Responsible Textile Recovery Act of 2024 Solicitation of the Producer Responsibility Organization

Purpose

The Responsible Textile Recovery Act of 2024 (SB 707, Newman, Chapter 864, Statutes of 2024, Public Resources Code (PRC) section 42984.4) requires the Department of Resources Recycling and Recovery (CalRecycle) to select a nonprofit organization to serve as the producer responsibility organization (PRO). Interested organizations are to submit applications to the department by January 1, 2026. This document briefly describes the statutory requirements of the PRO, the general timeline for the application and selection process, and the information on how an organization can apply to be the PRO.

Responsibilities of the PRO

The responsibilities of the PRO are specified in Articles 3-6 of the statute (PRC sections 42984.6 to 42984.18). Listed below is a brief summary of the duties the PRO must conduct (note: this list is not comprehensive, please refer to statue for full requirements):

- Prepare an initial statewide needs assessment and update every five years.
- Set eco-modulated fees for participant producers to fully fund the program.
- Submit and annually update a list of brands of covered products that each producer sells.
- Develop and submit a producer responsibility plan.
- Achieve performance standards outlined in the producer responsibility plan.
- Submit annual reports to the department, describing how the PRO implements the plan and how the PRO has complied with the requirements of the statute and regulations.
- Maintain records:
 - Covered products offered for sale, sold, distributed, or imported in or into the state.
 - Minutes, books, and records that reflect the activities and transactions of the PRO.
- Provide contact information of participant producers.
- Have the organization's financials audited annually and provide a copy of the audit to the department for review.
- Develop a contingency plan in the event the producer responsibility plan expires or is revoked.
- Report information to CalRecycle regarding non-compliance by any participant producers.

Minimum Qualifications for a PRO

Any organization that is seeking to serve as the PRO must demonstrate the following:

• Pursuant to PRC section 42984.3(t), the organization must be exempt from taxation under section 501(c)(3) of the federal Internal Revenue Code of 1986.

- Pursuant to PRC section 42984.4(a)(2)(A), the PRO has a governing board
 consisting of producers that are diverse in size and type and that represent the
 diversity of covered products placed in the market by those entities. The
 governing board may include ex officio members involved in the collection,
 sorting, repair, reuse, recycling, or management of covered products.
- Pursuant to PRC section 42984.4(a)(2)(B), the organization has adequate financial responsibility and financial controls in place, such as fraud prevention measures and an audit schedule.

Application Instructions

CalRecycle has developed the following <u>website</u> to support organizations in electronically submitting their application. Applicants can download the application form, prepare responses to the application prompts, and send the application (preferably as a PDF document), along with all other supporting documentation, via email to Textiles@CalRecycle.ca.gov.

CalRecycle requests the following supporting documentation:

- IRS Form 990 (if available).
- IRS 501(c)(3) determination or affirmation letter (if available).
- Organization's Articles of Incorporation of a Nonprofit.
- Organization's bylaws.
- Organization's organization chart.
- · Copies of most recent audits (if available).

All application materials are deemed public records, pursuant to the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code). To promote transparency, CalRecycle will be making portions of the application publicly available. To help facilitate the process, CalRecycle requests applicants to ensure the following:

- All documents are in compliance with <u>Government Code section 7405</u> and the <u>Web Content Accessibility Guidelines 2.0</u> published in 2008 by the Web Accessibility Initiative of the World Wide Web Consortium at a minimum Level AA success criteria.
- Identify information that is deemed confidential and explain in a cover letter why the information should be kept confidential.

Timeline

Applications are due to CalRecycle by January 1, 2026, at 11:59 PM PST. This is a statutory deadline, specified by PRC section 42984.4(a)(1). Thus, CalRecycle cannot grant any extensions to the deadline.