) of this subsection and where that producer has no physical presence in the United States;
- (c) If (a) and (b) of this subsection do not apply, makes or made  $((an \ unbranded))$  <u>a</u> mercury-containing light that is sold or has been sold in or into Washington state; or
  - (d)(i) Sells or sold at wholesale or retail a mercury-containing

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light; (ii) does not have legal ownership of the brand; and (iii) elects to fulfill the responsibilities of the producer for that product.

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- (14) "Product stewardship" means a requirement for a producer of mercury-containing lights to manage and reduce adverse safety, health, and environmental impacts of the product throughout its life cycle, including financing and providing for the collection, transporting, reusing, recycling, processing, and final disposition of their products.
- 10 (15) "Product stewardship plan" or "plan" means a detailed plan 11 describing the manner in which a product stewardship program will be 12 implemented.
  - (16) "Product stewardship program" or "program" means the methods, systems, and services financed in the manner provided for under RCW 70.275.050 and provided by producers of mercury-containing lights generated by covered entities that addresses product stewardship and includes ((collecting, transporting, reusing)) arranging for the collection, transportation, recycling, processing, and final disposition of unwanted mercury-containing lights, including ((a fair share of)) orphan products.
- 21 (17) "Recovery" means the collection and transportation of unwanted 22 mercury-containing lights under this chapter.
  - (18)(a) "Recycling" means transforming or remanufacturing unwanted products into usable or marketable materials for use other than landfill disposal or incineration.
  - (b) "Recycling" does not include energy recovery or energy generation by means of combusting unwanted products with or without other waste.
- 29 (19) "Reporting period" means the period commencing January 1st and 30 ending December 31st in the same calendar year.
- 31 (20) "Residuals" means nonrecyclable materials left over from 32 processing an unwanted product.
- 33 (21) "Retailer" means a person who offers mercury-containing lights 34 for sale at retail through any means including, but not limited to, 35 remote offerings such as sales outlets, catalogs, or the internet, but 36 does not include a sale that is a wholesale transaction with a 37 distributor or a retailer.

- (22)(a) "Reuse" means a change in ownership of a mercury-containing light or its components, parts, packaging, or shipping materials for use in the same manner and purpose for which it was originally purchased, or for use again, as in shipping materials, by the generator of the shipping materials.
- (b) "Reuse" does not include dismantling of products for the purpose of recycling.
- (23) "Stakeholder" means a person who may have an interest in or be affected by a product stewardship program.
- (24) "Stewardship organization" means an organization designated by a producer or group of producers to act as an agent on behalf of each producer to operate a product stewardship program.
- (25) "Unwanted product" means a mercury-containing light no longer wanted by its owner or that has been abandoned, discarded, or is intended to be discarded by its owner.
- (26) "Environmental handling charge" or "charge" means the charge approved by the department to be applied to each mercury-containing light to be sold at retail in or into Washington state. The environmental handling charge must cover all administrative and operational costs associated with the product stewardship program, including the fee for the department's administration and enforcement.
- **Sec. 3.** RCW 70.275.030 and 2010 c 130 s 3 are each amended to read as follows:
  - (1) Every producer of mercury-containing lights sold in or into Washington state for ((residential use must fully finance and participate in a product stewardship program for that product, including the department's costs for administering and enforcing this chapter.
    - (2) Every producer must:

- (a) Participate in a product stewardship program approved by the department and operated by a product stewardship organization contracted by the department. All producers must finance and participate in the plan operated by the product stewardship organization, unless the producer obtains department approval for an independent plan as described in (b) of this subsection; or
- (b) Finance and operate, either individually or jointly with other producers, a product stewardship program approved by the department.

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(3) A producer, group of producers, or product stewardship organization funded by producers must pay all administrative and operational costs associated with their program or programs, except for the collection costs associated with curbside and mail back collection programs. For curbside and mail back programs, a producer, group of producers, or product stewardship organization shall finance)) retail sale in Washington state must participate in a product stewardship program for those products, operated by a stewardship organization and financed in the manner provided by RCW 70.275.050. Every such producer must inform the department of the producer's participation in a product stewardship program by including the producer's name in a plan submitted to the department by a stewardship organization as required by RCW 70.275.040. Producers must satisfy these participation obligations individually or may do so jointly with other producers.

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(2) A stewardship organization operating a product stewardship program must pay all administrative and operational costs associated with its program with revenues received from the environmental handling charge described in RCW 70.275.050. The stewardship organization's administrative and operational costs are not required to include a collection location's cost of receiving, accumulating and storing, and packaging mercury-containing lights. However, a stewardship organization may offer incentives or payments to collectors. The stewardship organization's administrative and operational costs do not include the collection costs associated with curbside and mail-back collection programs. The stewardship organization must arrange for collection service at locations described in subsection (4) of this section, which may include household hazardous waste facilities, charities, retailers, government recycling sites, or other suitable private locations. No such entity is required to provide collection services at their location. For curbside and mail-back programs, a stewardship organization must pay the costs of transporting mercurycontaining lights from accumulation points and for processing mercurycontaining lights collected by curbside and mail-back programs. collection locations, including household hazardous waste facilities, charities, retailers, government recycling sites, or other suitable private locations, a ((producer, group of producers, or product)) stewardship organization ((shall finance)) must pay the costs of ((collection,)) packaging and shipping materials as required under RCW

70.275.070 or must compensate collectors for the costs of those materials, and must pay the costs of transportation((-,)) and processing of mercury-containing lights collected ((at)) from the collection locations.

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- $((\frac{4}{}))$  <u>(3)</u> Product stewardship programs shall collect unwanted mercury-containing lights delivered from covered entities for  $((\frac{\text{reuse}}{}))$  recycling, processing, or final disposition, and not charge a fee when lights are dropped off or delivered into the program.
- 9 ((<del>(5)</del>)) <u>(4)</u> Product stewardship programs shall provide, at a 10 minimum, no cost services in all cities in the state with populations 11 greater than ten thousand and all counties of the state on an ongoing, 12 year-round basis.
- 13 ((\(\frac{(+6+)}{(+6+)}\)) (5) Product stewardship programs shall promote the safe

  14 handling and recycling of mercury-containing lights to the public,

  15 including producing and offering point-of-sale educational materials to

  16 retailers of mercury-containing lights and point-of-return educational

  17 materials to collection locations.
  - (6) All product stewardship programs operated under approved plans must recover their fair share of unwanted covered products as determined by the department.
  - (7) The department or its designee may inspect, audit, or review audits of processing and disposal facilities used to fulfill the requirements of a product stewardship program.
  - (8) No product stewardship program required under this chapter may use federal or state prison labor for processing unwanted products.
- 26 (9) Product stewardship programs for mercury-containing lights must 27 be fully implemented by January 1, ((2013)) 2015.
- 28 **Sec. 4.** RCW 70.275.040 and 2010 c 130 s 4 are each amended to read 29 as follows:
- (1) ((A producer, group of producers, or product stewardship program submitting a proposed product stewardship plan under RCW 70.275.030(2)(b) must submit that plan by January 1st of the year prior to to the planned implementation.)) On June 1st of the year prior to implementation, each producer must ensure that a stewardship organization submits a proposed product stewardship plan on the producer's behalf to the department for approval. Plans approved by

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the department must be implemented by January 1st of the following calendar year.

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- (2) The department shall establish rules for plan content. Plans must include but are not limited to:
  - (a) All necessary information to inform the department about the plan operator and participating producers and their brands;
  - (b) The management and organization of the product stewardship program that will oversee the collection, transportation, and processing services;
  - (c) The identity of collection, transportation, and processing service providers, including a description of the consideration given to existing residential curbside collection infrastructure and mailback systems as an appropriate collection mechanism;
  - (d) How the product stewardship program will seek to use businesses within the state, including transportation services, retailers, collection sites and services, existing curbside collection services, existing mail-back services, and processing facilities;
  - (e) A description of how the public will be informed about the ((recycling program)) product stewardship program, including how consumers will be provided with information describing collection opportunities for unwanted mercury-containing lights from covered entities and safe handling of mercury-containing lights, waste prevention, and recycling. The description must also include information to make consumers aware that an environmental handling charge has been added to the purchase price of mercury-containing lights sold at retail to fund the mercury-containing light stewardship programs in the state. The environmental handling charge may not be described as a department recycling fee or charge at the point of retail sale;
- 30 (f) A description of the financing system required under RCW 31 70.275.050;
- (g) How mercury and other hazardous substances will be handled for collection through final disposition;
  - (h) A public review and comment process; and
- 35 (i) Any other information deemed necessary by the department to 36 ensure an effective mercury light product stewardship program that is 37 in compliance with all applicable laws and rules.

- (3) All plans submitted to the department must be made available for public review on the department's web site and at the department's headquarters.
  - (4) At least two years from the start of the product stewardship program and once every four years thereafter, ((a producer, group of producers, or product)) each stewardship organization operating a product stewardship program must update its product stewardship plan and submit the updated plan to the department for review and approval according to rules adopted by the department.
  - (5) ((Each product stewardship program shall submit an annual report to the department describing the results of implementing their plan for the prior year. The department may adopt rules for reporting requirements. All reports submitted to the department must be made available for public review)) By June 1, 2016, and each June 1st thereafter, each stewardship organization must submit an annual report to the department describing the results of implementing the stewardship organization's plan for the prior calendar year, including an independent financial audit. The department may adopt rules for reporting requirements. Financial information included in the annual report must include but is not limited to:
- 21 <u>(a) The amount of the environmental handling charge assessed on</u> 22 <u>mercury-containing lights and the revenue generated;</u>
  - (b) Identification of confidential information pursuant to RCW 43.21A.160 submitted in the annual report; and
  - (c) The cost of the mercury-containing lights product stewardship program, including line item costs for:
    - (i) Program operations;

- (ii) Communications, including media, printing and fulfillment, public relations, and other education and outreach projects;
- (iii) Administration, including administrative personnel costs, travel, compliance and auditing, legal services, banking services, insurance, and other administrative services and supplies, and stewardship organization corporate expenses; and
  - (iv) Amount of unallocated reserve funds.
- (6) Beginning in 2023 every stewardship organization must include in its annual report an analysis of the percent of total sales of lights sold at retail to covered entities in Washington that mercury-containing lights constitute, the estimated number of mercury-

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containing lights in use by covered entities in the state, and the projected number of unwanted mercury-containing lights to be recycled in future years.

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(7) All plans and reports submitted to the department must be made available for public review, excluding sections determined to be confidential pursuant to RCW 43.21A.160, on the department's web site and at the department's headquarters.

- 8 **Sec. 5.** RCW 70.275.050 and 2010 c 130 s 5 are each amended to read 9 as follows:
  - (1) ((All producers that sell mercury-containing lights in or into the state of Washington are responsible for financing the mercury-containing light recycling program required by RCW 70.275.030.
    - (2) Each producer shall pay fifteen thousand dollars to the department to contract for a product stewardship program to be operated by a product stewardship organization. The department shall retain five thousand dollars of the fifteen thousand dollars for administration and enforcement costs.
    - (3) A producer or producers participating in an independent plan, as permitted under RCW 70.275.030(2)(b), must pay the full cost of operation. Each producer participating in an approved independent plan shall pay an annual fee of five thousand dollars to the department for administration and enforcement costs.)) Each stewardship organization must recommend to the department an environmental handling charge to be added to the price of each mercury-containing light sold in or into the state of Washington for sale at retail. The environmental handling charge must be designed to provide revenue necessary and sufficient to cover all administrative and operational costs associated with the stewardship program described in the department-approved product stewardship plan for that organization, including the department's annual fee required by subsection (5) of this section, and a prudent reserve. The stewardship organization must consult with collectors, retailers, recyclers, and each of its participating producers in developing its recommended environmental handling charge. The environmental handling charge may, but is not required to, vary by the type of mercury-containing light. In developing its recommended environmental handling charge, the stewardship organization must take into consideration and report to the department:

- 1 (a) The anticipated number of mercury-containing lights that will be sold to covered entities in the state at retail during the relevant period;
  - (b) The number of unwanted mercury-containing lights delivered from covered entities expected to be recycled during the relevant period;
  - (c) The operational costs of the stewardship organization as described in RCW 70.275.030(2);
- 8 (d) The administrative costs of the stewardship organization
  9 including the department's annual fee, described in subsection (5) of
  10 this section; and
  - (e) The cost of other stewardship program elements including public outreach.
  - (2) The department must review, adjust if necessary, and approve the stewardship organization's recommended environmental handling charge within sixty days of submittal. In making its determination, the department shall review the product stewardship plan and may consult with the producers, the stewardship organization, retailers, collectors, recyclers, and other entities.
    - (3) No sooner than January 1, 2015:

- (a) The mercury-containing light environmental handling charge must be added to the purchase price of all mercury-containing lights sold to Washington retailers for sale at retail, and each Washington retailer shall add the charge to the purchase price of all mercury-containing lights sold at retail in this state, and the producer shall remit the environmental handling charge to the stewardship organization in the manner provided for in the stewardship plan; or
- (b) Each Washington retailer must add the mercury-containing light environmental handling charge to the purchase price of all mercury-containing lights sold at retail in this state, where the retailer, by voluntary binding agreement with the producer, arranges to remit the environmental handling charge to the stewardship organization on behalf of the producer in the manner provided for in the stewardship plan. Producers may not require retailers to opt for this provision via contract, marketing practice, or any other means. The stewardship organization must allow retailers to retain a portion of the environmental handling charge as reimbursement for any costs associated with the collection and remittance of the charge.

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(4) At any time, a stewardship organization may submit to the department a recommendation for an adjusted environmental handling charge for the department's review, adjustment, if necessary, and approval under subsection (2) of this section to ensure that there is sufficient revenue to fund the cost of the program, current deficits, or projected needed reserves for the next year. The department must review the stewardship organization's recommended environmental handling charge and must adjust or approve the recommended charge within thirty days of submittal if the department determines that the charge is reasonably designed to meet the criteria described in subsection (1) of this section.

- (5) Beginning March 1, 2015, and each year thereafter, each stewardship organization shall pay to the department an annual fee equivalent to five thousand dollars for each participating producer to cover the department's administrative and enforcement costs. The amount paid under this section must be deposited into the product stewardship programs account created in RCW 70.275.130.
- NEW SECTION. Sec. 6. A new section is added to chapter 70.275 RCW to read as follows:
  - (1) It is the intent of the legislature that a producer, group of producers, stewardship organization preparing, submitting, and implementing a mercury-containing light product stewardship program pursuant to this chapter, as well as participating entities in the distribution chain, including retailers and distributors, are granted immunity, individually and jointly, from federal and state antitrust liability that might otherwise apply to the activities reasonably necessary for implementation and compliance with this chapter. It is further the intent of the legislature that the activities of the producer, group of producers, stewardship organization, and entities in the distribution chain, including retailers and distributors, in implementing and complying with the provisions of this chapter may not be considered to be in restraint of trade, a conspiracy, or combination thereof, or any other unlawful activity in violation of any provisions of federal or state antitrust laws.
  - (2) The department shall actively supervise the conduct of the stewardship organization, the producers of mercury-containing lights,

- 1 and entities in the distribution chain in determination and
- 2 implementation of the environmental handling charge authorized by this
- 3 chapter.
- 4 <u>NEW SECTION.</u> **Sec. 7.** A new section is added to chapter 43.131 RCW
- 5 to read as follows:
- 6 The mercury-containing lights product stewardship program as
- 7 established under chapter 70.275 RCW is terminated July 1, 2025, as
- 8 provided in section 8 of this act.
- 9 <u>NEW SECTION.</u> **Sec. 8.** A new section is added to chapter 43.131 RCW
- 10 to read as follows:
- 11 The following acts or parts of acts, as now existing or hereafter
- 12 amended, are each repealed, effective July 1, 2026:
- 13 (1) RCW 70.275.010 (Findings--Purpose) and 2010 c 130 s 1;
- 14 (2) RCW 70.275.020 (Definitions) and 2014 c . . . s 2 (section 2 of
- 15 this act) & 2010 c 130 s 2;
- 16 (3) RCW 70.275.030 (Product stewardship program) and 2014 c . . .
- 17 s 3 (section 3 of this act) & 2010 c 130 s 3;
- 18 (4) RCW 70.275.040 (Submission of proposed product stewardship
- 19 plans--Department to establish rules--Public review--Plan update--
- 20 Annual report) and 2014 c . . . s 4 (section 4 of this act) & 2010 c  $\,$
- 21 130 s 4;
- 22 (5) RCW 70.275.050 (Financing the mercury-containing light
- 23 recycling program) and 2014 c . . . s 5 (section 5 of this act) & 2010
- 24 c 130 s 5;
- 25 (6) RCW 70.275.060 (Collection and management of mercury) and 2010
- 26 c 130 s 6;
- 27 (7) RCW 70.275.070 (Collectors of unwanted mercury-containing
- 28 lights--Duties) and 2010 c 130 s 7;
- 29 (8) RCW 70.275.090 (Producers must participate in an approved
- 30 product stewardship program) and 2010 c 130 s 9;
- 31 (9) RCW 70.275.100 (Written warning--Penalty--Appeal) and 2010 c
- 32 130 s 10;
- 33 (10) RCW 70.275.110 (Department's web site to list producers
- 34 participating in product stewardship plan--Required participation in a
- 35 product stewardship plan--Written warning--Penalty--Rules--Exemptions)
- 36 and 2010 c 130 s 11;

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- 1 (11) RCW 70.275.130 (Product stewardship programs account) and 2010 2 c 130 s 13;
- 3 (12) RCW 70.275.140 (Adoption of rules--Report to the legislature-4 Invitation to entities to comment on issues--Estimate of statewide
  5 recycling rate for mercury-containing lights--Mercury vapor barrier
  6 packaging) and 2010 c 130 s 14;
- 7 (13) RCW 70.275.150 (Application of chapter to the Washington utilities and transportation commission) and 2010 c 130 s 15;
- 9 (14) RCW 70.275.160 (Application of chapter to entities regulated 10 under chapter 70.105 RCW) and 2010 c 130 s 16;
- 11 (15) RCW 70.275.900 (Chapter liberally construed) and 2010 c 130 s 17;
- 13 (16) RCW 70.275.901 (Severability--2010 c 130) and 2010 c 130 s 21; 14 and
- 15 (17) RCW 70.275.--- and 2014 c . . . s 6 (section 6 of this act).
- NEW SECTION. Sec. 9. RCW 70.275.120 (Producers must pay annual fees) and 2010 c 130 s 12 are each repealed.
- NEW SECTION. Sec. 10. (1) RCW 70.275.080 is recodified as a section in chapter 70.95M RCW.
- 20 (2) This section takes effect July 1, 2026, only if chapter 70.275 21 RCW is repealed as provided for in section 8 of this act.
- NEW SECTION. Sec. 11. Except for section 10 of this act, this act is necessary for the immediate preservation of the public peace,
- 24 health, or safety, or support of the state government and its existing
- 25 public institutions, and takes effect immediately.

--- END ---