Exclusively For:
Active CIFFRO Members

CIFFRO

Producer Reporting, Fee Obligation and Payment Policy

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CIFFRO PRODUCER REPORTING, FEE OBLIGATION and PAYMENT POLICY

PURPOSE OF POLICY

The purpose of the Commercial and Industrial Flexible Film Recycling Organization (CIFFRO) Producer Reporting, Fee Obligation Determination and Payment Policy is to describe the reporting and fee payment obligations of Producers required to financially support the setup, implementation, and management of a statewide product stewardship plan for covered materials (boat wrap) as outlined in Minnesota Statute § 115A.1416.

OVERVIEW OF MINNESOTA STATUTE AND CIFFRO

Minnesota Statute § 115A.1416 requires producers—manufacturers, brand holders, importers, and distributors—of boat wrap being sold in or into Minnesota to join an approved Stewardship Organization and take responsibility for the collection, handling and/or recycling of boat wrap at its end of life. In early 2025, a group of producers formed the Commercial and Industrial Flexible Film Recycling Organization (CIFFRO), a stewardship organization that submitted a plan that has since been approved by the Minnesota Pollution Control Agency (MPCA) to implement the Wrap Recycle Right (WRR) Program—the nation's first Extended Producer Responsibility (EPR) initiative for boat wrap.

The Minnesota statute requires that recycling targets of fifty percent be met by June 1, 2030, and eighty percent be met by June 1, 2035.

CIFFRO membership requires producer members to annually report on the amount and type of boat wrap sold in or into the state and pay an associated fee to cover the costs to plan, implement and manage a statewide boat wrap collection and recycling program.

HOW OBLIGATED FEES ARE DETERMINED

Fee rates are set annually based on the costs associated with initial program start up (plan development and implementation) in 2025 and ongoing program administration, public education and communication efforts and operational management (including collection, transportation, processing of covered material, etc.) in 2025 and onward.

To support fairness in allocating producer fees, we use a three-step fee methodology.

Step 1 allocates the gross cost of the collection and recycling system through material cost differentiation, if applicable. Material cost differentiation recognizes that covered material typically sold in or into Minnesota may have common characteristics (such as color, composition or density), but there are other covered material types being sold in or into the state with unique compositions or attributes that may require different handling and/or processing. Differentiating material costs ensures that each material is fairly assigned a cost based on the impact it has on operational costs.

Step 2 allocates commodity revenue earned, if any, based on the covered material's relative share of the material processed and/or sold to recycling end markets. Factors affecting commodity revenue

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include quantity and quality (lack of contamination) of covered material sold into the recycling end market and its unique commodity price.

Step 3 allocates program startup, administration, public education and communications and ongoing management costs. Such costs include supporting producers to understand program requirements, managing the collection and recycling system and associated service providers, setting up and administering the program, and ensuring a robust enough statewide program is established to meet performance targets required by statute. These costs will be borne collectively by all producers.

The result of the three-step fee methodology is the total cost for each covered material. That cost is then divided by the quantity of each covered material as reported by all producers collectively to generate a covered material fee rate based on cost per pound. The total fee an individual producer would be required to pay is the covered material cost per pound fee for the current program year multiplied by the quantity in weight of the covered material the producer sold in or into Minnesota in the prior program year.

For example, 2025 obligated producer fee invoices are based on 2024 sales data reports as provided to CIFFRO. Invoices for 2025 program activity will be distributed to producer members in October 2025. Starting in 2026, producer fee invoices will be distributed in April shortly after annual producer reporting is completed. See the "*REPORTING*" section below for more information on program reporting and fee payment schedules.

ANNUAL RECONCILIATION

As producers are paying for current program year costs based on prior program year sales figures, CIFFRO will annually assess actual program year costs with actual producer sales data for a given program year once available (for example, 2025 actuals will be available in March 2026) and reconcile any discrepancies regarding fee payments through either a credit or debit to individual producers.

Because producer fees are based on sales from the prior program year, CIFFRO will annually review actual costs and sales data once available (e.g., 2025 data will be available in March 2026). These updated figures will be used to determine the proportionate share (percentage) that each producer is responsible for paying. Any discrepancies between estimated and actual costs based on the proportionate share will be reconciled through credit or debit to individual producers.

Please note, producer fees will include program startup costs for all producers selling in or into Minnesota after September 1, 2025.

REPORTING

Producers are required to submit regular reports to CIFFRO or CIFFRO's representative indicating:

- the weight in pounds of all covered materials sold in or into Minnesota during the stated reporting period;
- a description of the covered materials if not included in the reporting form; and
- the methodology used to determine covered materials and the associated quantities sold in or into Minnesota.

Covered material weights must include all "boat wrap that is sold, offered for sale, imported, or distributed in the state by any means." Minn. Stat. § 115A.1416(1)(f). While CIFFRO will primarily ask for sales-related data, the data should cover all covered materials distributed into the state that would otherwise enter a waste disposal or recycling system. All such covered materials introduced into Minnesota by producers must be reported.

The frequency and required payment of producer fees is based on the schedule provided below:

Reporting Obligation: Annual Producer Report			**Fee Obligations**	
Program Year	**Reporting Deadline**	**Sales Data Year** *(Annual Producer Reports are based on the previous year's sales data)*	**Fee Obligation Year** *(Current year program costs are allocated to producers based on their Annual Producer Report from the previous year)*	**Invoice Distribution***
2025	October 10, 2025	2024	2025	October 17, 2025
2026	March 30, 2026	2025	2026	April 2026
2027	February 15, 2027	2026	2027	April 2027
2028	February 15, 2028	2027	2028	April 2028
*Payment of fee obligations is due 30 days after invoice receipt.				

If a producer cannot provide sales data for the prior year as requested above because they did not sell any covered product in or into Minnesota during that time, then the producer shall have two options for compliance as outlined below:

- Provide estimates on projected sales of covered materials in or into Minnesota during that current sales year, or;
- Pay a minimum flat rate fee of $5,000.

The amount invoiced and paid will then be subject to the Reconciliation process outlined above once actual costs and sales data becomes available.

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FAILURE TO REPORT AND PAY OBLIGATED PRODUCER FEES

Failure to report and pay covered producer fees may result in any of the following actions:

- the application of interest on overdue amounts;
- the application of administrative fees;
- legal proceedings to collect amounts owed;
- audit of the Producer;
- termination of CIFFRO's Producer Participation Agreement and notification sent to the Minnesota Pollution Control Agency.

Subject to the terms of the Producer Participation Agreement, CIFFRO reserves the right to charge the following interest and/or administrative fees on late producer reports or fee obligation payments:

- overdue fee obligation payments may bear interest at the rate of 1% per month (12% per annum)
- administration fees on overdue reports may be charged as follows:
    - Initial reminders will have no charge – up to 30 days overdue
    - Written, formal reminder issued 30 days after the due date:$100
    - Second reminder for same report issued 10 or more days after first reminder:$200
    - Third reminder for same report issued 10 or more days after third reminder):$500

INVOICE PAYMENT

Unless otherwise approved by CIFFRO, payments will be due 30 days from receipt of invoice**.** If an individual producer wishes to amortize payment over multiple months, they can apply to CIFFRO who will have the right to approve or deny this request on a case-by-case basis.

MEMBERSHIP TERMINATION AND OBLIGATED PRODUCER FEES

Termination of the CIFFRO Producer Participation Agreement by Producer or CIFFRO shall not affect Member's obligations to submit any reporting or pay any producer obligated fee amounts to CIFFRO up to and including the date of effective termination. Termination provisions are provided under the CIFFRO Producer Participation Agreement.

MEMBER AUDITS

As in any system based on self-assessment, it is necessary for CIFFRO to periodically perform compliance audits of members to ensure producer sales data reporting is correct. The Minnesota State Addendum of the Producer Participation Agreement grants CIFFRO the right to audit and inspect the records of members with respect to the sale, distribution, and importation of covered products in or into Minnesota.

Members must pay CIFFRO any outstanding obligated producer fees due as determined by an audit.