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In Senate, April 1, 2025

An Act to Improve Recycling by Updating the Stewardship Program for Packaging

Reference to the Committee on Environment and Natural Resources suggested and ordered printed.

DAREK M. GRANT Secretary of the Senate

Presented by Senator BALDACCI of Penobscot.

2	Sec. 1. 38 MRSA §2146, sub-§1, ¶C-1 is enacted to read:
3 4 5 6	C-1. "Commingled recycling processing facility" means a recycling facility that receives for the purpose of the use or further processing by others 2 or more types of recyclable materials that would typically be separated into individual materials but are received mixed together by the facility.
7	Sec. 2. 38 MRSA §2146, sub-§1, ¶C-2 is enacted to read:
8 9	C-2. "Consumer" means a residential customer or residential household that receives packaging material.
10	Sec. 3. 38 MRSA §2146, sub-§1, ¶G-1 is enacted to read:
11 12	G-1. "Manage" means to collect, transport, process or otherwise prepare packaging material for recycling, reuse or industrial or residential composting.
13 14	Sec. 4. 38 MRSA §2146, sub-§1, ¶I, as enacted by PL 2021, c. 455, §2, is amended to read:
15 16 17 18 19 20 21	I. "Packaging material" means a discrete type of material, or a category of material that includes multiple discrete types of material with similar management requirements and similar commodity values, used for the containment, protection, delivery, presentation or distribution of a product, including a product sold over the Internet, at the time that the product leaves a point of sale with or is received by the consumer of the product. "Packaging material" does not include a discrete type of material, or a category of material that includes multiple discrete types of material, that is:
22 23 24	(1) Intended to be used for the long-term storage or protection of a durable product and that can be expected to be usable for that purpose for a period of at least 5 years;
25 26	(2) A beverage container, as defined in section 3102, subsection 2, subject to the requirements of chapter 33;
27 28 29 30	(3) A container for architectural paint, as defined in section 2144, subsection 1, paragraph A, as long as a paint stewardship program is in operation, has been approved by the department pursuant to section 2144 and the stewardship organization operating that program:
31 32	(a) Has demonstrated to the department's satisfaction that it recycles at least 90% of the containers of architectural paint collected under the program; or
33 34 35 36	(b) Subject to the approval of the department, if unable to satisfy the requirements of division (a), has demonstrated to the department's satisfaction that it recycles at least 80% of the containers of architectural paint collected under the program; or
37 38	(4) Excluded from the definition of "packaging material" by the department by rule adopted pursuant to subsection 13, paragraph D-:
39 40	(5) Packaging that is intended solely to be distributed or sold to commercial or industrial customers;

Be it enacted by the People of the State of Maine as follows:

1 2 3 4 5 6 7 8 9	(6) Packaging material used to contain drugs, dietary supplements, devices or cosmetics as those terms are defined in the Federal Food, Drug, and Cosmetic Act, infant formula as defined in 21 United States Code, Section 321(z), medical food as defined in 21 United States Code, Section 360ee(b)(3), packaging for a fortified oral nutritional supplement used by persons who require supplemental or sole source nutrition to meet nutritional needs due to special dietary needs directly related to cancer, chronic kidney disease, diabetes, malnutrition or failure to thrive, as those terms are defined by the World Health Organization's International Classification of Diseases, 11th Revision and biologics and diagnostic kits regulated under the federal Virus-Serum-Toxin Act;
11 12 13	(7) Packaging for medical equipment or products used in medical settings, including components associated with medical equipment or products used in medical settings and disposable medical equipment;
14 15	(8) Packaging used for products developed or manufactured for the purpose of public health or environmental or water quality testing;
16 17	(9) Packaging used for products regulated by the Federal Insecticide, Fungicide, and Rodenticide Act;
18 19 20	(10) Packaging used to contain and ship products that are classified for transportation as dangerous goods or hazardous materials under 49 Code of Federal Regulations, Part 178; or
21 22	(11) Packaging used to contain hazardous or flammable products regulated under 29 Code of Federal Regulations, Section 1910.1200.
23 24	Sec. 5. 38 MRSA §2146, sub-§1, ¶N, as enacted by PL 2021, c. 455, §2, is amended to read:
25 26 27 28 29	N. "Post-consumer recycled material" means new material produced using material resulting from the recovery, separation, collection and reprocessing of material that would otherwise be disposed of or processed as waste and that was originally sold for consumption. "Post-consumer recycled material" does not include post-industrial material or pre-consumer material.
30 31	Sec. 6. 38 MRSA §2146, sub-§1, ¶O, as enacted by PL 2021, c. 455, §2, is repealed and the following enacted in its place:
32	O. "Producer" means a person that:
33 34 35	(1) Manufactures a product that is sold, in or with packaging, under a brand or trademark owned by the manufacturer, or lacks identification of a brand, at a physical retail location in this State;
36 37 38	(2) If subparagraph (1) does not apply, is licensed to manufacture and sell, or offer for sale, a product, in or with packaging, under a brand or trademark at a physical retail location in this State;
39 40 41	(3) If subparagraphs (1) and (2) do not apply, is the brand or trademark owner, licensee or entity that has a direct relationship with the manufacturer of a product sold, in or with packaging, at a physical retail location in this State;

1 (4) If there is no person described in subparagraphs (1) to (3) located within the 2 United States, is the person that first distributes a product, in or with packaging, 3 for sale at a physical retail location in this State; 4 (5) Manufactures a product that is sold, in or with packaging, under a brand or trademark owned by the manufacturer, or lacks identification of a brand, if the 5 packaging is used to directly protect or contain a product sold in this State via the 6 Internet, remote sale or remote distribution; or 7 8 (6) Packages a product to be shipped to a customer in this State that is sold via the 9 Internet, by remote sale or remote distribution. 10 If a person described under this paragraph is a business operated wholly or in part as a franchisor that has franchisees with a commercial presence within the State, the person 11 12 is considered a producer. 13 "Producer" includes a low-volume producer. "Producer" does not include a nonprofit organization exempt from taxation under the United States Internal Revenue Code of 14 1986, Section 501(c)(3). 15 16 Sec. 7. 38 MRSA §2146, sub-§1, ¶R-1 is enacted to read: 17 R-1. "Residential recycling collection service" means the collection of recyclable 18 materials from a residential household and delivery of the recyclable materials to a 19 recycling facility for processing. Sec. 8. 38 MRSA §2146, sub-§1, ¶R-2 is enacted to read: 20 21 R-2. "Responsible end market" means an entity that purchases or accepts recyclable 22 materials if the recycling of materials is conducted in a way that benefits the environment and minimizes risks to public health and worker health and safety. 23 24 Sec. 9. 38 MRSA §2146, sub-§1, ¶U, as enacted by PL 2021, c. 455, §2, is 25 amended to read: 26 U. "Toxicity" means, with respect to packaging material, the presence intentional 27 addition in packaging material or the use in the manufacturing, recycling or disposal 28 of packaging material of intentionally introduced metals or chemicals regulated 29 pursuant to Title 32, chapter 26-A; food contact chemicals of high concern or priority 30 food contact chemicals regulated pursuant to Title 32, chapter 26-B; or chemicals of 31 concern, chemicals of high concern or priority chemicals identified pursuant to chapter 32 16-D. 33 **Sec. 10. 38 MRSA §2146, sub-§2, ¶C,** as enacted by PL 2021, c. 455, §2, is 34 amended to read: 35 C. The producer realized more than 50% of its total gross revenue in the prior calendar 36 year from the sale of goods it acquired through insurance salvages, closeouts, 37 bankruptcies and liquidations; or 38 **Sec. 11. 38 MRSA §2146, sub-§2, ¶D,** as enacted by PL 2021, c. 455, §2, is 39 amended by amending the first blocked paragraph to read: 40 As used in this paragraph, "perishable food" means any food that may spoil or 41 otherwise become unfit for human consumption because of its nature, type or physical 42 conditions, including, but not limited to, fresh and processed meats, poultry, seafood,

dairy products, bakery products, eggs in the shells and fresh fruits and vegetables. 1 2 "Perishable food" does not include any such food that is sold, offered for sale or distributed for sale frozen except for frozen wild blueberries.; or 3 4 Sec. 12. 38 MRSA §2146, sub-§2, ¶E is enacted to read: 5 E. The producer demonstrates to the department that the producer's packaging material meets all of the following criteria. 6 7 (1) The packaging material is not collected through a residential recycling collection service. 9

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- (2) The packaging material does not undergo separation from other materials at a commingled recycling processing facility.
 - (3) The packaging material is recycled at a responsible end market.
- (4) The packaging material has a demonstrated recycling rate of at least 65% for 3 consecutive years prior to January 1, 2027 and, on and after that date, has a demonstrated recycling rate of at least 70% annually, as demonstrated to the department every 2 years beginning January 1, 2027.

If only a portion of the packaging material sold in or into the State by the producer meets the criteria of subparagraph (1), only the portion of the packaging material that meets the criteria of subparagraph (1) is exempt from this section and any portion that does not meet the criteria is packaging material for the purposes of this section.

- Sec. 13. 38 MRSA §2146, sub-§4, ¶B, as enacted by PL 2021, c. 455, §2, is amended to read:
 - B. The stewardship organization shall provide to the department a list of producers that are participating in the program and a list of the UPCs of products or a list of all producers and brands for which the producer has complied with the program's requirements and, if known to the stewardship organization, a list of producers that are not participating in the program and are not compliant with the program's requirements. The stewardship organization shall provide to the department regularly updated producer compliance information described in this paragraph.
- **Sec. 14. 38 MRSA §2146, sub-§4,** ¶C, as enacted by PL 2021, c. 455, §2, is amended to read:
 - C. Based on information provided to the department under paragraph B and any other information considered by the department, the department shall make available on its publicly accessible website a regularly updated list of UPCs of products producers and brands for which the department has determined the producer has complied with all applicable requirements of this section and a list of producers and, where applicable, specific products and the UPCs brands of those products for which the department has determined the producer has not complied with all applicable requirements of this section.
- **Sec. 15. 38 MRSA §2146, sub-§6,** as enacted by PL 2021, c. 455, §2, is amended to read:
- **6. Producer payments.** In accordance with the provisions of this subsection and the rules adopted by the department stewardship organization's plans submitted pursuant to

subsection 3, paragraph A, no later than 180 270 days after the effective date of the contract entered into by the department and the stewardship organization pursuant to subsection 3, and annually thereafter, a producer shall make payments to the stewardship organization to be deposited into the packaging stewardship fund under subsection 12 based on the net amount, whether by weight or volume, of each type of packaging material sold, offered for sale or distributed for sale in or into the State by the producer and not managed by the producer under an approved alternative collection program and not exempt pursuant to this section. The department shall adopt rules setting forth the manner in which such payments must be a process to approve a producer payment system under the program that is calculated for packaging material that is readily recyclable and packaging material that is not readily recyclable, which must be designed to incentivize the use by producers of packaging material that is readily recyclable and disincentivize the use by producers of packaging material that is not readily recyclable.

- **Sec. 16. 38 MRSA §2146, sub-§13,** as amended by PL 2023, c. 589, §§1 and 2, is further amended to read:
- 13. Administration and enforcement; rulemaking; fees; department report. The department shall administer and enforce this section and shall adopt rules as necessary to implement, administer and enforce this section. The department shall solicit input from interested parties in the development of any draft rules to implement this section, solicit public comment on the draft rules for a period of at least 30 days and hold a public hearing on the draft rules in the same manner as a public hearing must be conducted under Title 5, section 8052. Except as provided in paragraph D, rules Rules adopted pursuant to this section are routine technical major substantive rules as defined in Title 5, chapter 375, subchapter 2-A.
 - A. Rules adopted by the department pursuant to this section must include, at a minimum:
 - (1) A process for annually determining approving a schedule system of producer payments required submitted by the stewardship organization for approval under subsection 6, which must include, but is not limited to, provisions regarding the timing of producer payments and the timing of and information required to be provided in the annual producer report required by subsection 7.
 - (a) The payment schedule adopted system approved under this subparagraph must provide for a flat fee option to be assessed on a tiered basis such that a low-volume producer is required to pay no more than \$500 per ton of packaging material and no more than \$7,500 in total annual fees to the stewardship organization under this section.
 - (b) For producers other than low-volume producers, the payment schedule adopted system approved under this subparagraph must be based on and cover the cost of managing the amount of each type of packaging material sold, offered for sale or distributed for sale in or into the State by a producer and not managed under an approved alternative collection program, adjusted as applicable in accordance with the adjustment criteria adopted pursuant to division (c).
 - (c) For producers other than low-volume producers, the payment schedule adopted system approved under this subparagraph must delineate criteria to be

used to adjust producer payments in a manner that incentivizes the use of recycled content in and increased recyclability of packaging material, lower toxicity in packaging material, a reduction of the amount of packaging material used, a reduction of litter from packaging material, increased reuse of packaging material and labeling of packaging material to reduce consumer confusion including by incentivizing accuracy in recyclability claims displayed on packaging material and that creates other incentives consistent with generally accepted industry standards.

- (d) The <u>rule payment system approved under this subparagraph</u> must require as part of the annual producer reporting under subsection 7 the provision by a producer of all information necessary for the determination of the producer's payment obligation and the determination of the producer's compliance with respect to its products.
 - (i) For producers other than low-volume producers, the <u>rule payment system</u> must require the producer to provide a description of the methods it used to determine the amount reported for each type of packaging material associated with its products, a description of the characteristics of each type of packaging material that are relevant to the adjustment criteria adopted pursuant to division (c) and a list of the producer's brands and the UPCs of the products associated with each type of packaging material.
 - (ii) For low-volume producers, the <u>rule payment system</u> must require the reporting of only the information necessary for a calculation of the flat fee described in division (a) and a determination of the producer's compliance with the requirements of this section.
 - (iii) The rule payment system must authorize a producer that is unable to fully satisfy the reporting requirements due to a failure to obtain sufficient information regarding the characteristics of the packaging material of products of the producer that are sold, offered for sale or distributed for sale in or into the State to alternatively report to the stewardship organization an estimate of the total amount of that packaging material based on unit quantities as long as such alternative reporting includes a description of the methods used by the producer to calculate the estimate. When a producer alternatively reports an estimate in accordance with this subdivision, unless otherwise determined by the department, the estimate must be adjusted using the least favorable adjustment criteria adopted pursuant to division (c);
- (2) A process for determining on an annual basis those types of packaging material that are readily recyclable, which must involve consultation with the stewardship organization and recycling establishments and must include a transitional period of no more than one year between the time that a type of packaging material is determined to be readily recyclable or to not be readily recyclable and the time that such determinations will be effective for the purposes of calculating producer payments and municipal reimbursements in accordance with this section;
- (3) A process for determining on an annual basis which municipalities are similar municipalities, which must involve consultation with participating municipalities;

- (4) A process for determining municipal reimbursements, including a description of the information required from participating municipalities under subsection 9, a method for calculating the reimbursements required under subsection 10 and the timing for participating municipality reporting and payments to participating municipalities. The method for calculating reimbursements must include the median per-ton cost of managing packaging material that is readily recyclable and the median per-ton cost of managing packaging material that is not readily recyclable. The method for calculating reimbursements must involve consultation with participating municipalities and be designed to incentivize municipal waste management activities that represent higher priorities on the solid waste management hierarchy;
- (5) Requirements for the assessment of stewardship organization to develop a process to assess program performance, including the setting of program goals used to inform the producer payment schedule determined system approved pursuant to subparagraph (1) and the investments in infrastructure and education made pursuant to subsection 11, which must may include, but are not limited to; program goals supporting an incentive in overall reduction by producers in the amount of packaging material used, an that incentivize an increased reuse by producers of packaging material and that incentivize an increased amount of post-consumer recycled content in packaging material used by producers; packaging material litter reduction goals; recycling access and collection rate goals for municipalities; and overall program and material-specific recycling rate goals.

To the maximum extent practicable, <u>the stewardship organization shall propose</u> material-specific recycling rate goals adopted pursuant to this subparagraph must that reflect the following recycling standards:

- (a) Sorted glass is considered recycled if it does not require further processing before entering a glass furnace or before use in the production of filtration media, abrasive materials, glass fiber insulation or construction materials;
- (b) Sorted metal is considered recycled if it does not require further processing before entering a smelter or furnace;
- (c) Sorted paper is considered recycled if it does not require further processing before entering a pulping operation; and
- (d) Plastic separated by polymer is considered recycled if it does not require further processing before entering a pelletization, extrusion or molding operation or, in the case of plastic flakes, does not require further processing before use in a final product;
- (6) Requirements for the stewardship organization to conduct representative audits of recyclable material processed and sold by facilities that process recyclable material generated in the State, of municipal solid waste disposed of in the State and of waste littered in the State, which must include, but are not limited to:
 - (a) Provisions regarding the sampling techniques to be used in those audits, which must include random sampling;
 - (b) For audits of recyclable material, provisions regarding:

(i) How those audits must be designed to collect information regarding 2 the extent to which recyclable material processed and sold by those 3 facilities reflects the tons of each type of packaging material collected in 4 the State for recycling and the tons of each type of packaging material recycled in the State, as well as the ultimate destination of and intended 5 use for that recycled material; 6 (ii) How those audits must be designed so that information collected through the audit of one facility will not be used to infer information about 8 a different facility that uses different processing equipment, different 9 10 sorting processes or different staffing levels to conduct processing; and (iii) The process by which a facility will be allowed to request and receive an audit if it can credibly demonstrate that an audit result being applied to 12 13 its material output is not representative of its current operations; 14 (c) For audits of municipal solid waste, provisions regarding how the audits will be designed to collect information regarding the types and amount, 15 whether by weight or volume, of packaging material in the waste stream and 16 the percentage by weight and volume of the waste stream that is composed of 18 packaging material; and 19 (d) For audits of waste littered in the State, provisions regarding how the audits 20 will be designed to collect information regarding the packaging material type by amount, whether by weight or volume, in sampled litter, identification of the producer or producers of the packaging material in sampled litter, if 22 identifiable, and an evaluation based on those audits regarding the areas of the 24 State in which litter accumulation is greatest; 25 (7) A schedule by which the stewardship organization must annually report to the 26 department pursuant to subsection 5 and a schedule by which a producer or group of producers operating an approved alternative collection program must annually 28 report to the stewardship organization and to the department pursuant to subsection 29 8, paragraph D; and 30 (8) A process by which the stewardship organization will develop and submit for department review and a process by which the department shall review and approve 32 or deny a proposed investment in education and infrastructure pursuant to 33 subsection 11. The process must set forth the manner in which the stewardship 34 organization is required to solicit and incorporate input in the development of 35 proposed investments from producers, recycling establishments and participating municipalities. 36 B. At the time that the stewardship organization submits its annual report to the department pursuant to subsection 5, the stewardship organization shall pay to the 38 39 department a reasonable annual fee established by the department, not to exceed \$300,000, to cover the department's costs for review of the stewardship organization's 40 annual report and the department's costs in the prior fiscal year for its oversight, administration and enforcement of the packaging stewardship program. In accordance 42 with subsection 12, paragraph C, the annual fee required under this paragraph may 43 44 include reimbursement of any costs incurred by the department in adopting rules and

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in administering and enforcing this section prior to the effective date of the contract

entered into by the department and the stewardship organization pursuant to subsection 3.

- C. A producer or group of producers, when submitting a proposal to the department for the establishment of an alternative collection program or submitting a proposal to the department for modifications to an approved alternative collection program under subsection 8, shall pay to the department a reasonable fee established by the department to cover the department's actual costs for review of the proposal or proposed modifications. A producer or group of producers operating an approved alternative collection program under subsection 8 shall pay to the department a reasonable annual fee established by the department, not to exceed \$10,000 per participating producer, to cover the department's costs for review of the producer's or group's annual report and the department's costs for the oversight, administration and enforcement of the alternative collection program, which may be waived by the department if those activities by the department do not require significant department staff time.
- D. The department shall review packaging material associated with certain federally regulated products to determine whether that packaging material should be excluded from the definition of "packaging material" under subsection 1, paragraph I. In making such a determination, the department shall, at a minimum, consider whether the packaging material for such products is required by federal law or regulation to meet specific content or construction standards that may preclude or significantly diminish the producer's ability to increase the recyclability or reduce the volume of the packaging material. If the department determines that any such product or its associated packaging material should be excluded from the definition of "packaging material," the department shall adopt an exclusion by rule. At a minimum, the department shall conduct a review in accordance with this paragraph of the packaging material associated with the following federally regulated products:
 - (1) Material that is used for the containment, protection, delivery, presentation or distribution of a drug, as that term is defined under Section 321 of the federal Food, Drug, and Cosmetic Act, as regulated by the United States Food and Drug Administration under the federal Food, Drug, and Cosmetic Act or as collected under a stewardship program in the State that has been approved for operation by the department and has been established to collect and dispose of such drugs, including, but not limited to, prescription and nonprescription drugs, drugs in medical devices and combination products, branded and generic drugs and drugs for veterinary use;
 - (2) Material that is a medical device or a biological product, or is used for the containment, protection, delivery, presentation or distribution of a medical device or a biological product, as regulated by the United States Food and Drug Administration under 21 Code of Federal Regulations, Parts 200, 300 and 800;
 - (3) Material that is used for the containment, protection, delivery, presentation or distribution of an over-the-counter human drug product for which tamper-evident packaging is required, as regulated by the United States Food and Drug Administration under 21 Code of Federal Regulations, Section 211.132; and
 - (4) Material that is used for the containment, protection, delivery, presentation or distribution of a substance regulated by the United States Consumer Product Safety

Commission pursuant to the federal Poison Prevention Packaging Act of 1970 for which special packaging is required under 16 Code of Federal Regulations, Part 1700

Rules adopted pursuant to this paragraph are major substantive rules as defined in Title 5, chapter 375, subchapter 2-A.

- E. Beginning February 15, 2025, and annually thereafter, the department shall submit a report to the joint standing committee of the Legislature having jurisdiction over environment and natural resources matters regarding the packaging stewardship program and alternative collection programs implemented pursuant to this section.
 - (1) The report must include, at a minimum, data on the amount and type of packaging material associated with products sold, offered for sale or distributed for sale in or into the State; data regarding how that packaging material was managed; and any recommendations for amendments to the programs implemented under this section, including, but not limited to, the establishment of new program goals or the imposition of a prohibition on the sale, offer for sale or distribution for sale in or into the State of products associated with packaging material that the department has determined is nonessential, is contaminating collected recyclable material, is a common source of litter or exhibits toxicity, particularly if that toxicity is demonstrated to have a disproportionate impact on any community in the State.
 - (2) Beginning February 15, 2028, and every 5 years thereafter, the report under this paragraph must describe the results of a comprehensive review of the rules adopted by the department pursuant to this section and must include recommendations by the department for any legislative changes to this section determined necessary as a result of that review, including, but not limited to, changes to the flat fee that may be paid by a low-volume producer pursuant to subsection 13, paragraph A, subparagraph (1), division (a), as well as a description of any changes to those rules that the department intends to propose in future rulemaking.
 - (2-A) The report under this paragraph due February 15, 2028 must include:
 - (a) Information regarding the criteria and standards adopted by other jurisdictions to regulate recyclability claims displayed on packaging material, including, but not limited to, the recyclability criteria and standards adopted by the California Department of Resources Recycling and Recovery pursuant to the California Public Resources Code, Division 30, Part 3, Chapter 5.7; and
 - (b) An evaluation of options for further incentivizing or ensuring accuracy in recyclability claims displayed on packaging material through amendments to the producer payment schedule adopted pursuant to paragraph A, subparagraph (1), through amendments to the criteria and standards for determining recyclability adopted pursuant to paragraph A, subparagraph (2) or through other amendments to this section or the rules adopted pursuant to this section.

This subparagraph applies only to the report due February 15, 2028.

(3) The report required under this paragraph may be included in the report required pursuant to section 1772, subsection 1.

SUMMARY

 This bill amends the laws governing the State's stewardship program for packaging to exclude certain commercial, cosmetic, medical, environmental, dangerous, hazardous or flammable product packaging and packaging of products related to public health and water quality testing from the requirements of the program and updates the definition of "toxicity" for purposes of the program. The bill requires the Department of Environmental Protection to adopt a process to approve a producer payment system under the program. It also updates the definition of "producer" to add clarification regarding packaging of certain products sold at physical retail locations in the State and via the Internet, remote sale or remote distribution.