Summary of Producer Obligations and Definitions Plastic Pollution and Recycling Modernization Act

The Plastic Pollution and Recycling Modernization Act updates Oregon's recycling system by building on local community programs and leveraging the resources of producers to create an innovative system. The law requires certain companies that sell packaged items, food serviceware or paper products into Oregon to share responsibility for effective management of their products after use. The new law goes into effect January 1, 2022, and program changes will start in July 2025.

This new law creates several compliance obligations for producers of covered products. This document provides a high-level summary to help businesses understand: 1) what is a "covered product," 2) who is the "producer" for any given covered product, and 3) what producers will need to do to comply with the law. This high-level overview does not describe every possible scenario nor is it offered as a substitute for the <u>statutory language</u> or intended as legal advice. More detailed information will be available in the future on DEQ's website at <u>RecyclingAct.Oregon.gov</u>.

What is a "Covered Product"?

The Recycling Modernization Act defines three types of "covered products" in Section 2: packaging, food serviceware, and printing and writing paper. It also defines producer obligations differently for different types of covered products, so it is important to understand what type of covered product(s) your materials are. Specifically, food serviceware is not packaging.

The recyclability of a material has no bearing on whether a material is a covered product or not. All types of packaging, food serviceware, and printing and writing paper have potential impacts on Oregon's recycling system and are included as covered products, unless exempted. Oregon's law applies to all covered products, regardless of whether they are discarded by households or others (businesses, etc.).

Exemptions for Certain Materials

The law exempts several materials, including:

- beverage containers covered by <u>Oregon's Bottle Bill;</u>
- books:
- napkins and paper towels;
- pallets;
- specialty packaging used exclusively in industrial processes (such as cores for rolls of packaging sold to a packaging convertor);
- refillable propane tanks;
- · items sold and used exclusively on farms;
- certain items used by nurseries;
- packaging hazardous substances that are required to be labeled with a prohibition on recycling:
- packaging and paper products supplied in connection with prescription and nonprescription drugs, animal medicines, infant formula and medical food

Also exempted are all items that are not ultimately discarded inside Oregon, architectural paint cans recovered through <u>Oregon's paint stewardship program</u>, and materials that meet other conditions involving recycling outside of the publicly-managed commingled recycling collection systems in Oregon. In these cases, the fraction of covered products that meet criteria (e.g., sold into Oregon but then redistributed to another state) are exempted, while the remainder are covered products.

Who is the Producer?

Every non-exempt covered product must have one designated producer, unless that producer is exempted, as described below.

A producer is not required to be a member of a producer responsibility organization if, for all covered product the producer sells, offers to sell or distributes in or into this state, another person (such as another company in the supply chain) has registered with a producer responsibility organization as the producer responsible for that covered product (Section 4(4)). This allows producers to enter into voluntary agreements with other companies and reassign compliance obligations for some or all of their products.

Anyone who makes or sells into Oregon multiple covered products may have obligations for none, some, or all of them, depending on the circumstances described here. The exemption of one covered product does not exempt a producer from obligations for other covered products.

The law assigns obligations to producers differently for different types of covered products:



For **food serviceware**: The obligated "producer" is the person that first sells the food serviceware into Oregon. In most cases, this will be the manufacturer of the food serviceware or a distributor.



For **packaged items sold via physical retail sale**: The obligated producer is typically the brand-owning manufacturer of the packaged item. Manufacturing encompasses directing manufacturing by simple contract. If the brand-owner rather confers rights to the brand to a manufacturer by a licensing agreement, the manufacturer is obligated. If no such entity is located in the U.S., then the obligated producer is the entity that imports the packaged item into the country.



For **packaging or packaged items sold via remote sale**: The person that packages and ships the item for sale into Oregon is the obligated producer of the packaging used in shipping. The producer of the original packaging of the sold product is the same as if the item were sold via physical retail sale.



For newspapers, magazines, catalogs, telephone directories and similar publications: The obligated _ producer is the publisher.

For all other **printing and writing paper**: The manufacturer of the printing and writing paper, if domestic, is the producer. If the paper is produced in another country, the importer into the U.S. is the producer.

Exemptions for Certain Producers

Even if a material is a "covered product," its producer may be exempted from compliance obligations (Sections 5 and 2(32)). The law exempts:

- 503(c)(3) nonprofit organizations, public bodies, restaurants that are not producers of food serviceware;
- Persons that operate a single retail sales establishment, have no online sales, and are not supplied or operated as part of a franchise or a chain;
- Entities that had gross (global) revenue of less than \$5 million in their most recent fiscal year, or sold in or into Oregon less than one metric ton of covered products in the most recent calendar year;
- Manufacturers of beverages sold in containers covered by Oregon's Bottle Bill that sold in or into Oregon
 less than five metric tons of other covered products in the most recent calendar year. While Bottle Bill
 materials are already exempted under Section 2(6), secondary and tertiary packaging (such as wine
 boxes and six-pack rings) will still be a covered product in most cases.

How do Producers Comply?

By July 1, 2025, individual producers must:



Register with and be a member of a producer responsibility organization (PRO) that administers a state-approved producer responsibility program.



Pay an annual membership fee to its PRO. The PRO will set fee schedules each year. Fees will be based on the quantity and type of each covered product, environmental considerations, and the impacts of each material type on the PRO's cost obligations.



Upon request, provide the PRO with records or other information necessary for the organization to meet its obligations.

Note: For packaged items sold into Oregon via remote sale, the obligated producer of the packaging used for shipping (e.g., Amazon) must notify the producer of the sold covered product (e.g., L'Oreal) of the sale, so that they are aware of their own compliance obligations. The shipper/seller must also notify the PRO to which the producer of the sold covered product belongs.

The largest 25 producers are also required to perform and disclose evaluations of the life cycle impacts of at least one percent of their covered products sold or distributed into the state every two years (Section 33).

More Information

There are many different types of producers, products and supply chains, and this document may not have covered every possible scenario. Additional details regarding producer obligations may be provided through subsequent administrative rulemakings.

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