S.B. No. 1818

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

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

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

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

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

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

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

(b)  This section:

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

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

(c)  A person who arranges for recycling of scrap metal, other than a person described by Subsection (f), is not responsible for the scrap metal under Section 361.271(a)(3) or (4) if the person can establish by a preponderance of the evidence that the following criteria were met at the time of the recycling transaction:

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

(2)  a market existed for the scrap metal;

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

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

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

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

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

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

(B)  compliance order or decree issued pursuant to a law or regulation described by Paragraph (A).

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

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

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

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

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

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

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

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

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

(A)  the scrap metal would not be recycled;

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

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

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

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

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

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

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

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

(2)  customary industry practices, including customary industry practices current at the time of the recycling transaction designed to minimize, through source control, contamination of the scrap metal by hazardous substances;

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

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

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

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

(j)  This section may not be construed to:

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

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

(3)  affect the responsibility of a person for solid waste under Section 361.271(a)(1) or (2).

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

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

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

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

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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