
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

AB 1067 (Ting) - Beverage containers

Version: January 12, 2022

Urgency: No

Hearing Date: June 20, 2022

Policy Vote: E.Q. 5 - 0

Mandate: No

Consultant: Ashley Ames

Bill Summary: This bill would require the Department of Resources Recycling and Recovery (CalRecycle) to conduct a study and report to the Legislature on whether the \$100 in-lieu fee paid by beverage retailers pursuant to the California Beverage Container Recycling Program (BCRP) provides a sufficient incentive.

Fiscal Impact:

- CalRecycle estimates one-time 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 [BCRF]).

Background: The BCRP was established over 30 years ago with the enactment of Chapter 1290, Statutes of 1986 (AB 2020, Margolin). The purpose of the program is to be a self-funded program that encourages consumers to recycle certain beverage containers. The program accomplishes this goal by first requiring consumers to pay a deposit for each eligible container purchased. Then the program guarantees consumers repayment of that deposit—the California Redemption Value, or “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 percent for eligible containers.

Ways to recycle containers. Consumers have four different avenues in which they may recycle containers:

- a) Return the container to a “convenience zone” recycling center located within ½ mile radius of a supermarket. These are generally small centers that only accept beverage containers and receive handling fees from the BCRF. During 2019-20 FY, CZ recyclers redeemed about 30% of beverage containers.
- b) Return the container to an “old line” recycling center, which refers to a recycler that does not receive handling fees and usually accepts large quantities of materials, frequently by truckload from municipal or commercial waste collection services. Traditional recyclers collect a little more than half of all CRV containers (58%).
- c) If there is not a convenience zone recycling center or an “old line” recycling center located within a particular convenience zone, dealers within that zone are required to either redeem the containers or pay an in-lieu fee. Dealers that redeem containers can recover the amount of CRV paid to consumers if they

take the containers to a certified recycler.

- d) Consumers can also forfeit their CRV and “donate” their containers to residential curbside recycling collection. In the 2019-20 FY, curbside programs collected about 12% of CRV containers. Curbside programs keep the CRV on these containers.

Recent recycling center closures. In August 2019, rePlanet closed all 284 of its recycling centers in California. Before its closure, rePlanet was the largest recycling network in California. Following the closures, rePlanet stated, “With the continued reduction in State fees, the depressed pricing of recycled aluminum and PET plastic, and the rise in operating costs resulting from minimum wage increases and required health and workers compensation insurance, the Company has concluded that operation of these recycling centers is no longer sustainable.” .” In total, over 1,000 recycling centers have closed since 2013. According to CalRecycle, as of February 2021, there were 1,224 recycling centers in the state. Some counties, such as Humboldt, Trinity, Sierra, and Alpine, have no recycling centers.

Unserved convenience zones: Option A & Option B. When the Bottle Bill was enacted in 1989, a “backstop” system was set up to ensure consumers have the ability to redeem their CRV in the event that no recycling centers in a convenience zone are available. That backstop is the dealers. When a recycling center closes, the convenience zone in which it was located becomes “unserved.” When a dealer finds itself in an unserved convenience zone, the dealer has 2 choices: Option A, in which the dealer agrees to take back beverage containers in-store; or, Option B, in which the dealer agrees to pay an in-lieu fee of \$100/day if they choose not to take back beverage containers in-store. Option B serves as an alternative for fulfilling the duty to provide redemption opportunities to consumers. The in-lieu fee has remained \$100/day since the Bottle Bill’s enactment.

Proposed Law: This bill would require CalRecycle to conduct a study and report to the Legislature on whether the \$100 in-lieu fee paid by beverage retailers provides a sufficient incentive. Specifically, this bill would:

1. Require CalRecycle to study whether the \$100 in-lieu fee paid by beverage retailers provides incentive for them to redeem beverage containers and report its findings to the Legislature.
2. Require the study to include:
 - a. How many dealers are in compliance with Option A (taking back containers), how many are in compliance with Option B (paying the in-lieu fee), 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 sale of beverage containers would encourage dealers to choose Option A.
3. Sunset the bill’s provisions on July 1, 2027, and repeal them on January 1, 2028.

Related Legislation:

SB 38 (Wieckowski, 2021) would establish an industry-run bottle and can recycling program that would replace the current Bottle Bill program July 1, 2024.

AB 1311 (Wood, Chapter 506, Statutes of 2021) would expand redemption opportunities under the Bottle Bill by allowing the use of “bag drop” operations as certified recycling centers and authorizing alternative schedules for recycling centers.

AB 1454 (Bloom, 2021) would make various changes to the state’s Bottle Bill program including incorporating bag drop redemption programs, temporarily increasing processing payments to recycling centers, providing incentives to dealers to redeem beverage containers from consumers, and making various appropriations out of the BCRF to recycling-related activities.

AB 1840 (Ting, 2020) would have required CalRecycle to make recommendations to the Legislature on how to improve the Bottle Bill program to increase recycling of beverage container materials within the state and increase consumer redemption convenience. AB 1840 was held in the Assembly Natural Resources Committee.

AB 2562 (Holden, 2020) would have required dealers to submit an affidavit to CalRecycle stating that the beverage container redemption requirements are being met and would have imposed a civil penalty on dealers who failed to comply with the redemption requirements. AB 2562 was held in Assembly Natural Resources Committee.

SB 724 (Stern, 2019) would have amended the Bottle Bill program to provide temporary financial assistance to recycling centers while providing permanent exemptions to dealers from various consumer redemption opportunities. SB 724 was held in on Suspense in this committee.

SB 452 (Glazer, 2018) is nearly identical to SB 724 (Stern, 2019). The committee heard the bill under Senate Rule 29.10 and the bill passed this committee with a vote of 7 – 0. SB 452 was vetoed by the Governor.

-- END --