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California Responsible Textile Recovery Act: What Fashion and Luxury Companies Need to Know

Introduction

Following the enactment of the Responsible Textile Recovery Act[1] (the "**Act**") on September 28, 2024, companies selling apparel, footwear and other covered textile products in California are no longer only responsible for placing products on the market – they are also required to contribute to their collection, repair, reuse and recycling at the end of their life cycle.

Although the legislation is state-specific, its impact extends well beyond California. Given the size of the Californian market and the Act's broad producer definition, the new regime will affect not only U.S. businesses but also international fashion and luxury companies selling products into the State, directly or through distributors, affiliates or licensing structures.

This article provides an overview of the Act's key requirements and highlights the practical considerations that companies should assess when reviewing their compliance strategy and contractual arrangements.

Covered Products and Responsible Producers

The Act applies to a broad range of products and economic operators.

Firstly, the Act applies to covered products defined under Section 42984.3(i) of the California Public Resources Code as apparel and textile articles. The definition is broad but exhaustive: the statute enumerates the covered categories, which include most clothing, footwear, handbags, backpacks, scarves, knitted and woven accessories, and household textile products, including blankets, curtains, towels, bedding, tablecloths, linens and pillows. Accessories falling outside the enumerated categories – such as jewelry, watches, eyewear, luggage and leather goods other than handbags and backpacks (for example, belts and wallets) – do not appear on the statutory lists, although the scope of certain product categories may be further clarified by CalRecycle's

[1] California Senate Bill No. 707 (2024), the Responsible Textile Recovery Act of 2024, codified at California Public Resources Code, Part 3 of Division 30, §§ 42984 – 42984.27.

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implementing regulations. Certain products are expressly excluded, including products already subject to other California stewardship programs (such as mattresses, carpets and electronic waste), military apparel, specified personal protective equipment and other limited categories of non-textile or single-use products.

Equally important is determining who qualifies as the "producer" for compliance purposes. Rather than imposing obligations on every participant in the supply chain, Section 42984.3(s) of the Act allocates legal responsibility to a single statutory producer through a mandatory hierarchy. In order of priority, the producer is the manufacturer that owns, or is the licensee of, the brand or trademark under which the covered product is sold in or into California.

Where there is no person in California that qualifies under the first category, responsibility shifts, in accordance with the statutory hierarchy, to the owner of the brand or trademark or, if the owner is not in the state, to its exclusive licensee in California, followed by the importer and, ultimately, the distributor, retailer or wholesaler that sells the product in or into the state. At each tier, the hierarchy turns on the presence of a person in California: for an international group whose manufacturer and brand owner are located abroad, the obligation will therefore typically fall on the group's U.S. import or distribution entity or, in its absence, on the retailer or online marketplace selling into the state.

Notably, the Act is not limited to companies with a physical presence in California. Businesses placing covered products on the California market, including through direct-to-consumer or e-commerce sales, may fall within the statutory producer hierarchy where the relevant criteria are met. In this respect, the Act expressly provides that a sale of a covered product is deemed to occur in California where the product is delivered to a consumer in the state.

In addition, while the Act identifies the statutory producer through a mandatory hierarchy, it expressly allows any person manufacturing, distributing, importing, offering for sale or selling a covered product to assume, by agreement, some or all of the producer's duties and liabilities. This provides flexibility for businesses to allocate compliance responsibilities contractually across the supply chain.

By contrast, businesses with annual aggregate global turnover below USD 1 million (adjusted annually for inflation) and sellers dealing exclusively in second-hand products are expressly excluded from the definition of producer. The turnover threshold is calculated on an aggregated basis, taking into account entities under common ownership or control, so that a smaller U.S. subsidiary of a larger international group cannot rely on this exclusion.

Key Compliance Obligations

The Act adopts a collective compliance model. Rather than requiring each producer to organize its own collection and recycling system, the legislation requires them to join a single Producer Responsibility Organization ("**PRO**"), a non-profit entity responsible for fulfilling the statutory obligations on behalf of the participating producers. In particular, the PRO is responsible for developing and operating California's statewide system for the collection, transportation, repair, sorting, recycling, and safe and proper management of covered textile products, as well as submitting the Producer Responsibility Plan and the reports required under the Act to the California Department of Resources Recycling and Recovery ("**CalRecycle**"). On February 27, 2026, CalRecycle approved Landbell USA as the PRO. Accordingly, all producers subject to the Act are required to register with and participate in the organization's scheme. CalRecycle's selection of Landbell USA is currently the subject of a legal challenge filed in March 2026 by the American Apparel & Footwear Association before the Sacramento County Superior Court, which seeks to vacate the approval and has requested a preliminary injunction, with a hearing scheduled for August 7, 2026. Pending the outcome of the litigation, the registration obligation remains in effect and should not be treated as suspended by the challenge.

Participation in the PRO entails a number of ongoing obligations for producers. In particular, producers are required to provide the information necessary for the PRO to fulfil its statutory reporting obligations, including details of the brands of covered products placed on the California market, and to contribute financially to the scheme, initially through a registration fee funding the statewide Needs Assessment and, once the Producer Responsibility Plan is approved, through annual eco-modulated fees. Fees will be eco-modulated, meaning that products with greater durability, repairability and recyclability are expected to attract lower compliance costs than less sustainable products.

Certain features of the Act are of particular relevance to premium and luxury brands. The eco-modulated fee structure must take into account existing producer collection, repair, reuse and recycling programs, so that companies operating repair services, take-back schemes or certified pre-owned programs may see those initiatives reflected in reduced fees. Collection sites must also be instructed to identify and reject counterfeit covered products. In addition, financial and sales data reported to CalRecycle are expressly excluded from disclosure under the California Public Records Act and may be released only in aggregate form.

The Act also requires online marketplaces to report to CalRecycle and the PRO information relating to third-party sellers whose annual sales of covered products exceed USD 1 million.

The implementation of the regime is phased. Following the appointment of Landbell USA as the approved PRO in February 2026, producers were required to join the organization by July 1, 2026. CalRecycle's implementing regulations are expected to become effective no earlier than July 1, 2028. Following its approval, the PRO must first prepare a statewide Needs Assessment (due by March 1, 2027), after which it will submit a Producer Responsibility Plan for CalRecycle's approval. The PRO must have an approved Producer Responsibility Plan in place by July 1, 2030; upon approval of the plan or on that date, whichever is earlier, producers become subject to penalties unless they participate in the approved plan, and the PRO must fully implement the plan within 12 months of its approval.

DATE	IMPLEMENTATION STAGE
July 1, 2026	Producers were required to join the approved PRO
March 1, 2027	Deadline for the PRO to submit the initial statewide Needs Assessment to CalRecycle
July 1, 2028	Earliest date on which CalRecycle's implementing regulations may become effective
July 1, 2030	Deadline for a CalRecycle-approved Producer Responsibility Plan; producers become subject to penalties unless covered by an approved plan (or earlier, upon plan approval)

Consequences of Non-Compliance

Failure to comply with the Act may expose producers and, where applicable, other regulated persons, to significant enforcement measures. CalRecycle is empowered to impose administrative civil penalties of up to USD 10,000 per day for non-compliance and up to USD 50,000 per day where the violation is knowing or intentional. In addition to financial penalties, CalRecycle may require corrective actions and additional reporting where it determines that a producer has failed to comply with the statutory requirements.

Beyond financial sanctions, non-compliance may also have important commercial consequences. CalRecycle is required to publish a list of producers that are compliant with the Act. On and after the date the Producer Responsibility Plan is approved by CalRecycle, retailers, importers, distributors and online marketplaces will be prohibited from selling covered products supplied by producers that are not included on that list, subject to limited safe harbors (including for existing inventory held before the initial list is published and for sales made in reliance on the list as published at the time of sale). As a result, non-compliance may effectively prevent producers from accessing the California market.

A Comparative Look at the European Textile EPR Framework

The Act is part of a broader international shift towards Extended Producer Responsibility ("**EPR**") for the textile sector. Several European jurisdictions have already introduced textile EPR regimes, with France pioneering textile EPR in 2007, followed more recently by the Netherlands in 2023.

Alongside these national initiatives, the European Union has introduced, through Directive (EU) 2025/1892 amending the Waste Framework Directive (Directive 2008/98/EC) (the "**Revised Directive**") a harmonised legislative framework requiring all Member States to establish mandatory EPR schemes for textile and footwear products. Under the Revised Directive, Member States are required to establish national EPR schemes based on common EU rules, under which producers must finance the collection, preparation for reuse, recycling and management of post-consumer textiles through eco-modulated fees. The Revised Directive requires Member States to transpose the new rules by June 2027 and to establish national EPR schemes for textile and footwear products by April 2028.

In Italy, although a dedicated textile EPR regime has not yet been adopted, the implementing decree is currently under development following the entry into force of the Revised Directive. A draft decree has already undergone public consultation and is currently being finalized by the competent ministries. Companies operating in the Italian market should therefore closely monitor these developments, as a national EPR regime for textiles is expected to enter into force in the near future.

Key business takeaways

In light of the above, companies placing covered textile products in California should consider the following:

(i) identify the statutory producer within the corporate group, particularly where products are manufactured, branded and distributed by different entities;

(ii) review licensing, manufacturing and distribution agreements to ensure that compliance responsibilities, reporting obligations and cost allocation are appropriately addressed, including provisions dealing with indemnities for non-compliance;

(iii) assess internal governance and reporting processes to ensure that the information required by the PRO can be collected and updated on an ongoing basis;

(iv) coordinate compliance across jurisdictions, as existing European EPR programs may provide a useful starting point but will not replace a dedicated assessment under the Act; and

(v) confirm whether the relevant group entity registered with Landbell USA by the July 1, 2026 deadline and, if not, complete the registration without delay: failure to participate in the approved PRO is itself a violation subject to the administrative penalties described above, and the pending litigation does not suspend that obligation.

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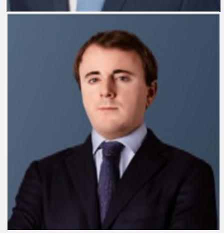

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