



Reverse Distribution of General Merchandise

Guidance for Minnesota Businesses

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Background

In the normal course of operations, businesses, such as retailers and manufacturers, accumulate unwanted merchandise or other materials that they cannot sell or will not use. In some cases, these materials may be returned to a corporate distribution center for use or resale, sold to a broker for resale, or donated for use or resale. This process, recognized by the Minnesota Pollution Control Agency (MPCA) as *reverse distribution*, is also sometimes known in retail or manufacturing as reverse logistics.

Parties operating a reverse distribution system, including independent brokers, charitable organizations, or divisions of the same business, are called *reverse distributors*.

The MPCA and Twin Cities metropolitan counties caution businesses to carefully determine whether managing a particular material through reverse distribution is appropriate. Improper disposal of hazardous wastes through this process violates regulatory requirements and can harm the environment.

*Note: This document discusses reverse distribution of general merchandise and other materials. For guidance on reverse distribution of pharmaceuticals, see MPCA hazardous waste fact sheet #3.36b, [Reverse Distribution of Non-controlled Substance Pharmaceuticals](#), available at www.pca.state.mn.us/waste/pubs/business.html

Reducing unwanted materials

By implementing pollution prevention practices such as inventory management, businesses can reduce the amount of materials they cannot sell or use. Reducing these materials not only reduces wasted purchasing and inventory-carrying costs, but also the regulatory oversight burden and associated costs for the business.

The Minnesota Technical Assistance Program (MnTAP) has staff and tools to help you identify pollution prevention opportunities appropriate to your facility. For assistance, call the telephone number or visit the MnTAP Web site listed in the *More Information* section on page 3.

Table 1: Common waste materials ineligible for reverse distribution

- Any material which cannot be used or sold for its intended purpose without additional treatment or reclamation
- Merchandise returned from consumers which are required by the manufacturer or wholesaler to be destroyed in lieu of reverse distribution.
- Materials not meeting the reverse distributor's return criteria.
- Materials observably damaged beyond reasonable repair or other reuse.
- Materials actively releasing wastes, such as any item with broken fluorescent lamps, dripping fluids, or spilling solid material. Containment of the released material, such as by shrink-wrapping the item, does not return such an item to product status. You may, however, repackage for sale or use those items able to be sold or used for their intended purpose, which may be reverse distributed.
- Materials stored in conditions likely to cause damage to the materials.
- Products grouped with waste materials as an inducement for a reverse distributor to accept the entire group.
- Any materials that are prohibited from reverse distribution or reuse by other law.

Regulatory basis for reverse distribution

Both in Minnesota and federally, merchandise or other materials that can be used or sold for their intended purpose without treatment are considered *products*, not *wastes*. (Examples of treatment: filtration, distillation, or other reclamation.) Because they are not wastes, products are not subject to hazardous waste regulation.

For unwanted materials that *cannot* be used or sold for their intended purpose without treatment or reclamation, Minnesota regulation is stricter than federal regulation. Federal regulations may consider some unusable materials that might be reclaimable to be products. However, Minnesota Rules classify materials that cannot be used or sold for its intended purpose without treatment or reclamation as *wastes*. Wastes are subject to hazardous waste regulation at the point at which they are generated.

If you use a reverse distributor located in another state, ensure that any criteria under which they accept waste from your site is based on Minnesota standards and not just federal regulations.

Hazardous waste requirements

Businesses intending to manage unwanted materials through reverse distribution must ensure that those materials can be, without treatment or reclamation, used or sold for their intended purpose. They must also ensure those materials are not known to be, apparently, or reasonably wastes. These determinations must be made at the site where the materials were originally intended for use or sale and cannot be delegated to any other party or location in the reverse distribution process. To help determine whether an unwanted material is a waste or product at the time of accumulation, see Table 1 for common examples of waste materials.

Evaluate materials that you know are wastes or which would reasonably be wastes to determine whether they are *hazardous* wastes under Minnesota Hazardous Waste Rules. For more information on evaluating wastes, see MPCA Hazardous Waste fact sheet #1.01, [Step 1: Evaluate Waste](#), available at www.pca.state.mn.us/waste/pubs/business.html

Unwanted materials that are ineligible to be considered products (i.e., must be considered wastes) may still be managed through reuse or recycling under Hazardous Waste Rules. For more information on recycling hazardous wastes, see MPCA Hazardous Waste fact sheet #2.42, [Recycling Hazardous Waste](#), available at www.pca.state.mn.us/waste/pubs/business.html.

Shipping requirements

Products shipped to a reverse distributor may still be hazardous materials subject to packaging, labeling, documentation, and vehicle placard requirements under U.S. Department of Transportation (DOT) Hazardous Materials Regulations (HMR).

Original labels and outer packaging is often missing from unwanted merchandise and materials intended to be shipped to a reverse distributor. You must ensure that packaging in which you ship those materials meets all DOT requirements for strength, compatibility, and labeling. You must also ensure that any vehicle picking up such materials from your site is properly loaded and placarded, if required, and that all materials are correctly documented on the proper shipping papers.

Best Management Practices

The MPCA and Twin Cities metropolitan counties recommend that businesses review their policies to ensure their reverse distribution process is used appropriately. The following Best Management Practices will help you:

- Review materials accumulated for reverse distribution to ensure all reasonably could be used or sold for their intended purpose without treatment or reclamation.
- Store all materials accumulated for reverse distribution with the same standards and care you would use to store just-purchased inventory.
- Ensure your reverse distributor is familiar with both federal and Minnesota hazardous waste regulations and has a valid Hazardous Waste Identification Number, also known as an *EPA ID#*, issued by the U.S. Environmental Protection Agency (EPA) or their state hazardous waste regulatory agency.
- Ensure your reverse distributor understands proper management of wastes according to the requirements of their state hazardous waste regulatory agency.
- Ensure your reverse distributor gives your business clear, specific, return criteria. (A 'we-take-anything' policy signals possible noncompliance.)
- Ensure only materials that meet those return criteria are collected for reverse distribution.
- Request that your reverse distributor immediately notify you of any changes in their return criteria.
- Separate your reverse distribution accumulation area from your waste accumulation areas to avoid inadvertently mixing waste materials with products.

- Ensure your reverse distributor provides you with itemized product return invoices identifying the reverse distributor and clearly indicating which materials you shipped to them had value and which materials were determined to be wastes or disposed of.
- Review your itemized product return invoices to look for materials that the reverse distributor indicates were not useable or saleable; stop sending these or similar materials to the reverse distributor. Manage these materials as wastes at your site.
- Retain all reverse distribution records for at least three years from the date of shipment, and ensure they are available for inspection.
- Ensure any materials you determine are known to be, apparently, or reasonably, wastes at your business are evaluated to assess whether they are hazardous wastes, and are managed appropriately.

Guidance for reverse distributors

Reverse distributors accepting unwanted materials as products from businesses should follow the guidance in this document for the accumulating businesses, substituting themselves as the business and subsequent brokers or manufacturers as the reverse distributors.

Reverse distributors should provide businesses from which they receive materials with clear, specific, return criteria and itemized product return invoices.

Donating unwanted materials

As discussed in this fact sheet, the MPCA and metropolitan counties view donation of unwanted materials simply as a form of reverse distribution. Businesses may not use reverse distribution of waste materials through donation as a substitute for proper waste management.

Many materials without apparent value to one business, however, may be useful to another business. Materials exchanges operated by many county environmental departments statewide, as well as MnTAP, offer opportunities for cost-effective management of unwanted materials which are not known to be wastes or which would reasonably be wastes. For more information on the Minnesota Materials Exchange Service operated by MnTAP, visit their Web site at: www.mnexchange.org

More information

Your Twin Cities metropolitan county and the Minnesota Pollution Control Agency have staff available to answer waste management questions. For more information, contact your metropolitan county hazardous waste office or the MPCA office closest to your county.

MnTAP has staff who are able to help you find ways to improve efficiency and reduce waste.

For questions about the HMR, contact the U.S. DOT or Minnesota DOT.

Metro County Hazardous Waste Offices

Anoka	763-422-7093
Carver	952-361-1800
Dakota	952-891-7557
Hennepin	612-348-3777
Ramsey	651-266-1199
Scott County	952-496-8475
Washington County	651-430-6655
Web sites....	http://www.co.[county].mn.us

Minnesota Pollution Control Agency

Toll free (all offices)	1-800-657-3864
Brainerd	218-828-2492
Detroit Lakes.....	218-847-1519
Duluth	218-723-4660
Mankato	507-389-5977
Marshall	507-537-7146
Rochester	507-285-7343
St. Paul	651-296-6300
Willmar	320-214-3786
Web site	www.pca.state.mn.us

Minnesota Technical Assistance Program

Toll-free	1-800-247-0015
Metro area.....	612-624-1300
Web site	www.mntap.umn.edu

Minnesota Department of Transportation

Hazardous Materials	651- 215-6330
Web site .	www.dot.state.mn.us/cvo/hazmat.html

U.S. Department of Transportation

Hazardous Materials	1-800-467-4922
Web site	www.phmsa.dot.gov/hazmat