



# Building a Secondhand Future: Policy Pathways for a Circular Economy



# Building Policy Pathways For A Circular Economy

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## 1. Executive Summary

Americans are facing a convergence of economic, social, and environmental pressures that shape their everyday lives. Rising costs and economic uncertainty have left many feeling financially unstable, opportunities to earn extra income often feel out of reach, and overall disconnection is increasing. Concern about the future and protecting the planet for new generations is widespread, and this is prompting a desire for simple ways people can take meaningful action in their daily lives.

As Americans look for more accessible and practical ways to address these challenges, circular economy solutions are already aligning closely with everyday needs—offering opportunities to improve affordability, support entrepreneurship, and strengthen local communities. These behaviors are already widespread across the U.S., and when clearly understood, they resonate strongly with the public: **90% of Americans report being favorable toward the circular economy after learning more<sup>1</sup>.**

There is still a gap between strong public support and the ability to scale circular solutions. Circular practices are already part of everyday life in the U.S., but policy barriers limit how far they can grow and who can benefit.

For policymakers, this presents a practical opportunity: easing friction in areas like sales tax on secondhand goods, tax reporting for resale sellers, producer responsibility rules would enable circular activities to expand. These steps could deliver greater affordability, income opportunities, and community benefits at scale.

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<sup>1</sup>Throughout this report, statistics pertaining to "Americans" refers specifically to 500 registered U.S. voters surveyed in November 2025.

## 2. Introduction

### *Defining The Circular Economy Through Everyday Experiences*

Americans are navigating a complex web of challenges on a daily basis, and the circular economy provides benefits that address four of these challenges.

1. **Affordability is a top immediate concern for Americans.** Rising costs of essentials have left many Americans financially stretched, uncertain about the future, and constantly looking for ways to regain a sense of control.
2. **Many individuals are interested in earning extra income or starting something new.** But traditional pathways to entrepreneurship often come with high upfront costs, risk, and complexity. As a result, many Americans feel stuck: motivated to try, but unsure how to begin.
3. **Many Americans report feeling increasingly disconnected from each other.** Communities are weaker, and opportunities for meaningful connections can be difficult to find.
4. **Concerns about the future are widespread.** Across party lines, Americans want to live more responsibly to protect future generations, but sustainable choices often seem expensive, confusing, and out of reach.

- **65% of Americans ranked the economy and affordability as the #1 issue impacting the US.**
- **90% of Americans are very or somewhat favorable towards circularity and the circular economy after learning more.**



## 3. Affordability

### *Gaining Financial Control Through The Circular Economy*

Affordability is the most immediate pressure shaping American life, leaving many feeling financially unstable. In response, consumers are shifting how they buy and use goods, moving beyond just seeking cheaper options toward finding lasting value.

By shopping secondhand, repairing what they own, and passing items along, households can stretch budgets and reclaim a sense of control. These circular behaviors have become essential financial tools, allowing people to maintain quality and choice while reducing financial stress.

Platforms that promote the circular economy, like Depop and Etsy, make it easier for people to buy, sell and resell items, making circularity a natural part of daily life. But managing costs is only part of the story. The circular economy also creates low-barrier opportunities to earn extra income and build greater financial flexibility.

- **92%** of Americans who have participated in circular practices say it has helped them save money on everyday purchases.
- **91%** of Depop sellers in the US say selling on Depop has helped them financially (e.g., through extra income)<sup>2</sup>.



## 4. Entrepreneurship

### *Low-Barrier Paths To Entrepreneurship*

Traditional entrepreneurship often requires capital and time that many Americans simply don't have. Circular markets bridge this gap by turning possessions and skills into immediate income. By selling secondhand or upcycled goods, individuals can launch micro-businesses with near-zero upfront investment and total schedule flexibility. Our platforms remove the typical friction of starting a business, by easily connecting sellers with buyers and building confidence through "learning by doing."

Beyond gaining a new income stream, micro-entrepreneurs can gain portable business skills—from strategic pricing to merchandising—that empower them to scale their income alongside their daily lives in a way that fits around their schedules. As these exchanges grow, they do more than move goods; they build resilient local economies and create flexible financial lifelines.

- **80%** of Americans who have participated in circular practices say it has helped them earn extra income or helped them cover expenses.
- **Depop Seller:** *"Depop is a great source of income and recently became my main source after being laid off. I can pay my bills, focus more on my brand, and am looking to go back to school!"*



<sup>2</sup> Throughout this report "Depop sellers" refers specifically to 113 high-volume sellers surveyed in November 2025.

## 5. Connection

### *How The Circular Economy Brings People Together*

Despite many Americans reporting being more isolated today than previously, younger generations are bringing forms of community into the digital age through exchange of goods and online communities. Circular practices, such as local markets, clothing swaps, hand-me-downs and collaboration in virtual spaces, transform commerce into a social anchor, fostering the mutual connection that Americans crave.

Platforms like Etsy and Depop exemplify this shift; Depop sellers report that reselling transcends simple transactions to create diverse 'reseller circles' and shared identities. Ultimately, these community connections do more than bridge social gaps—they provide a tangible way for people to care for the future together by maximizing the value of what already exists.

- **86% of Americans agree people today feel more isolated than they used to**
- **86% of Americans who have participated in circular practices say it has helped them feel more connected to others in their community.**
- **Depop seller: *"I'm now surrounded by a community of resellers in my local area thanks to Depop. We all hang out and have such a strong passion for reselling and giving clothing a new life."***



## 6. Sustainability

### *Protecting Future Generations*

While most Americans strive to live responsibly, sustainable choices often seem expensive or complicated. The circular economy removes these barriers by integrating environmental stewardship into existing routines. This pragmatic approach to protecting future generations is a rare point of bipartisan consensus.

The circular economy is already reflected in everyday consumer behavior, as people rethink how they buy, reuse and pass things on. However, transforming these everyday habits from personal choices into a mainstream economic shift depends entirely on a policy environment that actively supports and scales secondhand markets.

- **90% of Americans who have participated in circular practices say it has helped them live in a way that feels more responsible or mindful.**
- **Depop seller: *"There are so many apparel goods already produced on the planet,***

*every time I go to source items, I am overwhelmed by how much there already is. Depop has reinforced the idea that everything I want already exist[s] on the planet."*

- Over 3 in 5 secondhand purchases made on Depop prevented the purchase of new items<sup>3</sup>.



## 7. Policy Opportunities for the Circular Economy

Buyers come to platforms like Etsy and Depop because they can buy more of what they love and express their unique style at a lower cost. Sellers can build meaningful side hustles and flourishing small businesses, while both buyers and sellers highlight the satisfaction in keeping items in use and the sense of community that reselling brings.

The policy question revolves around how to make it easier and more widespread. The following opportunities focus on removing barriers and creating conditions where circular practices can do even more to help people manage costs, grow small businesses, and keep goods in use at scale.

- **36% of Americans say they sold personal items or handmade goods for extra money in the past year, but only 13% started a small business or side hustle, suggesting that much secondhand activity remains informal and sensitive to how policy treats small sellers.**
- **80% of Americans say they have a high interest in buying secondhand, used or vintage items in the 12 months.**



Whether secondhand can reach its full potential is shaped by more than individual choices. It depends on the policy environment that buyers and sellers in the US operate in, including:

- How **sales tax** is applied to secondhand versus new items.
- How **tax reporting rules** treat small sellers in the US.
- How **producer-responsibility laws** handle resale and upcycled goods.
- How underlying costs like **shipping and logistics** affect the affordability of secondhand purchases.
- Whether **small-business grants and support programs** are accessible to resale entrepreneurs.

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<sup>3</sup> [Depop, Displacement Research 2025](#) - Based on a survey of 3,759 Depop users across three markets (UK, USA, Australia).

- Whether **government agencies** see secondhand entrepreneurs in the US as part of the small-business ecosystem they serve.

Grounded in what Americans, policy experts, and our community are telling us, the following policy opportunities focus on the circular economy as it shows up in secondhand markets and on practical, collaborative areas for further exploration.

We organize these opportunities around a small set of guiding principles, followed by six policy directions that flow from them.

## Guiding Principles for Circular Economy Policy

### Principle 1 – Make secondhand options easy and affordable to choose

Policy should put affordability at the center. That means looking at how rules around sales tax, shipping rates, and reporting thresholds affect the cost and ease of choosing secondhand, so resale and reuse can realistically support people's budgets.

For buyers, secondhand should not be more expensive or more complicated than buying new due to tax treatment or added friction at checkout. For sellers in the US, efforts to keep prices accessible should not be undermined by rising costs they must pass on to buyers, whether from taxes, shipping rates, or compliance regimes meant for producers of goods.

- **89% of Americans say that keeping up with the cost of everyday essentials impacts their everyday life.**
- **83% of Americans who have participated in circular activities say it has helped make affordable, high-quality goods more accessible to them.**
- **86% say financial incentives for reusing or fixing items would help with financial pressures.**
- **57% of Depop sellers cite accessing affordable shipping rates as a top challenge.**

Etsy × depop

### Principle 2 – Ensure proportionate policy to protect small-scale resale entrepreneurship

Policy should protect small secondhand businesses and promote the conditions for entrepreneurship. Compliance rules and access to support influence whether circular economy sellers can start, sustain, and grow their businesses.

This means recognizing resale and small-scale selling as real forms of work and entrepreneurship, and keeping rules proportionate to the size and nature of activity, rather than treating resellers like large retailers.

- **63%** of Americans say lower startup costs or financial support would help more people begin businesses or side hustles.
- **45%** of Depop sellers say understanding and navigating tax rules and requirements is one of their biggest challenges.
- **Quote:** *Tightening thresholds or poorly designed rules can "hit small independent sellers and creators... who cannot absorb the new costs,"* -Policy expert



### Principle 3 – Keep goods in use by improving secondhand infrastructure

Policy should help keep goods in use by improving secondhand and circular infrastructure. That includes how systems for collection, sorting, reverse logistics, repair, and access to used materials and parts are funded and designed. Well-designed textile Extended Producer Responsibility schemes and circular supply-chain grants, for example, can make it easier for people and businesses to repair, reuse, and resell items rather than defaulting to buying new and sending used items to the landfill.

Regarding what is bought and sold on Etsy and Depop, this principle translates into more durable, repairable garments entering the market and better access to the materials and services that keep those items circulating.

- **Policy expert:** "The infrastructure needed to make [circularity] work simply doesn't exist yet in the United States. We don't have easy ways to collect, sort, repair, refurbish, resell, recycle."
- **Spotlight on EPR:** France's textile Extended Producer Responsibility (EPR) scheme, introduced in 2007, requires producers to finance the collection, sorting, reuse, and recycling of clothing and textiles. The current system prioritizes reuse, with funding structures and targets that direct collected textiles toward secondhand markets before recycling or disposal. Eco-modulated fees further incentivize product durability and recyclability<sup>4</sup>.



### Principle 4 – Recognize and support community-led secondhand

Policy should recognize and support community-led secondhand initiatives through public funding, research, and partnerships. Examples include resale-oriented small-business or "reuse" grants and collaboration with small-business support agencies. These efforts enable secondhand markets to take root locally by supporting resale, repair, and reuse activities. Massachusetts' Reduce, Reuse, Repair Micro-Grants provide \$3,000–\$10,000 to small businesses, nonprofits, municipalities, and schools to support activities that extend product

<sup>4</sup> [Ellen MacArthur Foundation, Pushing the boundaries of EPR policy for Textiles: France](#)

lifespans, including repair programs, donation and sharing systems, and local reuse infrastructure. Since 2019, over \$500,000 has been awarded across sectors such as clothing, textiles, furniture, homeware, and craft<sup>5</sup>.

For buyers, this can mean more visible, local ways to participate in reuse. For sellers, community-led spaces provide skills, customers, and visibility that complement online platforms like Etsy and Depop. More broadly, these initiatives help build trust and reinforce secondhand behaviors across both online and offline markets.

- **63% of Americans support "strengthening communities through local circular hubs" (e.g., reuse/repair spaces).**
- **50% of Americans say more opportunities to share skills or resources would make their community stronger.**
- **Quote from policy expert: Community initiatives "address consumer behavior and education, which in the long run is probably more valuable anyway because it's about the mindset and how you value things." - Policy expert**



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<sup>5</sup> [MassDEP Reduce, Reuse, Repair Micro-Grant](#)

## Priority Policy Directions

Within this principles-based framework, we see six priority areas where policy can unlock more of secondhand's economic, social, and environmental benefits. These recommendations are designed as areas of interest and further exploration for both state and federal policymakers.

### Sales tax relief for resale items

Today, sales tax rules often treat secondhand and new goods the same, and in many states, buyers effectively pay sales tax twice on the same item: once when it is sold new, and again when it is resold. This "double taxation" makes secondhand less affordable and weakens its advantage for budget-conscious shoppers<sup>6</sup>.

At the same time, many states already provide temporary sales tax holidays or refunds—most often for new back-to-school items, clothing, computers, or energy-efficient appliances. These programs demonstrate that states are willing to adjust sales tax treatment to support specific goals.

We encourage policymakers to:

- Explore permanent or additional sales tax holidays that explicitly include resale items, rather than limiting exemptions to new products.
- Consider refund models (e.g., back-to-school tax refunds that require receipts) that explicitly allow secondhand purchases, so resale is part of the affordability toolkit.

These practices directly support buyers who turn to secondhand to manage costs, and align with broader efforts to address double taxation on secondhand purchases.

### Affordable and proportionate shipping for secondhand goods

Shipping costs play a critical role in determining whether secondhand transactions are viable, especially for lower cost items that make up much of the resale market. Sellers rely heavily on postal services for lightweight shipments, and even small cost increases can make resale uneconomical. Proposed changes to the Mailing Standards of the United States Postal Service risk introducing uncertainty and disproportionate costs, especially for sub-cubic parcels. For small resale sellers, who often operate on thin margins, even flat fees for dimensional non-compliance can materially impact profitability, creating unmanageable risks for small resale sellers.

We encourage policymakers to:

- Consider the impact of proposed changes on small resale sellers and whether changes could undermine the viability of the circular economy.
- Maintain the existing effective exemption for sub-cubic parcels (i.e., parcels below current dimensional reporting thresholds) from non-compliance fees.
- Provide clear definitions, measurement standards and dispute mechanisms.

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<sup>6</sup> [American Circular Textiles](#), Stop Double Taxation on Secondhand Clothing

- Mitigate rising postage costs and fees by partnering with online marketplaces to expand access to discounted rates and enable simplified compliance for small parcels.

### **1099-K reporting relief for used goods**

Some states set lower thresholds for 1099-K reporting than the federal rule, which can mean that secondhand sellers in the US receive state-required 1099-Ks even if they fall below federal triggers. For sellers in the US, this added complexity can be confusing and discouraging—and may dissuade people from trying secondhand selling at all.

We encourage policymakers to:

- Explore options such as higher thresholds or exemptions for used-goods resale, so smaller sellers are not subject to the same reporting burden as larger or non-secondhand businesses.
  - For example, consider differentiated treatment for used-goods activity when setting state-level 1099-K thresholds, especially in states with very low triggers (e.g., \$600).

The principle is simple: reporting rules should be proportionate to the scale and nature of activity. When small secondhand High Volume Sellers in the US are treated like large commercial operators, it undercuts entrepreneurship and makes it harder to keep goods in use.

### **EPR design that exempts resale items and protects sellers**

Extended Producer Responsibility (EPR) for textiles is a critical tool for addressing fashion's end-of-life impacts, but effectiveness depends on design. Applying EPR obligations to secondhand goods or small resellers risks undermining circular markets by penalizing reuse and repair. To support a functioning circular economy, EPR should place financial and operational responsibility on producers, importers, and other entities placing new products on the market at scale, and use collected funds to invest in collection, reuse, repair, and recycling infrastructure and protect small resale businesses. Any resulting requirements should remain proportionate and workable for small sellers and online platforms. Crucially, when fees are modulated based on environmental impact, this encourages durable, repairable, and reusable products and circular business models.

Recent laws offer important models. In 2024, California passed the Responsible Textile Recovery Act (SB 707), the first textile and apparel EPR law in the U.S. The law:

- Excludes secondhand goods which avoids double regulation of resale items.
- Includes language so that only sellers exceeding \$1M (adjusted for inflation) of textile sales in California are required to comply
- Requires producers to support a producer responsibility organization (PRO) that includes collection, repair, reuse, and recycling for covered textiles.

In Europe, new textile EPR regulations similarly exempt secondhand and fully upcycled products from producer fee obligations, showing that EPR can coexist with healthy resale markets when exemptions and roles are clearly defined.

We encourage policymakers to:

- Follow these emerging best practices by explicitly exempting secondhand from textile EPR producer fees.
- Include meaningful thresholds for small businesses, so small sellers are not pulled into complex producer-level compliance systems.

This approach supports EPR's environmental goals while recognizing that resale and upcycling are part of the solution, not a problem to regulate in the same way as new production.

### **Funds for resale-focused small-business grants**

Our research shows that secondhand sellers often need financial support, tools, training, and space to grow their businesses. While many grants and support programs already exist at the city, state, and national level, they do not always explicitly recognize or reach these resale entrepreneurs.

Existing models, such as main-street retail grants, small-business hero grants, circular fashion funding schemes, and state programs that support circular supply chains, demonstrate how public and philanthropic capital can be directed to local businesses. Private sector initiatives are already proving the value of this targeted support. For instance, the eBay Circular Fashion Fund provides significant grants and mentoring to scale circular solutions, while Depop's Now / Next program offered funding and business education for entrepreneurs in resale.

We encourage policymakers and partners to:

- Include and prioritize resale and secondhand businesses within existing small-business grant and credit programs. For example, state Small Business Credit Initiatives, rural business development grants, or circular fashion funds.
- Consider resale-oriented grant streams that help secondhand sellers invest in inventory, tools, storage, technology, and marketing—lowering barriers to entry and allowing more people to build sustainable secondhand businesses.

These grants are a tangible way to align small-business policy with secondhand's economic and environmental potential.

### **Collaboration with government agencies to share resources**

Finally, policy isn't only about statutes and tax codes; it's also about how public agencies and platforms work together to reach and support entrepreneurs.

Agencies like the Small Business Administration (SBA), Small Business Development Centers (SBDCs), and other local small-business support organizations already offer training, events, and counseling on topics like e-commerce, marketing, business planning, and access to finance.

We see an opportunity to leverage these existing resources and programs and encourage policymakers to explore working alongside such partners to:

- Co-design programming specifically for secondhand sellers—for example, webinars or workshops on starting a resale business, managing inventory, shipping efficiently, and navigating tax rules for used goods.
- Elevate the visibility of secondhand entrepreneurship in broader small-business strategies, so secondhand sellers are not overlooked in outreach, funding, or data collection.

These collaborations are especially valuable at the federal level, where agencies can help normalize secondhand as a mainstream path into entrepreneurship, and at the local level, where training and in-person support can meet sellers where they are and turn side hustles into more stable sources of income.

### **What this means for policy**

Taken together, these principles and five policy directions outline how we believe policy can help buyers, sellers, and communities across the US fully realize the benefits of secondhand.

These recommendations are intended as starting points for conversation with policymakers at every level. By aligning policy with existing consumer behavior and beliefs— *that the circular economy is about saving money, earning income, and wasting less*—we can build a regulatory environment that allows the resale economy to grow in a way that is fair, resilient, and aligned with public goals.

## **8. Conclusion**

The circular economy isn't a future concept—it is a lived reality for millions of Americans navigating rising costs and searching for ways to earn income. Yet, current reporting requirements and tax rules can sometimes create unintended friction for circular businesses, making it more complex for people to choose secondhand

Etsy and Depop are committed to bridging this gap by advocating for policies that drive further economic opportunity. By prioritizing the entrepreneurs and buyers already doing this work, we can move the circular economy from a series of individual workarounds to a mainstream, resilient solution for all Americans.

## 9. Appendix

Etsy and Depop partnered with [Penta Group](#) to conduct primary research with the following audiences using the following methodologies:

|   | <b>Audience</b>  | <b>Methodology</b>         | <b>Dates conducted</b>              | <b>Sample size</b> |
|---|--|----------------------------|-------------------------------------|--------------------|
| <b>Registered voters in the U.S.</b>              | Americans: Citizens registered to vote in the U.S., General population - mix of ages, genders, geos, races/ethnicities, etc.         | Online quantitative survey | November 13th to 29th, 2025         | N=500              |
| <b>Depop Sellers</b>                              | High-volume sellers in the U.S. from Depop's database  | Online quantitative survey | November 6th to 13th, 2025          | N=113              |
| <b>Policy influencers &amp; experts in the US</b> | Experts from organizations that shape sustainability, circular economy, and consumer standards across retail and related industries. | In-depth interviews        | November 20th to December 4th, 2025 | N=6                |