

## California Responsible Textile Recovery Act

### *What Fashion Brands Need to Know Before July 1, 2026*

June 17, 2026

California has enacted the nation's first extended producer responsibility (EPR) law specifically targeting textiles. SB 707, the Responsible Textile Recovery Act of 2024 (the Act), imposes direct compliance obligations on brands, manufacturers, importers and retailers selling covered textile products in the state. **By July 1, 2026, all producers must join the approved Producer Responsibility Organization (PRO).** This alert summarizes the Act's key requirements, identifies which entities bear compliance responsibility, and outlines the practical steps that fashion and luxury brands must take before the deadline.

### 1. What Is the California Responsible Textile Recovery Act?

SB 707, the Act (Cal. Pub. Res. Code §§ 42984–42984.27), was signed by Governor Newsom on September 28, 2024, making California the first US state to enact an EPR law specifically for textiles. The Act requires producers to fund and participate in collection, sorting, repair, reuse and recycling infrastructure for post-consumer textiles, administered and enforced by CalRecycle (the California Department of Resources Recycling and Recovery).

The law imposes direct compliance obligations on brands, manufacturers, importers and retailers selling covered textile products in California. Noncompliance can result in civil penalties of up to \$10,000 per day (\$50,000 per day for intentional or knowing violations) and, perhaps more significantly, once CalRecycle publishes its compliance list, then retailers, distributors and online marketplaces will be prohibited from selling products from noncompliant producers in California. Notably, producers with less than \$1 million in annual aggregate global turnover (including affiliates) are exempt.

### 2. What Products Are Covered?

The Act covers "apparel" and "textile articles," each defined by a specific statutory list. Apparel includes clothing, footwear, handbags, backpacks and knitted/woven accessories. Textile articles include blankets, curtains, towels, bedding, tablecloths, napkins, linens and pillows, but only where

the item is made entirely or primarily from a natural, artificial or synthetic fiber, yarn or fabric. Products that are predominantly non-textile (e.g., foam, rubber or plastic) may fall outside the definition even if they appear on the enumerated list.

**Key exclusions include:** products covered under other California stewardship programs (mattresses, e-waste and carpets); military and health/environmental personal protective equipment (PPE); secondhand-only sellers; and producers with less than \$1 million in annual aggregate global turnover (including affiliates).

### 3. Who Has Compliance Responsibility?

The Act assigns compliance responsibility using a hierarchical waterfall, in which only one entity is the “producer” for a given covered product. Critically, the hierarchy turns on whether there is a qualifying person “**in the state**” (i.e., in California), not merely in the United States.

Priority	Responsible Party	Description
1st	<b>Manufacturer/Brand Owner or Licensee</b>	A person who manufactures a covered product <b>and owns or is the licensee of the brand or trademark</b> under which the product is sold in California. This tier requires both elements, manufacturing and brand ownership/licensure.
2nd	<b>Brand/Trademark Owner or Exclusive Licensee</b>	If no Tier 1 person exists in the state, responsibility falls to the <b>owner of the brand or trademark</b> . If the owner is not in California, responsibility shifts to the <b>exclusive licensee of the brand or trademark</b> in California. An exclusive licensee is a person holding the exclusive right to use the trademark or brand in the state in connection with the manufacture, sale or distribution of the covered product.
3rd	<b>Importer of Record</b>	If no Tier 1 or Tier 2 person exists in California, responsibility falls to the <b>person that imports</b> the covered product into the <b>state</b> for sale or distribution.
4th	<b>Distributor, Retailer, or Wholesaler</b>	If no Tier 1, 2 or 3 person exists in California, the <b>distributor, retailer or wholesaler</b> who sells the product in or into the state is the responsible producer

#### 4. How Does the Producer Hierarchy Apply to Luxury Fashion Companies?

For luxury and international fashion brands, the critical question is which entity qualifies as a “producer” under the waterfall. The hierarchy turns on California presence; a brand headquartered outside California remains the primary responsible party if it has a **California presence** (subsidiary, office or direct-to-consumer e-commerce fulfillment). A sale is deemed to occur in California if the product is delivered to a California consumer. Only if no qualifying Tier 1 person is present in California does responsibility shift to the brand/trademark owner (Tier 2), then the exclusive licensee, then the importer, and finally the distributor/retailer/wholesaler.

**Licensee structures.** If a brand licenses its trademark exclusively to a California entity, that exclusive licensee may be the responsible producer under Tier 2, but only if no Tier 1 manufacturer/brand owner is present in California. The statute defines “exclusive licensee” as a person holding the exclusive right to use the brand in California in connection with the manufacture, sale or distribution of the covered product. Where there are multiple non-exclusive licensees, the exclusive licensee tier may not apply, and the importer may be the relevant party. Importantly, the statute permits any supply chain participant to **contractually** assume the producer's duties and liabilities, simplifying compliance in complex licensing arrangements.

#### 5. What Must Responsible Entities Do by July 1, 2026?

**The immediate deadline is July 1, 2026.** CalRecycle has already approved the PRO. Producers should now be focused on completing their PRO registration before July 1.

**Consequences of noncompliance.** Once CalRecycle publishes its compliance list (expected after regulations take effect, no earlier than July 2028), retailers, distributors and online marketplaces will be **prohibited from selling products from noncompliant producers**, effectively barring noncompliant brands from the California market. Formal civil penalty exposure (\$10,000 per day; \$50,000 per day for knowing violations) begins upon plan approval or July 1, 2030, whichever is sooner.

#### 6. What Is the PRO and What Role Does It Play?

The PRO is a 501(c)(3) nonprofit formed by producers to collectively manage compliance. Its responsibilities include establishing collection sites, managing sorting/repair/recycling operations, setting eco-modulated fees and reporting to CalRecycle. The Act also requires online marketplaces to annually report to CalRecycle all third-party sellers with over \$1 million in covered product sales.

## 7. Key Takeaways and Immediate Action Items

If your company sells apparel, footwear, accessories or textile products in California, you need to join the approved PRO by July 1, 2026. Before that deadline, you should understand which entity in your corporate or licensing structure is the statutory "producer." Equally important, the statute allows parties to contractually allocate compliance responsibility, so even if the statutory hierarchy assigns the obligation to one entity, that obligation can be shifted by agreement. For companies that are both licensors and licensees across multiple brands, building EPR compliance terms into your license agreements now will avoid ambiguity and disputes as enforcement ramps up.

Katten can assist with determining your responsible entity under the producer hierarchy, preparing and including contractual language in licenses and other written agreements to properly assign compliance responsibility and ensure compliance going forward, facilitating your PRO registration and advising on ongoing compliance strategy as the regulatory framework develops.

---

## CONTACTS

If you have questions about the California Responsible Textile Recovery Act or need assistance determining your compliance obligations under the producer hierarchy, please contact any of the following Katten attorneys:



**Karen Artz Ash**  
+1.212.940.8554  
[karen.ash@katten.com](mailto:karen.ash@katten.com)



**Christopher A. Cole**  
+1.202.625.3550  
[chris.cole@katten.com](mailto:chris.cole@katten.com)



**Kristin J. Achterhof**  
+1.312.902.5296  
[kristin.achterhof@katten.com](mailto:kristin.achterhof@katten.com)



**Bret J. Danow**  
+1.212.940.6365  
[bret.danow@katten.com](mailto:bret.danow@katten.com)



**Jessica G. Kraver**  
+1.212.940.6523  
[jessica.kraver@katten.com](mailto:jessica.kraver@katten.com)



**Camille A. Brooks**  
+1.310.788.4519  
[camille.brooks@katten.com](mailto:camille.brooks@katten.com)

Attorney advertising. Published as a source of information only. The material contained herein is not to be construed as legal advice or opinion.

©2026 Katten Muchin Rosenman LLP.

All rights reserved. Katten refers to Katten Muchin Rosenman LLP and the affiliated partnership as explained at [katten.com/disclaimer](https://katten.com/disclaimer).