





DECISION-MAKING ON SB 707 WILL BE DELAYED UNTIL 2024. WOKEPHOTO17 / GETTY IMAGES

There wasn't much fanfare when <u>California</u> State Senator Josh Newman pulled the bill he authored, <u>SB 707</u>, from legislative consideration in July. But the action signaled that the <u>California</u> Textile Recovery Act of 2023 was not ready for prime time.

Proposed in March, the first-of-its-kind <u>legislation</u> would make producers of textiles and apparel goods sold within the state liable for the industry's waste. SB 707 would mandate that the sector fund an Extended Producer Responsibility (<u>EPR</u>) program—a statewide platform for discarded garments and fabrics made up of Producer Responsibility Organizations (PRO), which would manage the collection, sortation and recycling process.

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https://archive.ph/ptdNV 1/7

in, special project manager for the bill's primary sporaduct Stewardship Council (CPSC), said the decision sing on SB 707 until 2024 came from a desire to gleatly stakeholders. The California Legislature convenes it under the state Constitution, bills introduced during dover to the subsequent year if they require further.

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retail planning process.

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contends the bill could have been passed in 2023, c s of the Golden State's retail community, as well as r rators, prompted the timeline extension. "There were, and there still are," she explained. The group, along fice, agreed that the precedent-setting legislation wastry input. "We want to make sure to set the example uture of this program and the others that will surely ill can be acted upon in January, though the group be reach Governor Gavin Newsom's desk during the se

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Trade organizations like the American Apparel and Footwear Association (AAFA) and American Circular Textiles (ACT), along with circular supply chain non-profit Accelerating Circularity, voiced "significant concerns and questions about how and whether the scope and mechanics of SB 707 can truly support circularity efforts" In a July letter to California State Assembly's Natural

"Robust EPR legislation is a critical tool to create incentives and infrastructure needed to achieve textile circularity at scale," Sarah Coulter, director of operations and special projects at Accelerating Circularity, told Sourcing Journal this week. "Because California is a first-mover in the US on this issue, any legislation adopted here is likely to become a model for similar statutes nationwide."

"That's why it's critical to get it right with SB 707," Coulter added. More time will allow essential partners, from collection and sortation groups to recyclers, brands and producers "to ensure that what passes in California is implementable and creates the right incentives to build a functioning and equitable system."

The bill's language should also be revised to include "clear, accurate, robust terms and definitions, particularly when it comes to the scope and applicability of the legislation," she said. As it stands, multiple industries that use textiles in

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s could be subject to the legislation, though there is out who will be held responsible for recycling.

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t pressing are the infrastructural holes, which cannot Coulter. While there is a robust secondary market for d other <u>secondhand</u> sellers, textile-to-<u>textile recyclir</u> s mature. "The infrastructure [for these efforts] is cust commercial scale," she said. "Creating the right inconstructure and develop the nascent market for recyclime, without negative unintended impacts, is a mass

ch said the organization has heard the sector's calls the lated to their responsibilities under the proposed law eir continued input as work on the text continues. "Weack from stakeholders," she added. "We want tracketons to the bill. We actually haven't heard any major regram failures, and [the bill's] large scope is in the ped."

etailers are eager for the program to get underway as supporting their goals tied to sustainability and circularity, Brasch said. She pointed to Los Angeles-based women's wear label Reformation as an example. The company, which got its start developing dresses from deadstock fabrics, has engaged with CPSC throughout the development of SB 707.

Reformation chief sustainability officer and vice president of operations

Kathleen Talbot said the brand has struggled to find in-state textile recycling solutions. "One of the biggest challenges with closing the loop and keeping textile waste in the fashion system is the lack of infrastructure and accountability," she said. "Building a truly circular fashion industry will require

these gaps," and that as it gains traction in California, it stands to "influence broader policy and practice" across industries and economies.

California Retailer's Association (<u>CRA</u>) president and CEO Rachel Michelin echoed the sentiment that building a circular economy for textiles will require cooperation across government, industry and the public. "I think making it easy for consumers and educating consumers is a piece that's really missing," she said.

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CRA has advised Sen. Newman's office throughout the creation of SB 707, and also served on the advisory committee for SB 54, the Plastic Pollution Prevention and Packaging Producer Responsibility Act, signed into law by Governor Gavin Newsom in June 2022. "Whether you're talking about textile

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alking about plastic bottles, it's confusing," she said. " a consumer in California."

tate in the nation must coordinate across a multitude recycling bodies and waste management systems to cycling programs, and it's tough for consumers to kentocols. "Fundamentally, Californians want to be goodent, but we need to ensure that these programs are versunderstand how to utilize them and become active Michelin said. Asking retailers to assume responsibility circular economy will be for naught if shoppers don't she believes.

es for a tiered, multi-step approach to recycling infra that can be rolled out over time, Michelin said. "Con nore environmental responsibility, and retailers are fi up to do that and lean into it," she added. "There's so cause we're just one piece of the puzzle, and this is that may not understand the complexity of trying to do a quickly."

ng foundation based in multi-stakeholder collaborati
B 707's future, according to Will Wagner, a San Frar

Journal Porter. Wagner pointed to the packaging EPR, SB 54, as a cautionary

tale, calling its rollout "a huge disaster."

As of yet, a PRO, which will assume the responsibility of facilitating packaging.

As of yet, a PRO, which will assume the responsibility of facilitating packaging recycling on behalf of producers, has not been approved by the state, despite the requirement that all producers doing business in California join such an organization by January 1. "I think exactly what would be happening if [SB 707] had been passed this year," Wagner said. "It would be a mad rush to figure out who the responsible organization would be."

really the first of its kind and there's a lot of a lot of kinks to work out," he added. "There's no proof of concept, we don't know exactly how this is going to going to work in the world, and an extra year to try to work through that issue will be critical."

SB 707's scope will be the biggest area of concern—"both from the perspective of what products are going to be covered, and from the perspective of who the responsible producers are," according to Arnold & Porter policy advisor Yuvaraj Sivalingam.

Much of what's been stated about the purpose of the bill relates to the impact of fast fashion, "but if you look at the language of the legislation, it's not just apparel—what's captured is also things like window coverings, architectural fabrics, towels and upholstered furniture," he said. Meanwhile, responsible producers have been defined as the operators responsible for the final sale of a product in the state of California, meaning that a retailer importing products

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state—or another country—assumes responsibility vith the bill.

eate a disproportionate burden to in-state brands an smaller players. "If you're a California company or et to comply with this statute, and that may put you at in terms of the additional costs you may have to be s," Sivalingam said. "Another company overseas that elf, because they're passing the burden on to the in-s

that out-of-state brands and retailers will most likely for their direct online sales to Calfornia shoppers, "boor doing so will be tricky." If a New York brand sells polalifornia, for example, and does not sign up with a the state, "there will absolutely be public enforcement Wagner believes. That muscle will likely come from eraging the unfair competition law, he said. "They're he company is operating in an unlawful way by not company is oper

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es to brands and producers from outside of the U.S. up the bulk of California's apparel and textile purchases—"The importer of record will likely take on the responsibility of the producer, and will have legal liability to comply," Wagner added.

Enforcement details become murkier when considering direct-to-consumer sales from outside of the country, however. Some Asian fast fashion brands operate on a drop-ship model, sending orders from their in-country distribution centers straight to consumers' doorsteps in the U.S., bypassing an importer, or a retailer, altogether. At a July hearing of the California Assembly Committee on Natural Resources, committee members determined that it "may be difficult or

this is a bill that was worth reconsidering."

"It's fairly common that a bill author determines that more homework and more conversation with partners and stakeholders is needed," he added. "Our expectation is that over the next several months, there will be a number of opportunities for the bill author and the sponsor to discuss some of the stakeholders' concerns, and try and get to a place with revised and refined language that may receive more support from all the interested parties."

Initial reporting on SB 707, including remarks from its author, Sen. Newman, can be found in Sourcing Journal's June Sustainability Report.

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