

Date of Hearing: January 20, 2022

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

AB 1067 (Ting) – As Amended January 12, 2022

Policy Committee: Natural Resources

Vote: 8 - 1

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill requires CalRecycle, on or before July 1, 2023, to conduct a study and report to the Legislature on whether the \$100 in-lieu fee paid by dealers (retailers that sell beverages in containers) pursuant to the California Beverage Container Recycling and Litter Reduction Act (Bottle Bill) provides sufficient incentive to redeem beverage containers. This bill requires the study to include:

- 1) How many dealers in a convenience zone without a recycling center or location redeem empty beverage containers (Option A), how many pay CalRecycle an in-lieu fee of \$100 per day (Option B), and how many are out of compliance with the law and what enforcement actions have been taken.
- 2) Recommendations on whether a fee based on the dealer's volumetric sale of beverage containers would encourage dealers to choose Option A.

This bill sunsets the bill's provisions on July 1, 2027, and repeals them on January 1, 2028.

**FISCAL EFFECT:**

One-time CalRecycle costs of between \$700,000 and \$1 million to contract with an entity to conduct the study and prepare the report (Beverage Container Recycling Fund).

**COMMENTS:**

- 1) **Purpose.** This bill requires CalRecycle to study dealers' compliance to understand if the in lieu fee incentivizes dealer take-back and whether a fee based on sales would provide additional incentives to dealers.
- 2) **Background.** The Bottle Bill was established in 1986 to be a self-funded program to encourage consumers to recycle beverage containers and to prevent littering. The program accomplishes these goals by requiring consumers to pay a deposit for each eligible container purchased. The program guarantees consumers repayment of that deposit, the California Redemption Value (CRV), for each eligible container returned to a certified recycler.

The Bottle Bill includes a back-up alternative to convenience zone recycling centers by requiring dealers to either take back containers in-store, or pay a fee of \$100 per day in-lieu

of providing take-back. This provision was intended to ensure consumers could redeem their beverage containers in zones unserved by a recycling center. In spite of this requirement, CalRecycle's enforcement was lax and very few stores complied with this requirement for decades. Over the last few years, CalRecycle has stepped up efforts to enforce this requirement, and more stores have come into compliance. For example, in 2019, CalRecycle issued a \$3.6 million fine against CVS Health Corp. for failing to meet its obligation to redeem beverage containers. While more stores are now in compliance, it is believed the vast majority opt to pay the in-lieu fee rather than take-back containers, which leaves consumers without convenient redemption opportunities.

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