

RECENT AND PROPOSED LEGISLATION IMPACTING THE TEXTILE AND FASHION INDUSTRIES



Dear Readers,

On behalf of the Council of Fashion Designers of America (CFDA), I'm honored to present *Recent and Proposed Legislation Impacting the Textile and Fashion Industries*, a policy brief prepared in partnership with Second Floor Advisors. We are grateful for their expertise centralizing key legislative insights vital to the fashion industry.

At the CFDA, we are steadfast in our commitment to empowering our Members and the broader industry as they navigate an increasingly complex landscape of sustainability-focused regulations and policy frameworks.

This brief synthesizes critical legislative contexts, providing a clear and actionable guide to U.S. fashion policy. It reflects our dedication to delivering open-access resources that equip brands of all sizes, particularly small and independent ones, with the tools to address mandatory compliance and voluntary standards.

This pivotal moment calls for a collective commitment to measurable progress in conscious design, circular innovation, and sustainability. By overcoming barriers, fostering economic value creation, and addressing climate challenges, we can ensure that the industry evolves and thrives.

We envision a future where American fashion becomes a global leader in circularity, decarbonization, and sustainable innovation. Together, we can co-create a more equitable and resilient future for fashion, and we look forward to supporting continued collaboration and progress across the industry.

Sincerely,

Sara Kozlowski
Vice President of Program Strategies
Council of Fashion Designers of America

Executive Summary

This paper details three prominent pieces of legislation, two federal and one state, which could significantly impact United States fashion industry operations.

This paper also briefly recaps recently passed state legislation, the California Responsible Textile Recovery Act of 2024 and the California Climate Corporate Data Accountability Act of 2023 targeting fashion sustainability practices.

At the federal level, the Fashion Accountability and Building Real Institutional Change (FABRIC) Act is aimed at improving working conditions in the garment industry and incentivizing domestic manufacturing. The Americas Act incentivizes domestic as well as regional manufacturing across industries and establishes a multi-billion-dollar loan and grant program for the textile sector. The New York Fashion Sustainability and Social Accountability (FASHION) Act seeks to increase transparency and promote sustainability across the fashion industry. Each of these legislative measures would impart costs and regulations on the fashion industry.

THE FABRIC ACT

The Fashion Accountability and Building Real Institutional Change Act

OVERVIEW

The FABRIC Act was proposed in May 2022 by Senator Kirstin Gillibrand (D-NY) and former Congresswoman Carolyn Maloney (D-NY). If enacted, the bill would amend the Fair Labor Standards Act of 1939 to eliminate piece-rate wages, increase reporting standards for the U.S. garment industry, and provide economic incentives for domestic manufacturing in the fashion industry. Senator Gillibrand and Congresswoman Maloney have suggested the bill would position the United States as a global leader on labor and responsible manufacturing in the fashion industry.

The bill has four primary mechanisms:

1. Eliminating piece-rate payment systems in favor of minimum hourly wages.

There are exceptions for certain collective bargaining agreements, and it does not prohibit the utilization of incentive bonuses.

2. Expanding joint and several liability for retailers to

encompass the labor practices of their contractors and subcontractors. As a result, brands may be held responsible for labor practices throughout their supply chain.

3. Requiring All U.S. based apparel and accessories manufacturers and contractors to register with the following information:

- Photo ID of each owner, partner, or officer;
- Verification of compensation insurance policy for all employees;
- Company details including the entity status, length of establishment, any contractual relationships with labor organization, and any Fair Labor Standards Act violations within the last three years committed by the entity, its owners, or its ten largest shareholders;

- Contact information, including names, residential addresses, and phone numbers of all production employees;
- Contact and personal information, including names, residential addresses, phone numbers, and social security numbers, for every partner, owner, or officer and, if applicable, the ten largest shareholders;
- Contact and personal information, including names, residential addresses, and social security numbers for all persons with a financial interest in the entity;
- A registration fee, not surpassing \$200.

Registration would be required within 6 months of the Act's passage and annually thereafter.

4. Establishing a \$40 million Garment Manufacturing Assistance Program (“Assistance Program”).

The U.S. Department of Labor Office of the Garment Industry would award grants to incentive reshoring domestic production and improving conditions for the American garment workforce. Both domestic manufacturers and nonprofit organizations providing workforce development opportunities in the garment industry would be eligible. The grants could be awarded for training and strengthening workforces, supplementing capital improvements, equipment acquisition, and for health and safety improvements within U.S. manufacturing facilities. The maximum for each award is \$5 million.

Priority consideration would be given to entities with unionized employees, minority-, women, or veteran-owned businesses, and entities that have operated in the U.S. for more than five years.

When the bill was first introduced in 2022, it also included a 30% tax credit to incentive domestic manufacturing as well. The current version of the bill does not include such provisions.

IMPACT

Compensation Shifts

The lawmakers who proposed the bill believe that by eliminating piece-rate pay systems, the industry would align with the growing movement towards more equitable and level compensation practices. However, some industry actors have voiced significant concern that without the long-standing piece-rate motivation, there would be a decrease in the quality and quantity of domestic production. The bill protects other incentive bonuses to mitigate this concern; however, the shift could

still result in increased reliance on foreign subcontractors to maintain piece-rate practices.

Expanded Liability

The increased liability creates a greater legal risk to fashion retailers. Brands would need to enhance their due diligence practices to mitigate this risk. Some industry stakeholders have criticized this measure, acknowledging the need for greater accounting but arguing that brands should only be responsible for labor practices within their operations and liability for contractors’ and subcontractors’ labor practices should rest solely with their direct employer.

Registry

The mandated registry would put immediate bureaucratic strain on garment manufacturers and contractors, increasing their operating costs to meet compliance standards. Non-compliance could result in a civil penalty of up to \$50 million.

Assistance Program

The industry would benefit from grant awards and resources aimed at improving working conditions and domestic manufacturing. The programs are intended to facilitate a new level of labor standards in the U.S., upskill workers, increase productivity, and engage domestic manufacturing.

STATUS

Senator Gillibrand and Congresswoman Maloney introduced the FABRIC Act in May 2022. At the beginning of the 2023 legislative session, Congressman Jerry Nadler took over as the House Sponsor as the bill was reintroduced in September 2023. The FABRIC Act is currently awaiting action in the Senate Health, Education, Labor and Pensions (“HELP”) Committee.

KEY PLAYERS

Congressional

Senator Gillibrand, Congressman Nadler, and **Senator Bernie Sanders** (I-VT) are the primary Congressional advocates. Senator Gillibrand and Congresswoman Maloney introduced the bill with a strong media blitz but subsequently momentum slowed in the wake of growing foreign priorities and other domestic priorities shepherded by the Biden White House. Senator Sanders was an initial co-sponsor and currently serves as chair of the Senate HELP Committee where the bill awaits action.

Other Senate cosponsors include Cory Booker (D-NJ), Alex Padilla (D-CA), Elizabeth Warren (D-MA), Tammy Duckworth (D-IL), and John Fetterman (D-PA).

House cosponsors include Rashida Tlaib (D-MI), Barbara Lee (D-CA), Eleanor Holmes Norton (D-DC), Nydia Velazquez (D-NY), Deborah Ross (D-NC), Adam Schiff (D-CA), Tony Cárdenas (D-CA), Stephen Lynch (D-MA), Judy Chu (D-CA), Kevin Mullin (D-CA), Daniel Goldman (D-NY), James McGovern (D-MA), Sydney Kamlager-Dove (D-CA), Nanette Diaz Barragán (D-CA), Maxine Waters (D-CA), Maxwell Frost (D-FL), Zoe Lofgren (D-CA), Alexandria Ocasio Cortez (D-NY), Robert Garcia (D-CA), Janice Schakowsky (D-IL), Jill Tokuda (D-HI), Valerie Foushee (D-NC), Donald Beyer (D-VA), and Linda Sánchez (D-CA).

External Stakeholders

Organized labor has exerted sizable pressure on the fashion industry to increase domestic manufacturing jobs and to improve compensation, working conditions, and health and safety standards. They helped draft the legislation and promoted the bill to the media when it was first introduced.

The American Apparel and Footwear

Association (AAFA) has in the past voiced its views on components of the Act that they believe would benefit from revision. The AAFA criticized the liability mechanism, asserting it was too far-reaching and should be scaled back. The statement also critiqued the bill for avoiding reform of the Bureau of Prisons' Federal Prison Industries program.

Implementation

The U.S. Department of Labor would be the primary operating center for all mechanisms described in the bill, namely in the Office of the Undersecretary of the Garment Industry that the bill establishes. The Undersecretary would be appointed by the President and confirmed by the Senate.

FUTURE OF THE BILL

Given the current Republican trifecta in the House, Senate, and White House, the chances of this bill passing are slim, as past support for the bill was overwhelmingly Democratic. Some senators have reached out to try to garner bipartisan support, but have yet been unsuccessful.

There is a small chance that parts of the Act could become law through the budget reconciliation process. Budget reconciliation is a legislative procedure that allows for expedited consideration of certain and specified changes in law to align spending, revenue, and the debt limit with agreed-upon budget targets, without requiring the 60-vote threshold to overcome a filibuster – only a simple majority is necessary. The measures included in budget reconciliation have to be related to the government's revenues and spending (also known as the Byrd Rule), but in the past there has been a somewhat lenient application of this rule.

As conversations around labor standards and domestic manufacturing evolve in the next administration, single mechanisms from the FABRIC Act could be drafted into separate legislation. For example, the wage requirements or assistance program might be incorporated as individual entities into new legislation, without necessarily strengthening liability measures or mandating a registry.

THE AMERICAS ACT

The Americas Trade and Investment Act

OVERVIEW

The Americas Trade and Investment Act, or the Americas Act, was introduced in the U.S. Congress in 2023 with bipartisan support. It is designed to promote and incentivize trade, investment, and “people-to-people” partnerships across a newly-established Americas Partnership with Latin American and Caribbean countries. The Act intends to strengthen engagement and competition across the region, decrease regional migration, and combat China’s economic influence.

The Act illustrates expansive inter- and intra-governmental mechanisms to achieve and develop the Americas Partnership. The primary components having a downstream effect on the Fashion Industry are as follows:

General Mechanisms

Americas Partnership

The bill creates an “Americas Partnership” with countries across Latin America and the Caribbean to encourage trade benefits and financial assistance across the region. Membership to the Partnership is dependent on mutual commitments to democracy, trade, and rule of law.

The initial partner countries would be grandfathered in from a preexisting coalition of countries created by the Biden Administration. These countries include Barbados, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Panama, Peru, and Uruguay. The following countries are excluded from the Partnership due to misaligned democratic and economic priorities: Antigua and Barbuda, Bolivia, Cuba, Dominica, Grenada, Nicaragua, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Venezuela.

Partner countries would enjoy better access to the U.S. market, manufacturing growth based

on a nearshoring program detailed below, and competitive regional supply chains. They would be expected to abide by strengthened labor and environmental practices.

United States-Mexico-Canada Agreement

The bill expands the United States-Mexico-Canada Agreement (USMCA) to progressively include Americas Partnership countries. The USCMA places high standards on privacy, IP, labor, and environmental protections. Costa Rica and Uruguay have been named as primary candidates to pilot this process.

Incentives for Re-shoring and Nearshoring

Investing \$70 billion in loans and grants and another \$5 billion in tax credits for re-shoring and nearshoring manufacturing facilities from China to the region.

“Reshoring” refers to relocating facilities to the United States and “nearshoring” refers to relocating to Americas Partnership countries. To qualify, an entity must move at least two-thirds of its trade operations from China to the Americas region. This funding is available across manufacturing industries.

The funds may cover the physical move from China to the U.S. or partner countries, training workers in the region, and other costs related to reshoring and nearshoring.

The bill also offers a one-time duty-free import for the purpose of re-shoring or nearshoring. Upon receiving approval for reshoring or nearshoring, the entity will be given up to five years, with the possibility of a one-to-two-year extension to take advantage of the import.

Bound Duty Rates

The law considers changing trade rules from 1974 to allow for higher maximum tariffs (bound duty rates) on imports, without necessarily raising the current rates right away. This would help match the tariffs other countries in the World Trade Organization have set. It could lead to higher tariffs for countries that do not have free trade deals with the U.S. and give the U.S. more flexibility to deal with unfair trade practices, like those from China. These potential increases are also meant to encourage companies to move their production closer to the U.S. to avoid facing higher import taxes.

People to People

Investing in people-to-people partnerships, including humanitarian and development assistance within the Americas partnership, establishing an American University of the Americas, and expanding Peace Corps volunteer and scholarship programs in the region.

Textile-Specific Mechanisms

Reshoring and Nearshoring Incentives

The Act authorizes the Department of Commerce to distribute \$75 million a year, for 5 years, in awards to textile and apparel manufacturers for reshoring and another

\$75 million a year for nearshoring. The bill does not establish a cap on awards for individual entities, though the Department of Commerce may adopt regulations implementing limits. Awards may be used to acquire new facilities and equipment or to expand existing operations within the region. Manufacturers receiving the awards must comply with U.S. safety, labor, and environmental standards.

Sustainability Incentives

The Act authorizes \$3 billion in grants and \$10 billion in loans for a textile reuse and recycling program to reduce the textile industry's impact on greenhouse emissions and reliance on forced labor in China. Textile entities may use the funds to establish, expand, or retrofit facilities and/or to supply components, chemicals, and machinery for low-carbon emissions transportation for sustainable disposal.

U.S. manufacturers that participate in textile sustainability (collection, reuse, repair, recycling or renting textiles) may also receive a 15% tax credit. Additionally, the bill authorizes \$1 billion to research and development related to textile reuse and recycling and another \$100 million for a public education program.

Verification Teams

The Act authorizes the U.S. Customs and Border Protection to deploy to partner countries to inspect the textile supply chains in the region on a regular basis.

IMPACT

The Act would place considerable economic pressure on U.S. fashion sellers to move their manufacturing sites to the Western substantial incentives for reshoring and nearshoring to alleviate this pressure.

Should tariff rates increase, sellers' and consumer' costs could increase. By taking advantage of the reshoring and nearshoring grants and relocating to the Western Hemisphere, companies would avoid higher tariff costs and have their immediate relocation expenses subsidized.

However, due to the higher labor and environmental standards in the U.S. and the region compared to China, overall operating costs would likely still rise, ultimately burdening consumers.

If consumer prices rise, either due to international tariffs or increased operating costs, they may seek cheaper alternatives from foreign markets, putting U.S. companies at a competitive disadvantage. The bill would give manufacturers already operating domestically a competitive advantage and shoring would foster job growth throughout supply chains domestically and regionally as well as provide U.S. companies with opportunities to rely on regional labor and reduce dependence on exploitative labor.

The bill would also give the U.S. fashion industry an opportunity to position itself as a global leader in responsible and sustainable domestic and regional manufacturing and supply chain management.

STATUS

The Act was introduced in March 2024 with bipartisan support from Senator Bill Cassidy (R-LA), Senator Michael Bennet (D-CO), Congresswoman Maria Elvira Salazar (R-FL), and Congressman Adriano Espaillat (D-NY). The bills are currently awaiting action in committee.

KEY STAKEHOLDERS

External Stakeholders

The **U.S. Chamber of Commerce** provided mixed response with appreciation for the shoring incentives and free trade expansions, but dissent for the USMCA expansion. They assert that the USCMA relies on weaker IP and investment protection compared to free trade agreements that already exist within the region.

Implementation

The bill empowers departments across the federal government with funding and authority to implement the partnership and associated loan and grant programs:

The U.S. State Department and the International Trade Administration within the U.S. Department of Commerce are primarily responsible for executing and regulating the partnerships.

The U.S. Department of Commerce and U.S. Treasury Department are responsible for distributing the general and textile specific re-shoring and nearshoring incentive awards, while the White House is responsible for executing the sustainability research and public campaign.

FUTURE OF THE BILL

President Trump has repeatedly expressed his desire to increase domestic manufacturing and decrease reliance on China, but has not commented publicly on this Act. We believe it is more likely that elements of this act will get combined into the President's broader trade policy and may not be an immediate priority to pass the bill in a standalone form.

THE FASHION ACT

The Fashion Sustainability and Social Accountability Act

OVERVIEW

The Fashion Sustainability and Social Accountability (FASHION) Act, New York state legislation, was introduced by Democratic New York State Senator Brad Holyman in 2022. If enacted, the Act would impose regulations on the apparel industry to require increased transparency of supply chains, labor, and environmental practices. Any apparel, footwear, or accessory company that does business in the state of New York and earns an annual global revenue of at least \$100 million would be required to document, map, and disclose their suppliers.

Companies would be mandated to conduct due diligence and report on supply chain compliance that meet the Organization for Economic Co-operation and Development's (OECD) standards. These standards are outlined in two documents - [Guidelines for Multinational Enterprises](#) and [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#). This includes reporting on material volumes, recycled material usage and setting target goals for energy, emissions, water, and chemical use.

Targets and identified areas of risk must be mitigated and tracked in regular reports. Sellers must compile and submit these reports to the New York Attorney General, as well as publish the reports on the company's website. The Act would also establish a verification process to validate the supply chain maps and due diligence reports, as well as establish an enforcement mechanism under the Attorney General's office to ensure seller compliance.

Non-compliant companies could be fined up to 2% of their annual revenue and added to a public non-compliance list shared by the New York Attorney General. The fines collected would go to a newly established Fashion Remediation Fund. Companies may also be held jointly and severally liable for lost wages within Tier 1 (see below) of their supply chain. The Fashion Remediation Fund would be utilized by the New York Departments of Environmental Conservation and Labor to implement environmental benefits and/or labor remediation projects directly benefiting workers and communities affected by the disfavored supply chain, environmental, and wage practices.

SUPPLY CHAIN MAPPING REQUIREMENTS:

Minimum reporting standards include the Name of Entity, Address, Parent Company, Product Type, and Number of Workers per Site.

Tier	Descriptions	Timeline	Requirements
1	Suppliers who produce finished goods; suppliers' subcontractors for sewing and embroidery.	Report within 1 year of Act passage	Report at least 75% of suppliers. Minimum reporting standards + mean wages of workers, comparison to local wages, the percentage of unionized workers, and the catalogued hours and overtime worked.
2	Suppliers to Tier 1; subcontractors for knitting, weaving, washing, dyeing, finishing, printing for finished goods; subcontractors for standalone components/materials for finished goods.	Report within 2 years of Act passage	Report at least 75% of suppliers. Minimum reporting standards.
3	Suppliers to Tier 2; subcontractors who process raw materials including ginning, spinning, suppliers of chemicals.	Report within 3 years of Act passage	Report at least 50% of suppliers. Minimum reporting standards.

IMPACT

If enacted, the Act's regulations would place an administrative burden on fashion sellers for compliance. Companies would likely need to add new legal, research, and/or supply chain teams in order to comply with the requirements stated above.

The cost of implementation may be passed onto the consumer and could depress domestic retail consumption.

However, several elements of the bill, would help further position the New York fashion industry, and therefore the U.S. fashion industry, as a leader in instituting human rights and environment protections.

The bill's authors believe that the bill would advantage companies that have previously incorporated human rights and environmental standards but struggled to compete. Since other businesses are likely to face rising costs going forward, either from compliance costs or the 2% non-compliance fine, they would be placed at a competitive disadvantage.

STATUS

The Act was amended multiple times by its drafter, Senator Hoylman, and was referred to the State Senate's Consumer Protection Committee in 2024 where it did not advance out of committee. The bill will likely be reintroduced in 2025, especially amid growing pressure on state governments to take action on environmental protection and climate justice in the wake of less action at the federal level.

KEY STAKEHOLDERS

External Stakeholders

The **organized labor, climate justice, and human rights movements** provide the deepest support for this bill. Certain human rights organizations have criticized the bill for not imposing harsher fines and punishments on non-compliant businesses in comparison to similar bills passed in California and Germany.

The **AAFA** has expressed its views that the bill would benefit from revision to its due diligence and reporting components with the opinion that its current requirements are both too stringent and too expensive to implement.

A number of **fashion brands** have endorsed the bill including Patagonia, Reformation, Stella McCartney, Everland, Studio 189, Ferrara, Eileen Fisher, Another Tomorrow, Ganni, and Faherty. A full list of endorsements can be found [here](#).

Implementation

The **New York Attorney General's Office** would serve as the primary enforcement mechanism described in the bill. Letitia James currently serves as the Attorney General.

The bill also authorizes the **New York Departments of Labor, State, and Environmental Conservation** to regulate the bill's provisions.

FUTURE OF THE BILL

While the bill will likely be reintroduced in 2025, and even with the Democratic trifecta in Albany, passage remains uncertain. There will likely have to be several conversations and negotiations about specific provisions of the bill and ensuing amendments for the bill to be palatable in both houses of the state legislature and with Governor Hochul.

California Responsible Textile Recovery Act of 2024

OVERVIEW

California enacted SB 707, the California Responsible Textile Recovery Act in September 2024 to reduce textile waste in the state. The bill requires apparel and textile producers with over \$1 million in annual revenue to join an approved producer responsibility organization (PRO) and submit a waste reduction plan. The responsibility to join the PRO lies with the in-state manufacturer, brand owner, or licensee. If none of these entities exist in the state, the responsibilities fall to the importers, then to the retailers. Online marketplaces must also identify and submit reports from third-party sellers with revenue over \$1 million. The Act is implemented, monitored, and enforced by the California Department of Resources Recycling and Recovery (CalRecycle).

PROs must develop a statewide plan, or stewardship program, for collection, repair, reuse and recycling of clothing and textiles. A status report must be submitted annually to CalRecycle and the plan must be reviewed every five years.

PROs are fully funded by its entity components, through an “eco-modulated” cost sharing system. The final cost-sharing breakdown is determined by the PRO itself but is dependent on current sales volume and environmental impact (the purpose being for a brand already implementing waste-reduction practices to pay a smaller share than its counterparts).

Producers that do not join a PRO or have an approved plan within a PRO will be prohibited from distributing or selling goods in the state. Non-compliant entities will be fined up to \$10,000 a day or up to \$50,000 for willful violation. CalRecycle will publish the list of compliant entities to its website.

Implementation Timeline and Deadlines

- **January 1, 2026:** Deadline for producers to submit an application for their PRO.
- **March 1, 2026:** Deadline for CalRecycle to provide approval or disapproval of PRO application.
- **July 1, 2026:** Deadline for producers to join approved PRO.
- **March 1, 2027:** Deadline for PROs to submit needs assessment to CalRecycle.
- **July 1, 2028:** Earliest date for CalRecycle to adopt regulations. Within one year of adoption, PROs must submit their stewardship program plan for approval. If a plan is not approved, the PRO has 30 days upon notification to revise and resubmit the plan.
- **July 1, 2030** or upon plan approval (whichever is earlier): Deadline for an approved plan and onset of noncompliance penalties. Within three months of plan approval: PROs must begin implementation
- Within one year of plan approval: PROs must have their programs fully implemented.
- March 2032: Performance standards due.

KEY PLAYERS

Congressional

PLAN REQUIREMENTS:

Each plan submitted by PRO must include the following:

1. Contract information of participating producers and brands including names, email addresses, phone numbers, addresses;
2. Budget description including the cost sharing breakdown, five-year budget with administrative, education, capital, and reserve costs accounted for;
3. Five year and annual performance standards;
4. Detailed description of free and convenient drop-off or collection system for covered products;
5. Detailed description of how collection sites will be authorized and managed;
6. Detailed description of how covered products will be sorted, transported, processed, reused, and recycled following collection at collection sites;
7. Design for statewide education and outreach program;
8. Strategies for inter-PRO coordination;
9. Contingency plan for disapproval;
10. Plan for addressing PFAS;
11. Strategy for addressing design challenges associated with compostability, reduction and removal of harmful chemicals, microfiber and microplastic shedding, and mixed material blends;
12. Plan for minimizing negative environmental and health impacts from operations;
13. Process to maintain external auditor's independence.

Annual public reports must include the following:

1. PRO costs and revenues;
2. Summary of anticipated changes to cost allocations;
3. Changes to cost-sharing system;
4. Current eco-modulated fees and evaluation of effectiveness;
5. List of participating producers with contact information;
6. List of PRO collection sites including name, location, and type;
7. Amount of covered produced sold in California, categorized by fiber type and Harmonized Tariff Schedule number;
8. Total weight of collected covered produced, categorized by fiber type;
9. Total weight of collected reusable covered produced;
10. List of authorizers sorters, repairs business, and recycling facilities including name, location, and total weight handled;
11. Total weight and number of covered products sold that were collected and reused or recycled by the PRO, including methodology used;
12. Status and plan for reaching standards;
13. Methods for collecting, transporting, repairing, and recycling covered products, including descriptions of waste hierarchy management, maximization of reuse and recycling, minimization of disposal, and an assessment of collection and sorting processes;

14. Description of incentive payments, grants, and market development investments for infrastructure support;
15. Outreach and education efforts, including evaluation of the statewide program.
16. Coordination with other PROs and entities;
17. Report on activities prioritizing local sorting and recycling to reduce transportation emissions;
18. Analysis of performance standards met by the PRO or the department;
19. Actions taken to address PFAS and other regulated chemicals, including contamination prevention and end markets for recycled materials;
20. Any additional information required by regulations.

California Climate Corporate Data Accountability Act

OVERVIEW

California enacted the Climate Corporate Data Accountability Act (SB 253) in October 2023 to expand greenhouse gas emissions reporting. It was passed in conjunction with the Climate-Related Financial Risk Act as part of California's Climate Accountability Package to regulate sustainability reporting across industries operating in California. In September 2024, the Act was amended with new implementation dates and refined definitions.

The Act mandates corporations or other business entities generating over \$1 billion in gross revenue and that do business in California to publicly report their greenhouse gas emissions annually. The Act is not textile-specific and applies to any companies engaging in transactions for profit in the state of California, regardless of whether they are headquartered in the state. Reports may be consolidated at the parent-company level, so if a reporting entity's subsidiary is a "reporting entity," it does not need to submit separate reports. The Act also requires companies to procure external auditors at their own expense to validate the reports.

The California Air Resources Board (CARB) is responsible for the implementation, monitorization, and enforcement of the Act. CARB has until July 1, 2025 to publish reporting regulations, an extension from the original bill. During this time, CARB will refine the definition of "doing business," determine the annual reporting fee and its deadline, and provide additional clarifications to the bill. Despite the CARB extension, reporting deadlines for companies are unchanged, meaning reporting entities may not receive the full reporting standards in time to meet the first year's deadlines effectively.

At a baseline, measurements and reporting should conform with the [Greenhouse Gas Protocol](#) standard developed by the World Resources Institute and the World Business Council for Sustainable Development. In 2033, and every 5 years following, the CARB can review and adopt changes to the reporting standard.

Underreporting and noncompliance can result in penalties up to \$500,000 a year.

In January 2023, a coalition of industry associations filed a lawsuit against CARB in the federal District Court of California. The coalition consists of the U.S. Chamber of Commerce, California Chamber of Commerce, American Farm Bureau Federation, Los Angeles County Business Federation, Central Valley Business Federation, and Western Growers Association. They aim to block and overturn this bill and the Climate-Related Financial Risk Act claiming that both unconstitutionally regulate speech and reach beyond California's authority.

CARB responded with a motion to dismiss. In May 2024, plaintiffs filed opposition to the motion and filed for a motion for summary judgment. The court has yet to rule on the motions.

The initial reporting tiers and deadlines are as follows:

Scope	Descriptions	Timeline
1	Direct greenhouse gas emissions sources that the entity owns or controls.	Report on 2025 emissions beginning January 1, 2026
2	Indirect greenhouse gas emissions from electricity, steam, or cooling use and purchase.	Report on 2025 emissions beginning January 1, 2026
3	Indirect greenhouse gas emissions from the entity's value chains. These are emissions that occur a result of the entity's activities but are outside of its direct operational control. (90% of most company emissions).	Report within 3 years of Act passage
4	Subcontractors that provide raw material to Tier 3.	Report within 3 years of Act passage

About

**Authored by Second Floor Advisors (T.Isen, A.Yudelson)
for the Council of Fashion Designers of America (CFDA)**

Second Floor Advisors

[Second Floor Advisors](#) is a full-service impact engagement and strategic communications firm to help companies and individuals navigate today's fraught political landscape and leverage their platforms to create positive change. Second Floor Advisors is a proud LGBTQ+ owned and operated business.

Thomas Isen is the co-Founder of Second Floor Advisors. Most recently Thomas served in the Biden-Harris White House as Senior Advisor to the Cabinet Secretary, the primary liaison between the President and his Cabinet. Prior to that he served as Chief of Staff to a Senior Advisor on the Biden-Harris Transition Team overseeing Intergovernmental Affairs, Fundraising, and the Office of the President-Elect. Before venturing into public service, Thomas held a variety of communications, marketing, and business development roles in the fashion, beauty, and retail space at companies including Charlotte Tilbury and Dr. Barbara Sturm.

Alex Yudelson is the co-Founder of Second Floor Advisors. Most recently, Alex served in the Biden-Harris White House as Executive Secretary of the Domestic Policy Council, where he worked on a wide array of key policy issues. Prior to that he served as President Obama's liaison to sports teams, leagues, and athletes in the White House from 2014-2016. He also served as Chief of Staff of the City of Rochester (NY), helping oversee over 3,000 employees, managing intergovernmental affairs, and coordinating a wide variety of political and policy matters.

Council of Fashion Designers of America (CFDA)

[The Council of Fashion Designers of America, Inc.](#) is a not-for-profit trade association founded in 1962 with a membership of more than 350 of America's foremost womenswear, menswear, jewelry, and accessory designers. Pillars include Diversity, Equity, and Inclusion through the IMPACT initiative, as well as Sustainability in Fashion. The organization provides its Members with timely and relevant thought-leadership and business development support.

Emerging designers and students are supported through professional development programming and numerous grant and scholarship opportunities. In addition to hosting the annual CFDA Fashion Awards, the organization owns the Fashion Calendar and is the organizer of the Official New York Fashion Week Schedule. The CFDA Foundation, Inc. is a separate, not-for-profit organized to mobilize the membership to raise funds for charitable causes and engage in civic initiatives.