

## Department of Planning and Budget 2024 Session Fiscal Impact Statement

**1. Bill Number:** HB745

**House of Origin**     Introduced     Substitute     Engrossed  
**Second House**     In Committee     Substitute     Enrolled

**2. Patron:** Laufer

**3. Committee:** Agriculture, Chesapeake and Natural Resources

**4. Title:** Mattress stewardship program established; civil penalty.

**5. Summary:** Prohibits the disposal of a mattress, as defined in the bill, in a landfill or an incinerator beginning January 1, 2028, and requires producers of mattresses sold at retail in the Commonwealth or a representative organization acting on a producer's behalf to submit a plan for the establishment of a mattress stewardship program. Such mattress stewardship program plan shall establish an assessment for all mattresses sold in the Commonwealth and a network of convenient and free collection sites for postconsumer mattresses, defined in the bill, that will facilitate higher rates of recycling and materials recovery for postconsumer mattresses. The bill establishes annual reporting requirements for mattress producers or representative organizations and establishes a Mattress Stewardship Program Advisory Board to advise on the proper implementation and sustainability of the mattress stewardship program. The bill also establishes the powers and duties of the Department of Environmental Quality as they relate to the bill and civil penalties for improper mattress disposal and violations of the mattress stewardship program.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Indeterminate. See item 8.

**8. Fiscal Implications:** The bill establishes the Mattress Stewardship Program Advisory Board, of which a designee of DEQ, the State Commissioner, and the Secretary of Commerce and Trade, and the Virginia Association of Counties are to be members. The bill requires that DEQ provide organizational staff support for the Advisory Board, as well as translation of all program materials.

The bill allows DEQ to assess a plan review fee, which is anticipated to cover the cost of processing mattress stewardship program plans. DEQ anticipates that requirements in the bill beyond plan review cannot be absorbed. The agency estimates a \$50,000 annual cost tied to the required agency-designated external auditor, but the cost of this requirement depends on the number of reviews the Department needs to complete. Any funding provided for this purpose can be allocated to Item 362 , HB30/SB30 as introduced.

The bill provides that violations of the requirements of the bill by mattress retailers are subject to a civil penalty not to exceed \$100 per day for each day of violation. Additionally, a

producer or representative organization that violates the provisions of the bill is subject to a civil penalty of up to \$1,000 per day for each day of violation. Penalties are to be deposited into the Litter Control and Recycling Fund. The Code of Virginia requires that moneys in the Fund are expended according to an allocation formula whereby 90 percent of revenues are available for grants made to localities, five percent can be used for public outreach, and up to five percent may be available for Fund administration. It is not possible to determine the number of violations that will occur as a result of this bill.

The provisions of this legislation would have an indeterminate impact on the Virginia Department of Health (VDH). VDH's Bedding and Upholstered Furniture Program (Bedding Program) enforces statutory and regulatory requirements that will affect the implementation of this bill and any programs created by mattress producers under this mandate. Under § 32.1-212 through 226, Code of Virginia, and 12VAC5-125 any entity who renovates used mattresses is required to obtain an annual permit (\$25 annual fee) from the Bedding Program for any location at which mattress renovation occurs. If these mattresses are then sold or provided in a commercial manner to a new consumer, the mattresses must be sanitized, which requires a separate annual permit and fee (\$60), although the renovator may elect to have the renovated mattress sanitized by another permitted sanitizer.

It is anticipated that this program will likely result in an increase in the number of renovator and sanitizer permits issued by the Bedding Program due to additional demand by industry. Mattress renovation is currently less common than in the past; there is currently only one Renovator holding a current permit in Virginia. VDH's database shows 10 other entities that held a recent (expiring 2020 or later) Virginia renovator's permit. If each county or independent city in Virginia required one additional renovator, this would result in an additional 134 permits. However the true increase cannot be determined, some regions may not require one per county, and other areas with denser populations may have additional demand. This level of increased permitting would result in a negligible revenue increase of \$3,350. It is likely that each new renovator would also require permitting as a sanitizer, which would result in a revenue increase of \$8,040. There are currently 763 permitted sanitizers in the Commonwealth; this would reflect an 18 percent increase in revenue.

As inspections of permitted entities only occur on a pre-operational basis, an 18 percent increase in the number of sanitizers, even if spread out over several years, would be a significant increase in the workload for Compliance Officers. The program currently has three part time and one full time Compliance Officer positions, with one part time position being vacant. It is possible that the agency may need to increase the number of hours worked by Compliance Officers or may require support from an additional position. The cost of adding a new part time employee would be approximately \$55,000. This position may only be required for the first several years of the Mattress Stewardship Program as the agency does not conduct routine inspections unless a complaint is received or a permit is not renewed on time.

The Secretary of Commerce and Trade can absorb any impact that may result from this bill within existing resources.

**9. Specific Agency or Political Subdivisions Affected:** Department of Environmental Quality; Department of Health; Secretary of Commerce and Trade; Mattress Stewardship Program Advisory Board (established); Office of the Attorney General; localities.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.