SENATE BILL 5965

State of Washington 68th Legislature 2024 Regular Session

By Senators Nguyen, Kuderer, Nobles, Saldaña, and C. Wilson

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1 AN ACT Relating to the environmental impacts of fashion; 2 reenacting and amending RCW 43.21B.110 and 43.21B.300; adding a new 3 chapter to Title 70A RCW; and prescribing penalties.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 <u>NEW SECTION.</u> Sec. 1. (1) The legislature finds that the fashion 6 industry has many negative environmental impacts, including high 7 levels of water use, run-off pollution from the use of agrochemicals 8 and dyes, carbon emissions, industry waste, and hazardous work 9 environments.

10 (2) The United Nations estimates that a single pair of jeans 11 requires a kilogram of cotton, and because cotton tends to be grown in dry environments, producing this kilogram requires about 7,500 to 12 10,000 liters of water, which is approximately 10 years' worth of 13 14 drinking water for one person. The industry accounts for nearly 20 percent of global wastewater, with fabric dyes polluting water bodies 15 16 and impacting aquatic life and drinking water. Cotton production also 17 uses a high amount of fertilizers and pesticides, discharging toxic substances to waterways. In terms of greenhouse gases, the fashion 18 19 industry accounts for about eight to 10 percent of global carbon 20 emissions, more than both aviation and shipping combined.

1 (3) The synthetic polymer polyester is the most common fabric used in clothing, and globally, 65 percent of the clothing that we 2 wear is polymer-based. Around 70,000,000 barrels of oil a year are 3 used to make polyester fibers in our clothes, from waterproof jackets 4 to scarves. Polyester takes hundreds of years to decompose and can 5 6 lead to microfibers escaping into the environment. The United States 7 environmental protection agency estimates that in 2018, 11,300,000 tons of textiles ended up in landfills, while another 3,200,000 tons 8 were incinerated. According to the Ellen MacArthur foundation, the 9 average number of times a piece of clothing is worn decreased by 36 10 percent between 2000 and 2015, and according to the world bank, 40 11 12 percent of clothing purchased in some countries is never used.

(4) The legislature recognizes that some companies have committed 13 to mitigation measures, such as the use of the science-based targets 14 initiative, a tool for reducing carbon emissions. Additionally, 15 16 legislation regarding due diligence is being considered in New York 17 and the European Union, and Germany, France, Britain, and Australia have laws requiring due diligence when it comes to human rights and 18 19 slavery. Therefore, the legislature also intends to address the negative environmental impacts of the fashion industry, by requiring 20 companies to map a minimum of 50 percent of their supply chain, 21 disclose where in that chain they have the greatest environmental 22 23 impact when it comes to low wages, energy, greenhouse gas emissions, water, and chemical management, and make plans to reduce those 24 25 numbers. By doing so, the legislature intends for Washington to serve as a leader in mitigating the environmental impact of the fashion 26 industry. 27

28 <u>NEW SECTION.</u> **Sec. 2.** The definitions in this section apply 29 throughout this chapter unless the context clearly requires 30 otherwise.

(1) "Article of wearing apparel" means any costume or article ofclothing worn or intended to be worn by individuals.

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(2) "Department" means the department of ecology.

(3) "Due diligence" means the process companies carry out to identify, prevent, mitigate, and account for how they address actual and potential adverse impacts in their own operations, their supply chain, and other business relationships, in the manner recommended in the organization for economic cooperation and development guidelines for multinational enterprises, the organization for economic

1 cooperation and development due diligence guidance for responsible 2 business conduct, and United Nations guiding principles of business 3 and human rights, as those guidelines and guidance existed as of 4 January 1, 2024.

5 (4) "Fashion manufacturer" means a business entity that lists 6 manufacturing as its principal business activity in the state of 7 Washington, as reported on the entity's state business and occupation 8 tax return, and manufactures articles of wearing apparel or footwear.

9 (5) "Fashion retail seller" means a business entity that lists 10 retail trade as its principal business activity in the state of 11 Washington, as reported on the entity's state business and occupation 12 tax return, and sells articles of wearing apparel or footwear.

13 (6) "Footwear" means any covering worn or intended to be worn on 14 the foot.

(7) "Gross income of the business" means the value proceeding or 15 16 accruing by reason of the transaction of the business engaged in and 17 includes gross proceeds of sales, compensation for the rendition of 18 services, gains realized from trading in stocks, bonds, or other evidences of indebtedness, interest, discount, rents, royalties, 19 fees, commissions, dividends, and other emoluments however 20 21 designated, all without any deduction on account of the cost of tangible property sold, the cost of materials used, labor costs, 22 interest, discount, delivery costs, taxes, or any other expense 23 whatsoever paid or accrued and without any deduction on account of 24 25 losses.

26 <u>NEW SECTION.</u> Sec. 3. (1) (a) Every fashion retail seller or 27 fashion manufacturer doing business in the state that has an annual 28 worldwide gross income of the business that exceeds \$100,000,000 must disclose its environmental due diligence policies, processes, and 29 30 outcomes, including significant real or potential adverse 31 environmental impacts and disclose targets for prevention and 32 improvement.

33 (b)(i) The disclosure described in (a) of this subsection must be 34 published on the fashion retail seller's or fashion manufacturer's 35 website with a clear and easily understood link to the required 36 information placed on the fashion retail seller's or fashion 37 manufacturer's homepage by July 1, 2025.

38 (ii) In the event the fashion retail seller or fashion 39 manufacturer does not have an internet website, the fashion

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1 manufacturer or fashion retail seller must provide a written 2 disclosure within 30 days of receiving a written request for the 3 disclosure from any person.

4 (2) The due diligence that must be carried out by the fashion 5 manufacturer or fashion retail seller and disclosed pursuant to 6 subsection (1) of this section must include, at a minimum:

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(a) Supply chain mapping, including:

8 (i) Taking a risk-based approach, using good faith efforts to map 9 suppliers across all tiers of production, from raw material to final 10 production. A minimum of 50 percent of suppliers by volume across all 11 tiers of production must be mapped; and

(ii) Using good faith efforts to map the suppliers and associated supply chains relevant to the prioritized risk, and obtain and disclose the names of prioritized suppliers;

15 Impact due diligence, including an environmental (b) sustainability report, to include externally relevant information on 16 diligence policies, processes, and activities 17 due conducted to identify, prevent, mitigate, and account for potential adverse 18 impacts, including the findings and outcomes of those activities. 19 Such a report must include, in line with the United Nations guiding 20 principles on business and human rights, the international labor 21 organization declaration on fundamental principles and rights at 22 work, the organization for economic cooperation and development 23 guidelines for multinational enterprises, and the organization for 24 25 economic cooperation and development due diligence guidance for responsible business conduct. 26

(3) The impact due diligence specified in subsection (2)(b) of this section that is disclosed consistent with this section must also include:

30 (a) A link on the fashion retail seller's or fashion 31 manufacturer's website to relevant policies on responsible business 32 conduct for entities specified in subsection (1)(b)(i) of this 33 section, or the inclusion in written disclosures of relevant policies 34 on responsible business conduct for entities specified in (1)(b)(ii) 35 of this section;

36 (b) Information on measures taken to embed responsible business 37 conduct into policies and management systems;

38 (c) The fashion retail seller's or fashion manufacturer's 39 identified areas of significant risks in the contexts of its own 40 activities and business relationships, such as supply chains; 1 (d) The significant adverse impacts on risks identified, 2 prioritized, and assessed in the context of its own activities and 3 business relationships, such as supply chain;

4 (e) The prioritization criteria;

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5 (f) The actions taken to prevent or mitigate those risks, such as 6 corrective action plans, to be cited where available, including 7 estimated timelines, targets, and benchmarks for improvement and 8 their outcomes;

(g) Measures to track implementation and results; and

10 (h) The fashion retail seller's or fashion manufacturer's 11 provision of or cooperation in any remediation.

NEW SECTION. Sec. 4. (1) Beginning January 1, 2027, fashion retail sellers and fashion manufacturers must establish, track, and disclose progress towards performance targets established in this section. Disclosure of progress towards performance targets must be done in a manner consistent with disclosures required in section 3 of this act. The requirements of this section include the establishment, tracking, and disclosure of:

(a) A quantitative baseline and reduction targets on energy and greenhouse gas emissions, water, and chemical management. Greenhouse gas emissions reporting must be independently verified, include absolute figures, and conform with the greenhouse gas protocol corporate account and reporting standard and the greenhouse gas protocol corporate value chain scope three standard promulgated by the world resources institute, as it existed as of January 1, 2024;

(b) Annual volume of material produced, including breakdown bymaterial type, which must be independently verified;

(c) How much production has been displaced with recycled materials as compared to growth targets, which must be independently verified; and

31 (d) What targets fashion retail sellers and fashion manufacturers 32 have for impact reductions, and for tracking due diligence implementation and results including, where possible, estimated 33 timelines and benchmarks for improvement. These targets must include 34 absolute targets for greenhouse gas emissions reductions that align 35 with the apparel and footwear sector science-based targets guidance 36 promulgated by the world resources institute, as it existed as of 37 38 January 1, 2024, and include all scopes of production.

(2) Each fashion retail seller or fashion manufacturer must meet
 the targets established under subsection (1) of this section.

3 (3) Beginning April 1, 2028, and each April 1st thereafter, each 4 fashion retail seller or fashion manufacturer must submit an annual 5 report to the department in a format prescribed by the department 6 that allows the department to determine whether the fashion retail 7 seller or fashion manufacturer achieved the performance targets 8 established in this section.

9 <u>NEW SECTION.</u> Sec. 5. (1)(a) The department may adopt rules as 10 necessary for the purpose of implementing, administering, and 11 enforcing this chapter.

12 (b) The department must annually publish and make publicly 13 available a report regarding compliance with this chapter, listing 14 the fashion retail sellers and fashion manufacturers who are known to 15 be out of compliance with this chapter and including an up-to-date 16 report on enforcement activities under this chapter.

(2) A fashion retail seller or fashion manufacturer that violates a disclosure, performance target achievement, or reporting requirement of this chapter is subject to a civil penalty not to exceed \$5,000 for each violation in the case of a first offense. Repeat violators are subject to a civil penalty not to exceed \$10,000 for each repeat offense.

(3) Any penalty provided for in this section, and any order issued by the department under this chapter, may be appealed to the pollution control hearings board.

(4) All penalties collected under this chapter must be depositedin the community benefit account created in section 7 of this act.

NEW SECTION. Sec. 6. (1) Any person may commence a civil action against any fashion retail seller or fashion manufacturer who is alleged to have violated or to be in violation of this chapter or an order by the department with respect to the standards and requirements set forth in this chapter.

33 (2) Any person may commence a civil action to compel the 34 department to investigate an entity's compliance with this chapter, 35 to enforce compliance with this chapter, or to apply the prohibitions 36 set forth in this chapter to any fashion retail seller or fashion 37 manufacturer operating within this state.

1 (3) Any person may commence a civil action against the department 2 where there is an alleged failure of the department to perform any 3 act or duty under this chapter that is not discretionary with the 4 department.

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(4) No action may be commenced:

6 (a) Prior to 60 days after the plaintiff has given notice of the 7 alleged violation to the department and to any alleged violator; or

8 (b) If the department has commenced an enforcement action under 9 section 5 of this act to require compliance with the law, rule, or 10 order.

(5) (a) Any action respecting a violation of a law, rule, or order under this chapter may be brought in any judicial district in which a fashion retail seller or fashion manufacturer engages in commerce.

14 (b) In such an action under this section, the department, if not 15 a party, may intervene as a matter of right.

16 (6) The court, in issuing any final order in any action brought 17 pursuant to this section, may award costs of litigation, including 18 reasonable attorneys' and expert witness fees, to any prevailing 19 party, wherever the court determines such an award is appropriate.

(7) A civil action to enforce compliance with a law, rule, or 20 21 order may not be brought under this section if any other statute, or the common law, provides authority for the plaintiff to bring a civil 22 action and, in such an action, obtain the same relief, as authorized 23 under this section, for enforcement of such a law, rule, or order. 24 25 Nothing in this section restricts any right that any person, or class 26 of persons, may have under any statute or common law to seek any relief, including relief against the state or a state agency. 27

28 Sec. 7. (1) The community benefit account is NEW SECTION. created in the custody of the state treasurer. All receipts from 29 30 penalties imposed under section 5 of this act must be deposited into 31 the account. Expenditures from the account may be used only for the purpose of implementing one or more environmental benefit projects 32 that directly and verifiably benefit overburdened communities and 33 vulnerable populations identified by the department in a manner 34 consistent with chapter 70A.02 RCW. Only the director of the 35 department or the director's designee may authorize expenditures from 36 the account. The account is subject to allotment procedures under 37 38 chapter 43.88 RCW, but an appropriation is not required for expenditures. 39

1 (2) The department must consult with the environmental justice 2 council established in RCW 70A.02.110 in making expenditures under 3 this section.

4 (3) For the purposes of this section, "environmental benefit" has
5 the same meaning as "environmental benefits" defined in RCW
6 70A.02.010.

Sec. 8. RCW 43.21B.110 and 2023 c 455 s 5, 2023 c 434 s 20, 2023
c 344 s 5, and 2023 c 135 s 6 are each reenacted and amended to read
as follows:

10 (1) The hearings board shall only have jurisdiction to hear and 11 decide appeals from the following decisions of the department, the 12 director, local conservation districts, the air pollution control 13 boards or authorities as established pursuant to chapter 70A.15 RCW, 14 local health departments, the department of natural resources, the 15 department of fish and wildlife, the parks and recreation commission, 16 and authorized public entities described in chapter 79.100 RCW:

17 (a) Civil penalties imposed pursuant to RCW 18.104.155, 70A.530.040, 70A.350.070, 70A.15.3160, 70A.300.090, 70A.20.050, 18 70A.515.060, 70A.245.040, 70A.245.050, 70A.245.070, 70A.245.080, 19 20 70A.245.130, 70A.245.140, 70A.65.200, 70A.455.090, 70A.550.030, 70A.555.110, 70A.560.020, section 5 of this act, 76.09.170, 21 22 77.55.440, 78.44.250, 88.46.090, 90.03.600, 90.46.270, 90.48.144, 90.56.310, 90.56.330, and 90.64.102. 23

(b) Orders issued pursuant to RCW 18.104.043, 18.104.060,
43.27A.190, 70A.15.2520, 70A.15.3010, 70A.300.120, 70A.350.070,
70A.245.020, 70A.65.200, 70A.555.110, 70A.560.020, section 5 of this
act, 86.16.020, 88.46.070, 90.14.130, 90.46.250, 90.48.120, and
90.56.330.

(c) Except as provided in RCW 90.03.210(2), the issuance, 29 30 modification, or termination of any permit, certificate, or license 31 by the department or any air authority in the exercise of its jurisdiction, including the issuance or termination of a waste 32 disposal permit, the denial of an application for a waste disposal 33 permit, the modification of the conditions or the terms of a waste 34 35 disposal permit, or a decision to approve or deny an application for a solid waste permit exemption under RCW 70A.205.260. 36

37 (d) Decisions of local health departments regarding the grant or38 denial of solid waste permits pursuant to chapter 70A.205 RCW.

(e) Decisions of local health departments regarding the issuance
 and enforcement of permits to use or dispose of biosolids under RCW
 70A.226.090.

4 (f) Decisions of the department regarding waste-derived 5 fertilizer or micronutrient fertilizer under RCW 15.54.820, and 6 decisions of the department regarding waste-derived soil amendments 7 under RCW 70A.205.145.

8 (g) Decisions of local conservation districts related to the 9 denial of approval or denial of certification of a dairy nutrient 10 management plan; conditions contained in a plan; application of any 11 dairy nutrient management practices, standards, methods, and 12 technologies to a particular dairy farm; and failure to adhere to the 13 plan review and approval timelines in RCW 90.64.026.

(h) Any other decision by the department or an air authority which pursuant to law must be decided as an adjudicative proceeding under chapter 34.05 RCW.

(i) Decisions of the department of natural resources, the department of fish and wildlife, and the department that are reviewable under chapter 76.09 RCW, and the department of natural resources' appeals of county, city, or town objections under RCW 76.09.050(7).

(j) Forest health hazard orders issued by the commissioner of public lands under RCW 76.06.180.

(k) Decisions of the department of fish and wildlife to issue, deny, condition, or modify a hydraulic project approval permit under chapter 77.55 RCW, to issue a stop work order, to issue a notice to comply, to issue a civil penalty, or to issue a notice of intent to disapprove applications.

29 (1) Decisions of the department of natural resources that are 30 reviewable under RCW 78.44.270.

31 (m) Decisions of an authorized public entity under RCW 79.100.010 32 to take temporary possession or custody of a vessel or to contest the 33 amount of reimbursement owed that are reviewable by the hearings 34 board under RCW 79.100.120.

(n) Decisions of the department of ecology that are appealable under RCW 70A.245.020 to set recycled minimum postconsumer content for covered products or to temporarily exclude types of covered products in plastic containers from minimum postconsumer recycled content requirements.

40 (o) Orders by the department of ecology under RCW 70A.455.080.

(2) The following hearings shall not be conducted by the hearings
 board:

3 (a) Hearings required by law to be conducted by the shorelines4 hearings board pursuant to chapter 90.58 RCW.

5 (b) Hearings conducted by the department pursuant to RCW 6 70A.15.3010, 70A.15.3070, 70A.15.3080, 70A.15.3090, 70A.15.3100, 7 70A.15.3110, and 90.44.180.

8 (c) Appeals of decisions by the department under RCW 90.03.110 9 and 90.44.220.

10 (d) Hearings conducted by the department to adopt, modify, or 11 repeal rules.

12 (3) Review of rules and regulations adopted by the hearings board 13 shall be subject to review in accordance with the provisions of the 14 administrative procedure act, chapter 34.05 RCW.

15 Sec. 9. RCW 43.21B.300 and 2023 c 455 s 6, 2023 c 434 s 21, and 16 2023 c 135 s 7 are each reenacted and amended to read as follows: (1) Any civil penalty provided in RCW 18.104.155, 70A.15.3160, 17 18 70A.205.280, 70A.300.090, 70A.20.050, 70A.245.040, 70A.245.050, 70A.245.070, 70A.245.080, 70A.245.130, 70A.245.140, 70A.65.200, 19 20 70A.455.090, 70A.555.110, 70A.560.020, 88.46.090, 90.03.600, 90.46.270, 90.48.144, 90.56.310, 90.56.330, and 90.64.102 and chapter 21 22 70A.355 RCW shall be imposed by a notice in writing, either by certified mail with return receipt requested or by personal service, 23 24 to the person incurring the penalty from the department or the local air authority, describing the violation 25 with reasonable particularity. For penalties issued by local air authorities, within 26 27 30 days after the notice is received, the person incurring the

penalty may apply in writing to the authority for the remission or 28 mitigation of the penalty. Upon receipt of the application, the 29 30 authority may remit or mitigate the penalty upon whatever terms the 31 authority in its discretion deems proper. The authority may ascertain the facts regarding all such applications in such reasonable manner 32 and under such rules as it may deem proper and shall remit or 33 mitigate the penalty only upon a demonstration of extraordinary 34 circumstances such as the presence of information or factors not 35 considered in setting the original penalty. 36

37 (2) Any penalty imposed under this section may be appealed to the 38 pollution control hearings board in accordance with this chapter if 39 the appeal is filed with the hearings board and served on the department or authority 30 days after the date of receipt by the person penalized of the notice imposing the penalty or 30 days after the date of receipt of the notice of disposition by a local air authority of the application for relief from penalty.

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(3) A penalty shall become due and payable on the later of:

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(a) 30 days after receipt of the notice imposing the penalty;

7 (b) 30 days after receipt of the notice of disposition by a local 8 air authority on application for relief from penalty, if such an 9 application is made; or

10 (c) 30 days after receipt of the notice of decision of the 11 hearings board if the penalty is appealed.

12 (4) If the amount of any penalty is not paid to the department within 30 days after it becomes due and payable, the attorney 13 general, upon request of the department, shall bring an action in the 14 name of the state of Washington in the superior court of Thurston 15 16 county, or of any county in which the violator does business, to 17 recover the penalty. If the amount of the penalty is not paid to the authority within 30 days after it becomes due and payable, the 18 authority may bring an action to recover the penalty in the superior 19 court of the county of the authority's main office or of any county 20 21 in which the violator does business. In these actions, the procedures 22 and rules of evidence shall be the same as in an ordinary civil 23 action.

24 (5) All penalties recovered shall be paid into the state treasury 25 and credited to the general fund except those penalties imposed 26 pursuant to RCW 18.104.155, which shall be credited to the 27 reclamation account as provided in RCW 18.104.155(7), RCW 70A.15.3160, the disposition of which shall be governed by that 28 provision, RCW 70A.245.040 and 70A.245.050, which shall be credited 29 to the recycling enhancement account created in RCW 70A.245.100, RCW 30 31 70A.300.090, 70A.555.110, and 70A.560.020, which shall be credited to 32 model toxics control operating account created in the RCW 70A.305.180, RCW 70A.65.200, which shall be credited to the climate 33 investment account created in RCW 70A.65.250, RCW 90.56.330, which 34 shall be credited to the coastal protection fund created by RCW 35 90.48.390, section 5 of this act, which shall be credited to the 36 community benefit account created in section 7 of this act, and RCW 37 70A.355.070, which shall be credited to the underground storage tank 38 account created by RCW 70A.355.090. 39

<u>NEW SECTION.</u> Sec. 10. This chapter may be known and cited as
 the Washington fashion sustainability accountability act.

3 <u>NEW SECTION.</u> Sec. 11. Sections 1 through 7 and 10 of this act 4 constitute a new chapter in Title 70A RCW.

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