

AN ACT

relating to a defense under the Solid Waste Disposal Act for persons engaged in certain scrap metal recycling transactions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 361.275(a), Health and Safety Code, is amended to read as follows:

(a) Except as provided by Section 361.2755, a [A] person responsible for solid waste under Section 361.271 is liable under Section 361.272 or 361.273 unless the person can establish by a preponderance of the evidence that the release or threatened release was caused solely by:

- (1) an act of God;
- (2) an act of war;
- (3) an act or omission of a third person; or
- (4) any combination of Subdivisions (1), (2), and (3).

SECTION 2. Subchapter I, Chapter 361, Health and Safety Code, is amended by adding Section 361.2755 to read as follows:

Sec. 361.2755. SCRAP METAL RECYCLING TRANSACTIONS; DEFENSE.

(a) In this section:

(1) "Consuming facility" means the facility where the scrap metal was handled, processed, reclaimed, stored, transported, or otherwise managed by a person other than the person who arranged for recycling of the scrap metal.

(2) "Scrap metal" means bits and pieces of metal

1 parts, such as bars, turnings, rods, sheets, or wire, or metal
2 pieces that may be combined together with bolts or soldering, such
3 as radiators, scrap automobiles, or railroad boxcars, which when
4 worn or superfluous can be recycled. The term does not include:

5 (A) a shipping container, whether intact or not,
6 that:

7 (i) has a capacity of not less than 30
8 liters and not more than 3,000 liters; and

9 (ii) has any hazardous substance contained
10 in or adhering to the container, other than metal bits and pieces or
11 a hazardous substance that forms an integral part of the container;

12 (B) any item of material that contained
13 polychlorinated biphenyls at a concentration in excess of 50 parts
14 per million or any new standard adopted pursuant to applicable
15 federal laws;

16 (C) any material excluded from this definition by
17 commission rule; or

18 (D) any material excluded from the definition of
19 scrap metal under 42 U.S.C. Section 9627(d) by a federal
20 regulation.

21 (b) This section:

22 (1) applies only to a scrap metal transaction that
23 occurs on or after November 29, 1999; and

24 (2) does not apply to any material that is not scrap
25 metal.

26 (c) A person who arranges for recycling of scrap metal,
27 other than a person described by Subsection (f), is not responsible

1 for the scrap metal under Section 361.271(a)(3) or (4) if the person
2 can establish by a preponderance of the evidence that the following
3 criteria were met at the time of the recycling transaction:

4 (1) the scrap metal met a commercial specification
5 grade;

6 (2) a market existed for the scrap metal;

7 (3) a substantial portion of the scrap metal was made
8 available for use as feedstock for the manufacture of a new saleable
9 product;

10 (4) the scrap metal could have been a replacement or
11 substitute for a virgin raw material, or the product to be made from
12 the scrap metal could have been a replacement or substitute for a
13 product made, in whole or in part, from a virgin raw material;

14 (5) the person was in compliance with any applicable
15 regulations or standards regarding the handling, processing,
16 reclamation, storage, transport, or management of the scrap metal
17 or other activities associated with the recycling of scrap metal;

18 (6) the person did not melt the scrap metal prior to
19 the transaction; and

20 (7) the person exercised reasonable care to determine
21 that the consuming facility was in compliance with the substantive
22 provisions of any:

23 (A) federal, state, or local environmental law or
24 regulation applicable to the handling, processing, reclamation,
25 storage, or transport of scrap metal or other management activities
26 associated with scrap metal; or

27 (B) compliance order or decree issued pursuant to

1 a law or regulation described by Paragraph (A).

2 (d) For purposes of Subsection (c)(6), thermal separation
3 of two or more materials due to differences in melting points of the
4 materials does not constitute melting.

5 (e) For purposes of Subsection (c)(7), reasonable care
6 shall be determined using criteria that include:

7 (1) the price paid for the scrap metal in the recycling
8 transaction;

9 (2) the ability of the person to detect the nature of
10 the consuming facility's operations concerning the facility's
11 handling, processing, reclamation, storage, or transport of scrap
12 metal or other management activities associated with the scrap
13 metal; and

14 (3) the result of inquiries made by the person to the
15 appropriate federal, state, or local environmental agency
16 regarding the consuming facility's past and current compliance
17 with:

18 (A) substantive provisions of any law,
19 regulation, order, or decree described by Subsection (c)(7); and

20 (B) any requirement to obtain a permit applicable
21 to the handling, processing, reclamation, storage, or transport of
22 scrap metal or other management activity associated with scrap
23 metal.

24 (f) Subsection (c) does not apply to a person who arranges
25 for the recycling of scrap metal if the person:

26 (1) had an objectively reasonable basis to believe at
27 the time of the scrap metal transaction that:

1 (A) the scrap metal would not be recycled;

2 (B) the scrap metal would be burned as fuel or for
3 energy recovery or incineration; or

4 (C) the consuming facility was not in compliance
5 with:

6 (i) a substantive provision of any law,
7 regulation, order, or decree described by Subsection (c)(7); or

8 (ii) a requirement to obtain a permit
9 applicable to the handling, processing, reclamation, storage, or
10 transport of the scrap metal or other management activity
11 associated with the scrap metal;

12 (2) had reason to believe that hazardous substances
13 had been added to the scrap metal for purposes other than processing
14 for recycling; or

15 (3) failed to exercise reasonable care with respect to
16 the handling, processing, reclamation, storage, transport, and
17 management of the scrap metal, including adhering to customary
18 industry practices current at the time of the recycling transaction
19 designed to minimize, through source control, contamination of the
20 scrap metal by hazardous substances.

21 (g) For purposes of Subsection (f)(1), an objectively
22 reasonable basis for belief shall be determined using criteria that
23 include:

24 (1) the size of the person's business;

25 (2) customary industry practices, including customary
26 industry practices current at the time of the recycling transaction
27 designed to minimize, through source control, contamination of the

1 scrap metal by hazardous substances;

2 (3) the price paid for the scrap metal in the recycling
3 transaction; and

4 (4) the ability of the person to detect the nature of
5 the consuming facility's operations concerning the facility's
6 handling, processing, reclamation, storage, or transport of scrap
7 metal or other management activities associated with scrap metal.

8 (h) The commission may adopt rules as necessary to
9 administer this section.

10 (i) A person who commences an action for contribution
11 against a person who is not responsible for the scrap metal under
12 this section is liable to that person for all reasonable costs
13 incurred in defending that action, including reasonable attorney's
14 fees and expert witness fees.

15 (j) This section may not be construed to:

16 (1) affect any defenses or liabilities of any person
17 to whom Subsection (c) does not apply;

18 (2) create any presumption of liability against any
19 person to whom Subsection (c) does not apply; or

20 (3) affect the responsibility of a person for solid
21 waste under Section [361.271](#)(a)(1) or (2).

22 SECTION 3. The change in law made by this Act:

23 (1) does not apply to any judicial or administrative
24 action initiated by the Texas Commission on Environmental Quality
25 that is pending or on appeal on the effective date of this Act; and

26 (2) does not affect any final decision in a judicial or
27 administrative action that exists on the effective date of this

1 Act.

2 SECTION 4. This Act takes effect September 1, 2021.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1818 passed the Senate on April 21, 2021, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1818 passed the House on May 11, 2021, by the following vote: Yeas 132, Nays 11, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor