

# Mattress Recycling Council

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FEE POLICY



## 1. Purpose of Policy

The purpose of the Mattress Recycling Council's (MRC) Fee Policy ("Policy") is to describe the obligations of parties required by state law to collect mattress Recycling Fees (or their equivalent).

## 2. Definitions

This Policy uses terms that are defined as follows:

"Box spring" (also commonly called a "foundation") means a ticking or fabric-covered structure used to support a Mattress or sleep surface, and may be comprised of a frame, foam, springs or other structure, or other materials, used alone or in combination, regardless of whether the product is stationary or is adjustable.

"Consumer" means a person or entity (including, but not limited to institutional sales to hotels, schools, hospitals, etc.) that is the ultimate purchaser or lessee of a Mattress or Box spring in a State.

"Fee Report" means an electronic report in format specified by MRC that a Remitter will use to remit Fees to MRC.

"Mattress Unit" means an individual Mattress or Box spring.

"MRC" means the Mattress Recycling Council, a non-profit organization that operates mattress recycling programs in the States.

"Effective Date" means the official start date of a given State's Program.

"Mattress" means any sleep surface covered with ticking or fabric that contains resilient material, including, but not limited to, steel innersprings, foam, fiber, or other filling or upholstery materials, used alone or in combination, regardless of size or shape, except for those products listed under the [Excluded Products List](#), which MRC may update from time to time.

"Remitter" means a party that is required by one or more State laws to collect mattress Recycling Fees (or their equivalent) and remit them to MRC.

"Producer" means a party who manufactures a mattress or foundation for sale or distribution in a state. If there is no identifiable manufacturer, the person who imports the mattress into the state for sale or distribution is the responsible Producer.

"Program" means the mattress recycling plan approved by a State.

"Program Products" means products that are accepted for recycling by a given state Program, as defined under the applicable state's plan, law or regulations.

"State" means any state that has enacted a law that provides for the collection and recycling of Mattress Units. At present, [California](#), [Connecticut](#) and [Rhode Island](#) have enacted such laws.

"Recycling Fee" (or Fee) refers to an amount set by MRC that must be collected on each Mattress Unit sold to a Consumer in a State.

“Records” means the documentation required to confirm the quantities of Mattress Units sold during a given month and to calculate the Fees to be remitted (e.g., sales invoices, statements, bills of lading and other financial documentation).

“Reporting Period” means a calendar month.

### **3. Remitter Obligations**

A Remitter that sells Mattress Units to Consumers in a State must collect and remit to MRC each month Fees associated with such Products sold on and after the later of (a) the Effective Date of the Program, or (b) the date on which the Remitter began to sell Mattress Units in the State. A Remitter’s obligation to remit Recycling Fees to MRC exists regardless of whether or when it actually registered with the Program.

### **4. Fee Collection**

A Remitter must collect the Recycling Fee on each Mattress Unit sold to Consumers in a State. For these purposes, a Mattress and a Box spring are each considered a separate unit. When collecting the Fee from the Consumer, the Fee must be explicitly listed as a separate line item on the invoice or receipt that the Remitter provides the Consumer. The Fee must be described on the invoice or receipt as “RECYCLING FEE”.

In California, the fee applies to the following types of transactions:

- Retailers must collect the fee on all sales of Mattress Units that take place in California.
- Retailers that sell online or through other non-store front venues (by mail, television, etc.) must collect the fee on all Mattress Units sold for delivery in California, regardless of where the retailer is located.
- The fee also applies to Mattress Units sold by brick-and-mortar stores located outside of California for delivery in California.

In Connecticut, the Fee applies to the following types of transactions:

- Retailers must collect the Fee on all sales of Mattress Units that take place in Connecticut.
- Retailers that sell online or through other non-store front venues (by mail, television, etc.) must collect the Fee on all Mattress Units sold for delivery in Connecticut, regardless of where the retailer is located.
- The fee does not apply to Mattress Units sold by brick-and-mortar stores located outside of Connecticut for delivery in Connecticut.

In Rhode Island, the fee applies to the following types of transactions:

- Retailers must collect the Fee on all sales of Mattress Units that take place in Rhode Island.
- Retailers that sell online or through other non-store front venues (by mail, television, etc.) must collect the Fee on all Mattress Units sold for delivery in Rhode Island, regardless of where the retailer is located.
- The fee does not apply to Mattress Units sold by brick-and-mortar stores located outside of Rhode Island for delivery in Rhode Island.

## **5. Mattress Rentals**

In the case of rentals or leases, the rental or lease company is considered the end user. As a result, a Producer must collect the Fee when it sells a Mattress Unit to a rental or lease company operating in California, Connecticut and Rhode Island. The Producer then remits those Fees to MRC.

In addition to this general rule:

- In Connecticut and Rhode Island, the rental or lease company does not collect the fee from Consumers entering into monthly rental or lease contracts of any duration.
- In California, the rental or lease company must also collect the fee from consumers renting or leasing a Mattress Unit for 12 months or more, or if a consumer purchases the Mattress Unit at any time during the rental or lease period and the rental company transfers ownership to the Consumer, resulting in a sale. The rental company must remit those Fees directly to MRC.

## **6. Fee Remittance**

All Remitters that sell Mattress Units to Consumers in a State must register with MRC at [mrcreporting.org](http://mrcreporting.org) in order to remit Recycling Fees to MRC. However, a remitter's obligation to remit recycling fees to MRC exists regardless of whether or when it actually registered under a given State Program.

Remitters will remit the Recycling Fees monthly by filing a Fee Report using a secure on-line portal that can be accessed at [mrcreporting.org](http://mrcreporting.org).

No later than 30 days following the end of each Reporting Period, a Remitter must submit a Fee Report and remit the Fees it collected on its net sales of Mattress Units during that Reporting Period. For example, a Fee Report for the month of March must be sent to MRC by April 30 (that is, 30 days after the end of March Reporting Period).

Even if a Remitter sells no Mattress Units during a Reporting Period, the Remitter must still file a Fee Report to that effect, and do so for all Reporting Periods during which the Remitter is registered with MRC.

## **7. Fee Refund**

Retailer must refund the fee to the consumer when processing a return if the return is within 90-days of the date of sale. Refunds from 91 day to 120 days are at the discretion of the retailer. All refunds must be reflected the net sales calculation in the month the refund occurred. Since a retailer remits fees only on its net sales of mattresses and box springs during a reporting period, all customer refunds of the Fee during that reporting period will be reflected in the net sales calculation.

## **8. Fee Audit**

MRC may require each Remitter to periodically provide and make available to MRC records that demonstrate that the Remitter properly collected the Recycling Fee on all relevant Mattress Unit sales and accurately remitted those Fees to MRC.

MRC will routinely audit the Records of Remitters obligated to remit fees to MRC.

## **9. Back Fees**

A Remitter that is legally obligated to collect Recycling Fees and remit them to MRC, but fails to register with MRC for that purpose, is liable to MRC for Fees on all Mattress Units it sells in a State on and after the Effective Date of the Program, plus interest and penalties, if applicable. Note that government authorities in one or more of these states may impose charges or penalties for failure to collect the fees or remit them to MRC in addition to those imposed by MRC.

## **10. Late Fee Remittance**

A Remitter that remits its Fees to MRC more than 30 days after the end of the Reporting Period will be assessed interest at a rate of 1% per month (compounded monthly), calculated as of the 31<sup>st</sup> day following the end of the Reporting Period.

A Remitter that is more than 90 days delinquent in remitting Fees to MRC may also be subject to monetary and other penalties at MRC's discretion. In addition, the State may assess additional monetary and other penalties.

## **11. Under Remittance**

If the audit described in Section 8 above finds that a Remitter under-remitted Fees during one or more Reporting Periods being audited, the Remitter shall pay:

- The full amount of under-remitted Fees;
- Interest on the overdue Fees at the rate of 1% per month (compounded monthly);
- If the amount under-remitted exceeds \$500, audit costs equal to the lesser of \$2,000 or 20% of the under-remitted Fees; and
- Such additional penalties as might apply.

Any overdue Fees owed by a remitter to MRC shall be treated by MRC as a debt, and MRC may pursue any remedies available to it in contract or law, in addition to any other remedies available to MRC or enforcement actions that a state may take in the event that such overdue Fees are not paid within thirty (30) days of written notice by MRC to remitter in respect of the default in payment.

## **12. Miscellaneous**

MRC may exercise its discretion in granting an exemption from a Remitter's obligation to pay some or all delinquent Fees, interest or penalties (as applicable), and with regard to other aspects of this Policy.

Mitigating factors that MRC may consider in exercising its discretion may include the remitter not receiving actual notice from MRC regarding its fee collection and remittance obligations prior to the start of the program.