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## New Paint Product Stewardship Pilot Program in Oregon

The American Coatings Association (ACA) has worked over the last number of years with various stakeholders interested in the management of post-consumer paint to develop and implement an industry led Paint Stewardship Pilot Program in the US. With the successful passage of legislation in Oregon this year enabling such a pilot, ACA, and its new non-profit stewardship organization – PaintCare – is now in the process of implementing the Program.

### What is a PaintCare Recovery Fee?

The program is funded by a PaintCare Recovery Fee that is added to the cost of architectural paint sales in Oregon. The funding mechanism as mandated by the legislation is that each architectural paint producer remits to PaintCare the PaintCare Recovery Fee for each container of architectural paint the producer sells in this state. The PaintCare Recovery Fee must be added to the cost of all architectural paint sold to Oregon retailers and distributors, and each Oregon retailer or distributor shall add the PaintCare Recovery Fee to the purchase price of all architectural paint sold in this state.

### Who is Responsible for the PaintCare Recovery Fee?

Under the Oregon Legislation, the Producer is the obligated party, even if located outside the State. Retailers are prohibited from selling the paint of any producer that is not participating in the program. The Producer will report sales (by units/weight/volume) for OR and pay the PaintCare Recovery Fee for each unit sold. However a producer, even though the legally obligated party, does not always know the quantity sold in any one state, depending on the complexity of the product distribution chain. One solution is for the producer to obtain sales quantity data and fees from the customer every month. Another option is the use of a “remitter agreement”, where the customer joins the program as a participant and reports and pays fees directly to the program.

Scenarios where a Remitter Agreement may be used:

#### **Scenario 1. Producer P1 sells and ships to own paint stores and also to Distributor D1 outside OR.**

- P1 knows quantity sold in state via own stores, P1 reports and pays fees on these quantities.
- P1 also has other sales to D1 and does not know the final destination. P1 does not report and pay on sales to D1 as long as D1 agrees to sign a Remitter Agreement and report and pay fees on behalf of P1 and to be subject to audit.

#### **Scenario 2. Producer P2 sells and ships “direct to store” for Retailer R1 and also to Distributor D2 inside OR.**

- P2 knows quantity sold in state by R1, P2 reports and pays fees on these quantities.
- P2 also has sales to D2 and does not know the final destination. P2 can either report and pay based on shipments to D2 or P2 does not report and pay on sales to D2 as long as R1 agrees to sign a Remitter Agreement and report and pay fees on behalf of P2 and be subject to audit.

#### **Scenario 3: Producer P3 sells and ships to Distributor D3 who is outside OR, but who sells to Retailer R2 inside OR**

- P3 does not know final destination of sales to D3. P3 can either report and pay based on shipments to D3 or P3 does not report and pay on sales to D3 as long as D3 agrees to sign a Remitter Agreement and report and pay fees on behalf of P3 and be subject to audit.
- P3 does not report and pay on sales and D3 does not report and pay on sales, as long as R2 agrees to sign a Remitter Agreement on behalf of D3 for P3's products and be subject to audit.

## What is a Remitter Agreement?

In order to solve the problem of complex distribution channels and to fairly and accurately collect the PaintCare Recovery Fee on only those architectural paint products being sold in Oregon, PaintCare will accept Remitter Agreements on behalf of producers and retailers of architectural paint operating in Oregon. Generally, a Remitter Agreement moves the reporting and fee remittance functions (for all or part of the Producer's sales) downstream to the point in the distribution chain where the quantity sold in the jurisdiction is known. It can also move upstream from a producer/retailer to another supplier vendor. A Remitter agreement may also be beneficial for a retailer from an economic standpoint as remittance of the PaintCare Recovery Fee occurs after the final retail sale instead of at the time of payment of the producer or distributor's invoice.

## How much is the PaintCare Recovery Fee?

The Recovery Fee is based on container size as follows:

<i>1/2 pint container or less</i>	\$ 0
<i>more than 1/2 pint to 1 gallon</i>	\$ 0.35
<i>1 gallon container</i>	\$ 0.75
<i>more than 1 gallon to 5 gallon container</i>	\$ 1.60

## Can I sign Remitter Agreements with Multiple Manufacturers or Distributors?

Yes, you can sign Remitter Agreements with more than one manufacturer or as a retailer, with a Distributor for covered products produced by multiple manufacturers. You will only be required to report sales in the aggregate. You will report your unit sales (by container size category and by paint type – latex or alkyd) every month after the program begins. Reports are due by the end of the following month and will be filed using a web-based, secure reporting system that is under development.

## What are my Obligations as a Remitter?

In addition to reporting sales and paying the associated PaintCare Recovery Fee, the program will conduct regular compliance reviews. Fees will be required on any unreported sales. Remitters who do not appear to be acting in good faith are subject to expulsion from the program.

## Is this a Government program?

No – the Program is mandated by law, but it is being implemented by PaintCare, which is an industry association run by architectural paint manufacturers. The Program is entirely funded by the PaintCare Recovery Fee. PaintCare engages and manages all contracts for collection, transportation, recycling, and proper disposal of the Program Products.

## Who is Product Care?

PaintCare has engaged Product Care to develop, implement and manage the Oregon paint stewardship pilot program including contracts for collection, transportation, recycling, and proper disposal of the Program Products. Product Care has incorporated an Oregon non-profit called PCA Paint Stewardship Inc. for this purpose. Product Care is a not-for-profit industry sponsored association that manages product stewardship programs for paint and for other household hazardous and special waste on behalf of its members across Canada.

### FOR FURTHER INFORMATION – PLEASE CONTACT:

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