

ASSEMBLY THIRD READING

AB 1067 (Ting)

As Amended January 12, 2022

Majority vote

SUMMARY

Requires the Department of Resources Recycling and Recovery (CalRecycle) to submit a report to the Legislature regarding the dealer "in lieu" fee collected pursuant to the California Beverage Container Recycling and Litter Reduction Act (Bottle Bill).

Major Provisions

- 1) On or before July 1, 2023, requires CalRecycle to conduct study whether the \$100 in lieu fee paid by dealers provides sufficient incentive for a dealer to redeem beverage containers and report its findings to the Legislature.
- 2) Requires the study to include:
 - a) How many dealers are in compliance with Option A, how many are in compliance with Option B, and how many are out of compliance and what enforcement actions have been taken against those out of compliance; and,
 - b) Recommendations on whether a fee based on the dealer's volumetric sale of beverage containers would encourage dealers to choose Option A.
- 3) Sunsets the bill's provisions on July 1, 2027 and repeals them on January 1, 2028.

COMMENTS

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 this goal by requiring consumers to pay a deposit for each eligible container purchased. Then the program guarantees consumers repayment of that deposit, the CRV, for each eligible container returned to a certified recycler. Statute includes two main goals for the program: 1) reducing litter; and, 2) achieving a recycling rate of 80% for eligible containers. Containers recycled through the Bottle Bill's certified recycling centers also provides a consistent and uncontaminated stream of recycled materials with minimal processing.

The largest challenge facing the Bottle Bill is the closure of over 1,000 recycling centers, leaving many Californians without redemption opportunities. The Legislature, the Administration, and stakeholders have attempted to collaborate on Bottle Bill reforms to align with the state's climate change goals and the state's 75% solid waste reduction, recycling, and composting goal, as well as creating long-term fiscal sustainability. However, legislative policy and budget proposals intended to accomplish these goals through substantial program reforms have failed.

The Bottle Bill includes a back-up to convenience zone recycling centers; it requires 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 that consumers would continue to be able to 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, the vast majority opt to pay the in lieu fee rather than take-back containers, which leaves consumers without convenient redemption opportunities.

According to the Author

California's Bottle Bill became law more than 30 years ago and is in dire need of updating. In the past few years, hundreds of recycling centers have closed and our inadequate recycling infrastructure has inadvertently led to a "tax" on consumers who buy beverage containers but cannot redeem their CRV. In the absence of recycling centers, the Bottle Bill requires beverage dealers to either take back the eligible containers they sell to consumers or pay an "in-lieu" fee of \$100 per day. However, a recent audit found that many retailers both refuse to take back the containers they sell and owe CalRecycle millions in unpaid fees. Though this provision was meant to provide consumers with a convenient way to get their nickel and dime back, it is clear that many consumers are still finding it increasingly difficult to recycle their used containers. As the state works to update our recycling infrastructure, it is necessary to collect information about the provisions of the Bottle Bill that work and those that do not reflect the changing global market conditions around recycling. To that end, AB 1067 would require CalRecycle to conduct a study that measures how effective the in-lieu fee provision is in incentivizing dealers to redeem the CRV for containers they sell and consider whether the flat fee of \$100 per day should be adjusted based on the amount of beverage containers sold by the retailer. This study would inform our future approaches to reforming an outdated program and ensure the state can provide consumers ample opportunities to participate in recycling efforts.

Arguments in Support

According to Californians Against Waste, "AB 1067 would advance the state's work of ensuring consumers have access to convenient redemption opportunities.

Arguments in Opposition

None on file

FISCAL COMMENTS

According to the Assembly Appropriations Committee, 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).

VOTES**ASM NATURAL RESOURCES: 8-1-2**

YES: Luz Rivas, Reyes, Cristina Garcia, McCarty, Muratsuchi, Stone, Wood, Bennett

NO: Flora

ABS, ABST OR NV: Mathis, Seyarto

ASM APPROPRIATIONS: 12-3-1

YES: Holden, Bryan, Calderon, Luz Rivas, Gabriel, McCarty, Levine, Quirk, Robert Rivas, Akilah Weber, Stone, Mullin

NO: Bigelow, Davies, Fong

ABS, ABST OR NV: Megan Dahle

UPDATED

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