
GOVERNMENT RELATIONS & PUBLIC POLICY



2019 ANNUAL REPORT



Innovative Products For **Home. Work. Life.**



A WORD FROM THE CEO

Advocacy on behalf of its members represents one of the core functions of any trade association. HCPA is committed to fighting for our members on Capitol Hill, before federal agencies, and in state houses around the country.

Our dedicated team of advocacy professionals, with the backing of our industry and technical experts, are working tirelessly to ensure that every legislator, at every level, knows and understands the issues that are important to HCPA and its members. And we are with you, every step of the way.



STEVE CALDEIRA
PRESIDENT & CEO



FEDERAL ADVOCACY



PRIA REAUTHORIZATION

In 2019, HCPA and its allies successfully advocated for congressional reauthorization of the Pesticide Registration Improvement Act (PRIA).



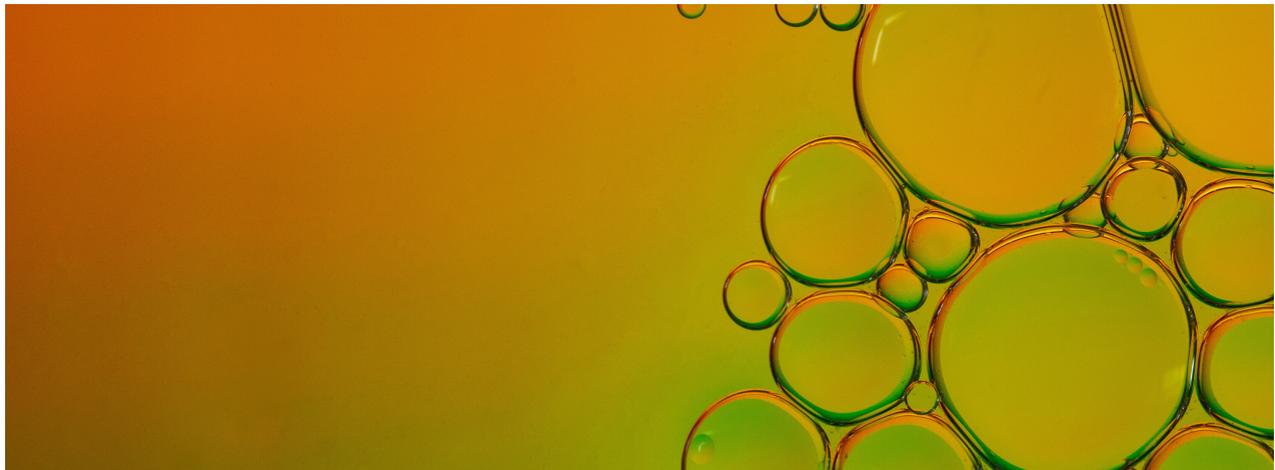
In late 2018, reauthorization of the Pesticide Registration Improvement Act, known as PRIA IV, was stalled in the U.S. Senate due to lingering concerns over unrelated Environmental Protection Agency (EPA) regulations. Once that issue was resolved by amending PRIA IV, concerns emerged in the House over considering PRIA reauthorization while Farm Bill negotiations continued in the chamber. Ultimately, a lapse in federal government funding shut down the pesticide registration program along with the rest of the federal government in December 2018.

Once federal government funding was restored in February 2019, an extension of the PRIA III did not accompany it. Fortunately, HCPA and the PRIA Coalition were able to successfully push Congress to reauthorize PRIA in a stand-alone bill. Ultimately, Congress passed S. 483, the Pesticide Registration Improvement Extension Act of 2018, in February 2019. The President signed it into law on March 6, 2019.



TSCA IMPLEMENTATION

Lautenberg Act implementation is in full swing at the EPA, and HCPA has been engaged at every step of the regulatory process to monitor emerging issues and advocate for favorable outcomes.



Since the passage of the Frank R. Lautenberg Chemical Safety for the 21st Century Act, a 2016 update to the Toxic Substances Control Act (TSCA), HCPA has participated in the implementation of the law at the EPA. In addition to commenting on the final fee rule implemented in late 2018, HCPA and its members have been preparing for the release of the next list of high-priority chemicals to be evaluated in accordance with Section 6. In addition to submitting its own comments to the EPA, HCPA has also advised its members on how to most effectively submit their own comments.

Most recently, EPA's Science Advisory Committee on Chemicals (SACC) released its final report on the Draft Risk Evaluations for 1,4-dioxane. EPA's final risk evaluation on 1,4-dioxane will have implications for state governments that are considering their own regulations, underscoring the importance of the EPA's risk evaluation process as it continues its implementation of the Lautenberg Act.

The HCPA Scientific Affairs staff has also monitored and advised members on the development of alternative test methods, the re-substantiation of confidentiality claims, and the TSCA Inventory Notification Requirements Final Rule.



SUSTAINABLE CHEMISTRY R&D ACT

The effort to streamline federal investment in sustainable chemistry has advanced further in the 116th Congress than in any previous Congress, driven by a broad coalition of industry stakeholders and NGOs.



The Sustainable Chemistry Research & Development Act (S. 999 / H.R. 2051) proposes to create an interagency task force of federal government agencies that invest in the development of new chemistries and chemical processes that both improve sustainability and reduce impacts on human health and the environment. In addition to reducing redundancies in research and development, the bill would encourage agencies to formulate a “roadmap” to define the biggest challenges in sustainable chemistry, and how to increase innovation that will address market demands.

The House version of the bill passed through the House Committee on Science, Space, and Technology in October 2019, and through the Senate Committee on Commerce, Science, and Transportation in November 2019. These successes mark the furthest progress the bill has seen in several sessions of Congress. HCPA and its coalition partners remain optimistic that the bill may be passed by both chambers of Congress in 2020.



INTERNATIONAL TRADE AND TARIFFS

Since early 2018, the Trump Administration has continued to apply damaging tariffs on imports, disrupting global supply chains and placing new costs on American businesses.



Tariffs have been applied to imported steel and aluminum under Section 232 of the Trade Expansion Act of 1962 and to goods imported from China under Section 301 of the Trade Act of 1974. Importers have been required to apply for exemptions in an unpredictable administrative process, and the tariffs have continuously fluctuated based on recent developments in trade talks with both China and longstanding allies. The tariff landscape remains a source of great uncertainty and economic anxiety for American businesses, workers, and investors.

HCPA has joined the business advocacy community in Washington, DC to advocate for reductions in tariffs and a de-escalation of trade disputes. Participating in several coalitions of aligned industries, HCPA has sent letters to Congress, Administration officials, and foreign government officials to highlight the damage done to the global economy and, more specifically to the \$180 billion household and commercial products industry. In addition, HCPA has supported legislation to install congressional oversight over the President's imposition of tariffs for national security reasons.



INGREDIENT COMMUNICATION

HCPA continues to pursue federal legislation to establish a nationwide ingredient communication standard for cleaning products, following the successful negotiation of a similar standard in California in 2017.



Since California passed the Cleaning Product Right to Know Act of 2017, other states have proposed their own ingredient communication standards. However, the prospect of a patchwork of different state standards presents a significant business and compliance risk for manufacturers and formulators, who seek simplicity and predictability in labeling and communicating the contents of their products.

In the 116th Congress, HCPA and its allies have proposed legislation that includes the same standards as those in the negotiated compromise in California, guaranteeing that those standards become applicable nationwide. HCPA continues to lead discussions with business and NGO stakeholders to engage policymakers, educating them about the need for a federal standard and the successes of the California model.



EPA SAFER CHOICE

HCPA continues to be the leading advocate for the EPA's Safer Choice Program, and this year secured explicit congressional support for its funding.



HCPA continuously works to ensure that both Congress and EPA leadership understand the value of the EPA's Safer Choice program. HCPA members invest time, energy, and resources to support the program, and to make their products compliant with the program's requirements. HCPA has lobbied congressional appropriators to ensure that the EPA receives adequate funding to continue the Safer Choice program, and continues to lead a coalition of Safer Choice stakeholders to align advocacy efforts in support of Safer Choice.

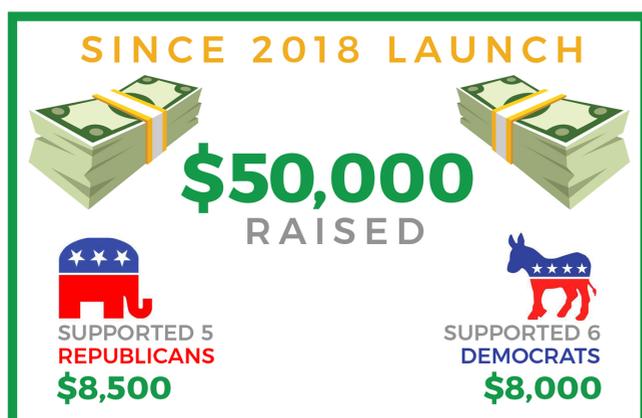
While the program itself does not have its own line in federal government appropriations, this year HCPA successfully advocated Senate appropriators to insert language explicitly supporting Safer Choice into the bill to fund the EPA.

In 2019, HCPA was honored as a Safer Choice Partner of the Year at a September ceremony with Safer Choice and EPA officials. This is the fourth time HCPA has received this award.



HCP-PAC

HCPA’s political action committee continues to support candidates for federal office that understand the challenges facing the household and commercial products industry.



In 2018, HCPA re-launched its political action committee with the goal of supporting candidates for federal office, from both parties, that understand the household and commercial products industry and the challenges it faces. HCP-PAC has raised \$50,000 in contributions since its launch, and has supported 11 candidates in both the 2018 and 2020 election cycles. Many candidates supported by HCP-PAC hold positions on committees with jurisdiction over key issues affecting HCPA members, or represent areas with significant HCPA member presence.

For more information about HCP-PAC, contact Kevin Serafino at kserafino@thehcpa.org.



HILL DAY AT IMPACT2019

In its second annual Hill Day, HCPA members met with policymakers on Capitol Hill to discuss key legislative issues, and to present HCPA’s Legislator of the Year Award.



On May 2, during IMPACT2019, HCPA’s Mid-Year Meeting in Washington, DC, members brought HCPA’s most pressing public policy issues to policymakers on Capitol Hill. HCPA members attended meetings with House and Senate members and their staff to thank them for reauthorizing PRIA, highlight the need for a federal ingredient communication standard, and encourage effective congressional oversight of TSCA implementation. HCPA also awarded its 2019 Legislator of the Year Award to Senator Pat Roberts (R-KS) and Senator Debbie Stabenow (D-MI), the chair and ranking member of the Senate Agriculture Committee, respectively, for their leadership in reauthorizing PRIA.

HCPA would like to thank the following HCPA member companies for participating in this crucial advocacy event: Ceva Animal Health, Crown Holdings, DowDuPont, ECOLAB, Givaudan, Hillyard Industries, Jelmar, KIK Custom Products, MGK, PLZ Aeroscience, Procter & Gamble, RB, SC Johnson, ScottsMiracle-Gro, Sherwin-Williams, and Woodstream.

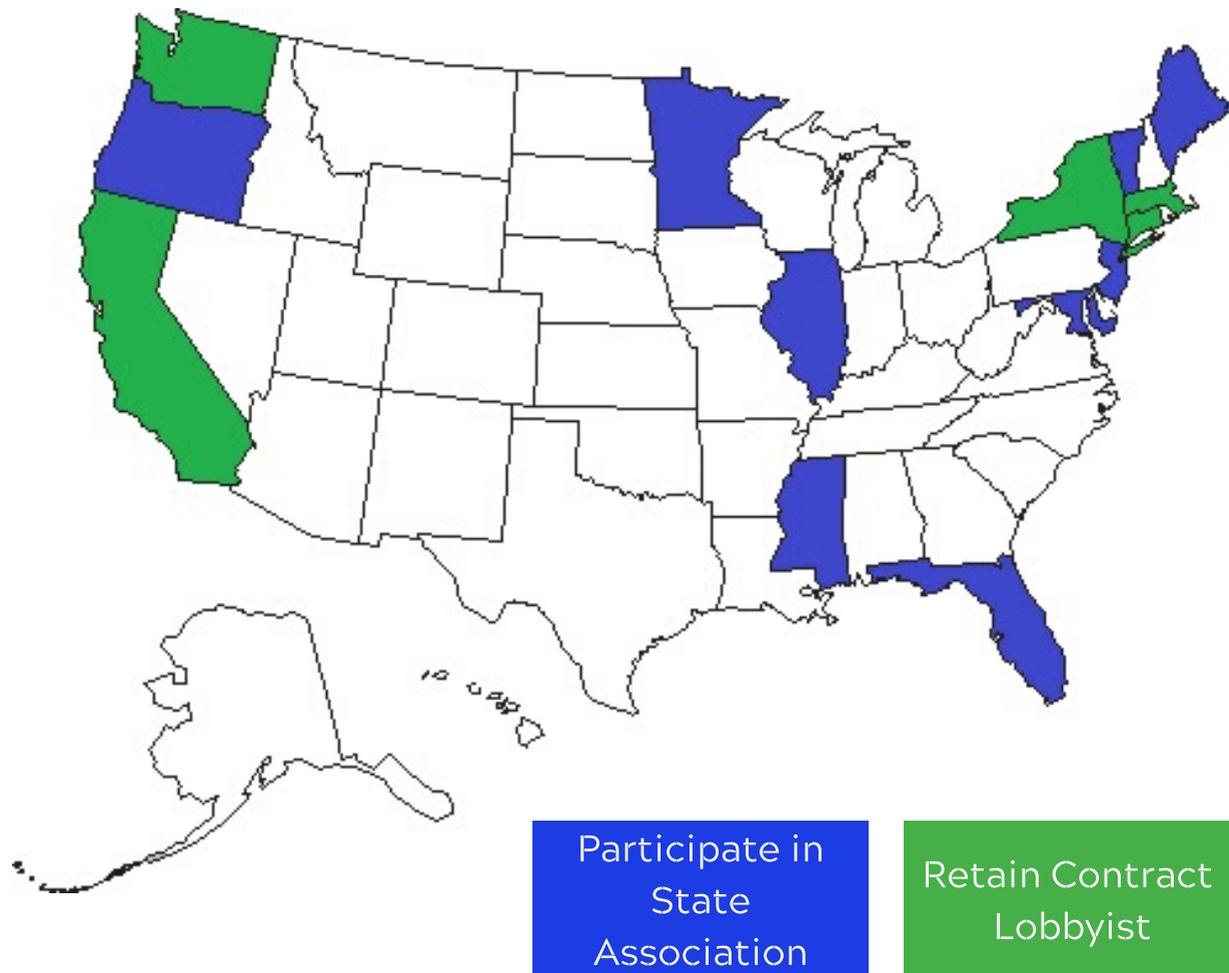


STATE & LOCAL ADVOCACY



OVERVIEW

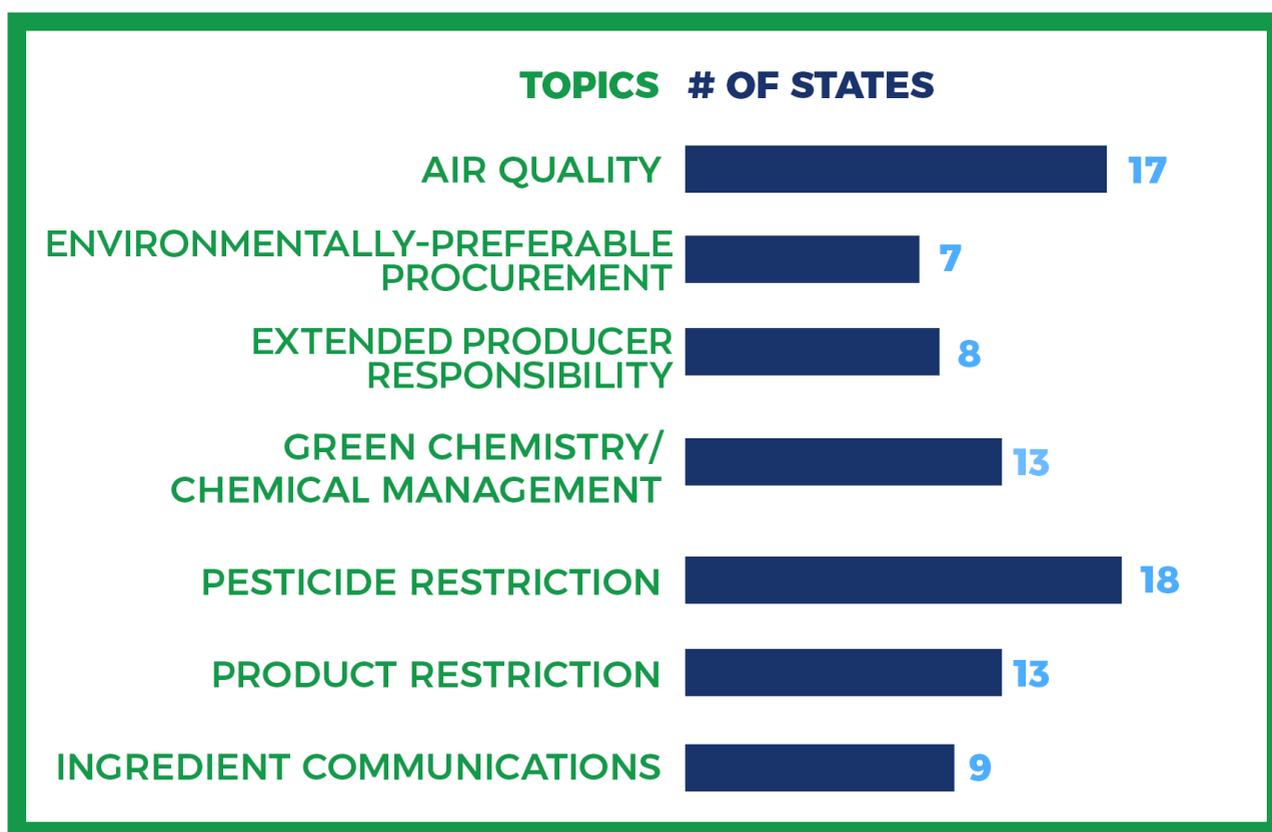
HCPA's Government Relations & Public Policy team, along with a network of in-state lobbyists and state associations, track legislative developments at the state and local level across all 50 states and the District of Columbia.





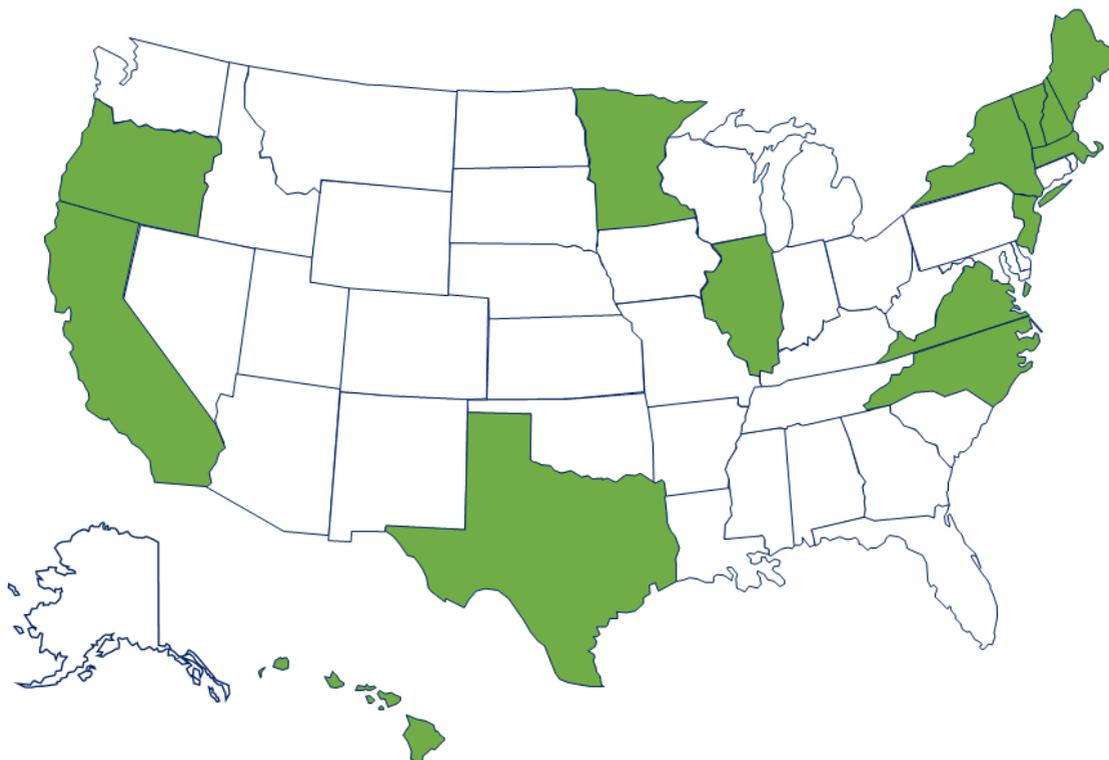
OVERVIEW

HCPA engaged in advocacy on 336 state bills in 2019 that could affect member companies’ interests, ranging from ingredient communication mandates to pesticide restrictions. State legislators continued their work on ingredient communication for cleaning products, end of lifecycle disposal of consumer products and packaging, and instituting new restrictions on the sale and use of pesticides. Off-year elections in 2019, and the changing political landscape ahead of nationwide elections in 2020, continue to shape state-level politics in unpredictable ways. HCPA expects 2020 to be another active year in state legislatures across the country.





PESTICIDE RESTRICTIONS



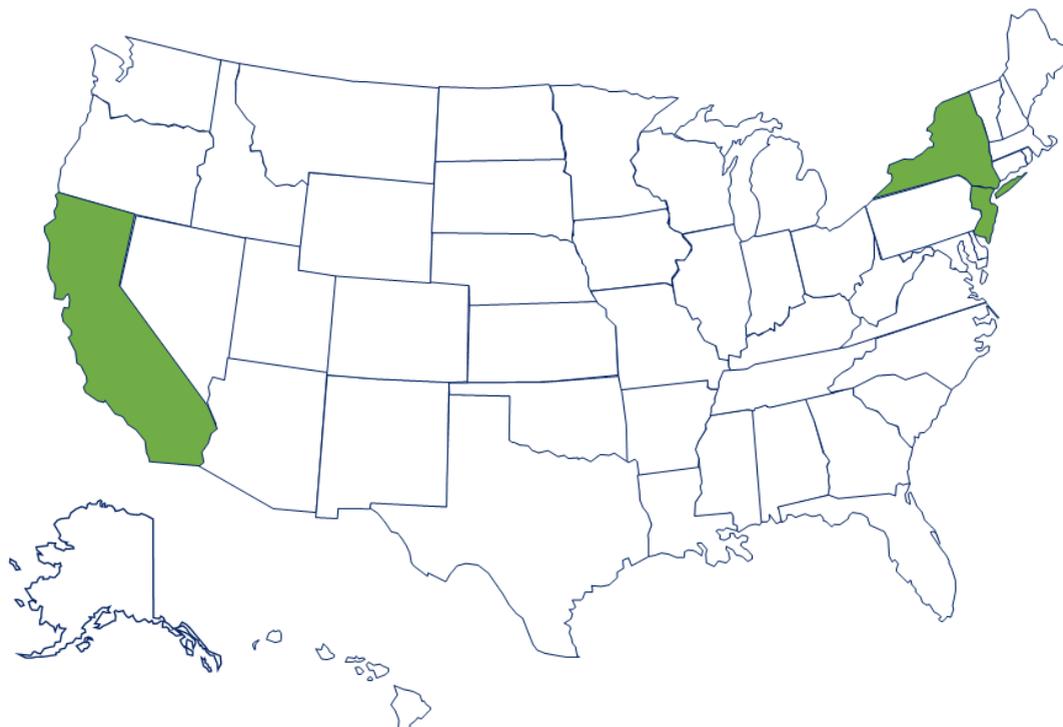
More than a quarter of the bills HCPA tracked this session centered around restrictions on pesticides, herbicides, and rodenticides. States continue to focus significant efforts in reclassifying neonicotinoids as restricted use pesticides to protect pollinator populations. Twelve states considered removing these products from the hands of consumers. HCPA was successful in stopping all restrictions from moving forward to this point.

In Sacramento, legislators again keyed in on legislation restricting the use of anticoagulants in rodenticides in order to protect animals in the state. HCPA was successful in holding this legislation in committee, but is expecting it to resurface in 2020.

HCPA successfully defeated proposals aimed at restricting the sale of neonicotinoids in Oregon, Minnesota, Illinois, New York, Virginia, New Jersey, Hawaii, Texas, and North Carolina. Legislation is still pending in Massachusetts. Vermont passed a measure classifying neonicotinoids as restricted use products in its final day of session.



INGREDIENT COMMUNICATION



Ingredient communication in New York continues to be a priority issue for HCPA’s State Government Relations & Public Policy team.

HCPA and the American Cleaning Institute (ACI) initiated litigation in October 2018 to challenge New York’s Household Cleansing Product Information Disclosure Program, issued by the New York State Department of Environmental Conservation (NYSDEC). The lawsuit argued that, in issuing the regulation, the NYSDEC exceeded the scope of its authority under the state’s Environmental Conservation Law and did not follow the State Administrative Procedures Act (SAPA).

On August 27, a judge issued a decision to invalidate the Disclosure Program on the grounds that the NYSDEC did not follow the proper SAPA rulemaking process. The decision states that NYSDEC referred to the Disclosure Program as a “guidance document,” when it is actually a “rule” with binding legal effect. While SAPA does not apply to guidance, it does apply to binding rules, and the judge determined that NYSDEC was required to follow SAPA procedures.



INGREDIENT COMMUNICATION

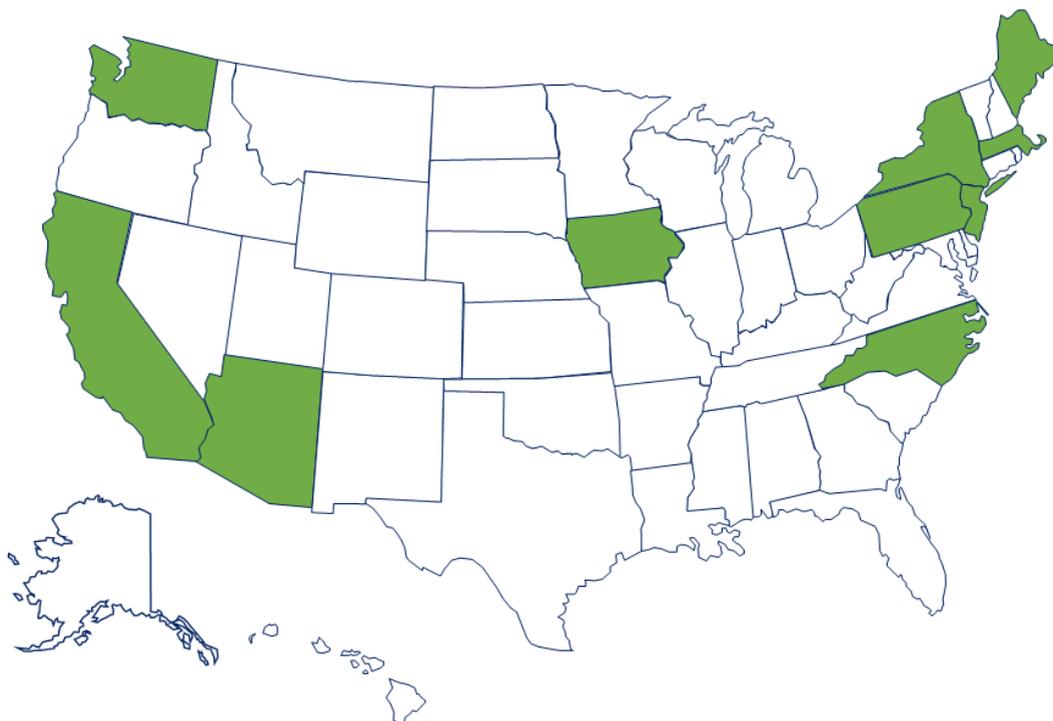
The Disclosure Program is now null and void, and the judge has remitted the Program back to the NYSDEC in order to comply with SAPA. Ultimately, this decision will force the NYSDEC to file the Disclosure Program again - starting from scratch and following the proper rulemaking process.

Also, this year there was an ingredient communication proposal in New York state's budget that was dangerously vague and, ultimately, unworkable. HCPA advocated against the inclusion of the unfavorable disclosure requirements and successfully stripped the language from Governor Cuomo's budget. Through our strategic efforts, HCPA was able to establish working relationships with key legislators involved in ingredient communication-related issues. These relationships will enhance our advocacy efforts in future ingredient communication issues that come up in the New York State legislature.





ENVIRONMENTALLY-PREFERABLE PROCUREMENT & GREEN CHEMISTRY



Legislators across the nation again sought to enact new purchasing requirements for schools, hospitals, offices, and public buildings. Lawmakers also proposed legislation to create or amend existing green chemistry programs for consumer products, or to restrict certain chemicals in cleaning products.

1,4-dioxane remains a hot topic in New York, and this year, the state legislature passed a bill banning the sale of household cleansing products containing more than two ppm of the non-intentionally added ingredient. If signed by Governor Cuomo, this ban would take effect on December 31, 2022, with the threshold dropping to one ppm on December 31, 2023. HCPA staff has met with the Governor's office multiple times to discuss this issue and offered a chapter amendment proposing an industry-supported ban on household cleansing products containing over 10 ppm of 1,4-dioxane.



ENVIRONMENTALLY-PREFERABLE PROCUREMENT & GREEN CHEMISTRY

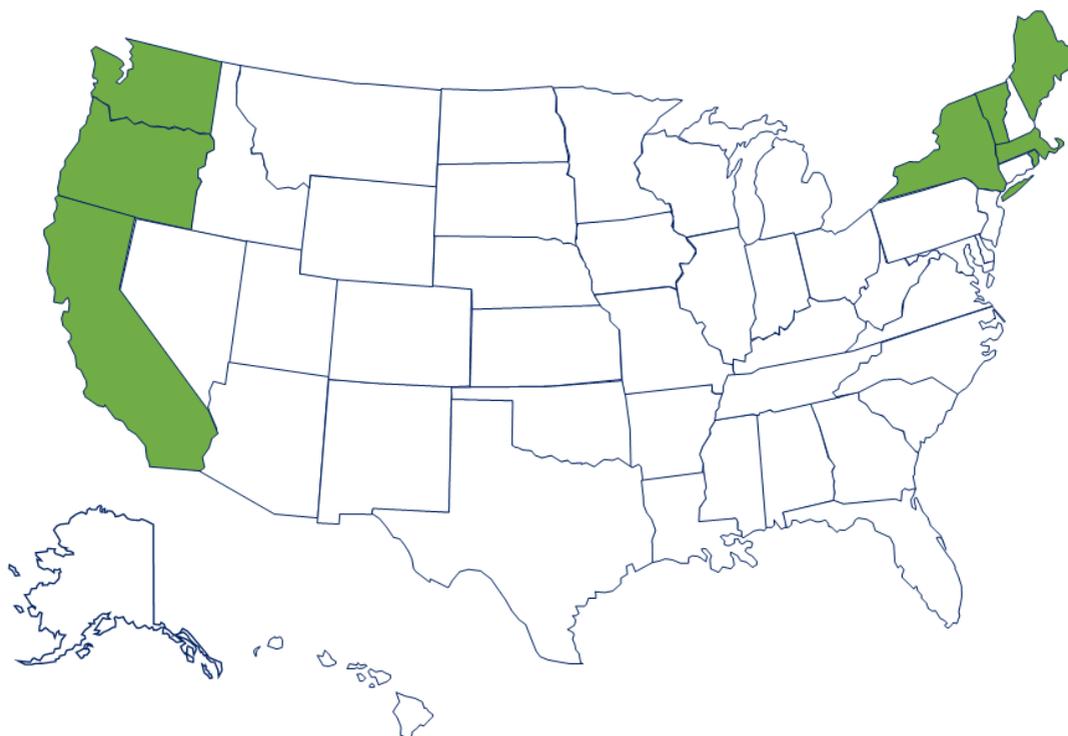
Legislators in Sacramento proposed a bill to make changes to the state’s Safer Consumer Products (SCP) program currently being implemented by the Department of Toxic Substance Control (DTSC). This proposal followed the release of a report that reviewed the SCP program 10 years following its creation and provided recommendations for making the program more efficient. This bill was held in committee and will likely resurface in 2020.

Washington state passed and enacted green chemistry legislation in an effort to protect marine life in the Puget Sound. This bill authorizes the Department of Ecology (DEC) to restrict priority chemicals and consumer products that are significant sources of those chemicals. The intent of the legislation is to protect the region’s orca whale population after a task force identified toxic contaminants as one of the key threats against the whale population. HCPA was part of a large industry coalition opposed to this measure, which was successful in amending parts of the bill to provide limited oversight to DEC. Washington DEC has suggested that it will first focus on an initial group of products, including phenolic compounds in laundry detergent and phthalates in cosmetic fragrances.





EXTENDED PRODUCER RESPONSIBILITY



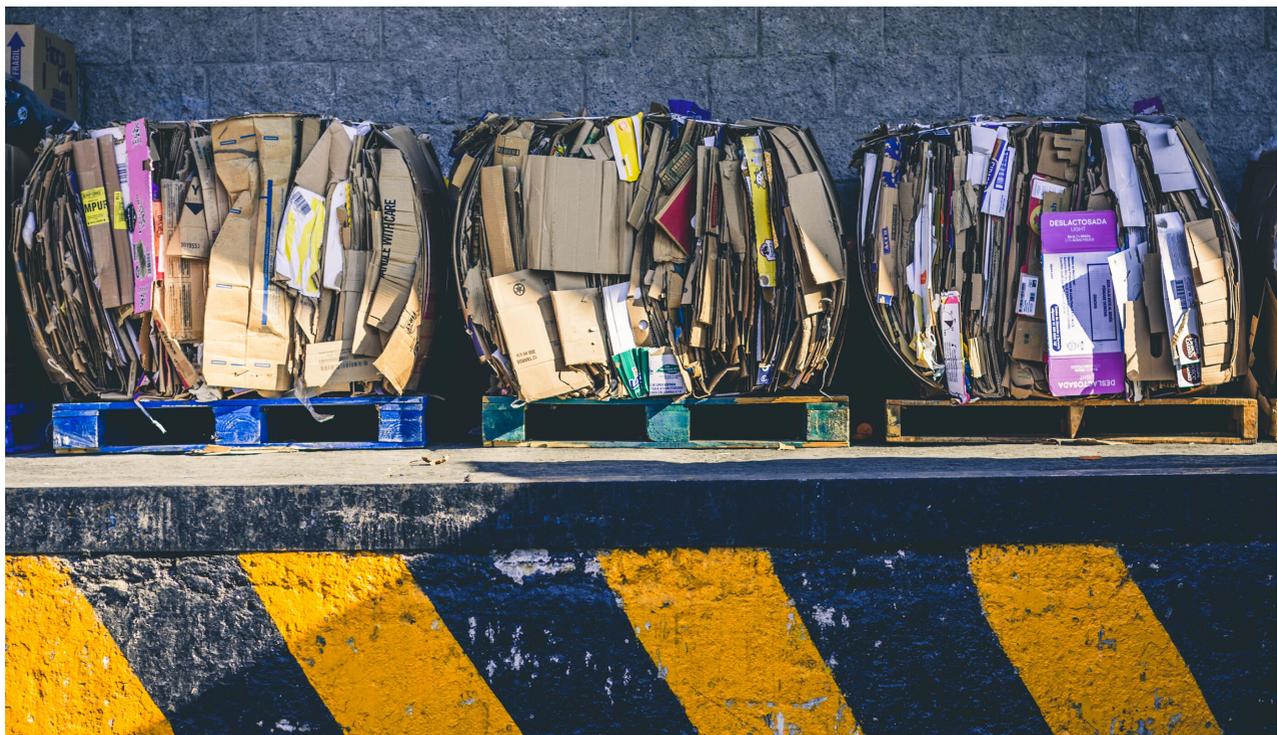
Legislators in Oregon again raised a bill that requires manufacturers to fund a new waste program for products that finish their lifecycle as household hazardous waste. The legislation has been pursued for a number of years by Metro, a local government consortium near the Portland area, looking for new sources of funding for hazardous waste disposal. HCPA was successful in holding this bill in the House Ways and Means Committee.



EXTENDED PRODUCER RESPONSIBILITY

This year, legislators in Sacramento proposed one of the most expansive packaging bills in the country. Two companion bills titled the Circular Economy and Packaging Pollution Reduction Act, would have required all single-use packaging sold in California on or after January 1, 2030 to be recyclable or compostable. Nearly all consumer product packaging would have been included in the proposal.

HCPA worked with a large coalition to oppose the measures, given the scope of the mandate and the lack of shared responsibility throughout the supply chain. Although the bills failed to receive final votes on the last day of session, they can be voted on once California reconvenes in January. HCPA is currently working with stakeholders on alternative language and amendments to the bills.



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