

Date of Hearing: June 22, 2022

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

SB 895 (Laird) – As Introduced February 1, 2022

Policy Committee: Natural Resources

Vote: 10 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill revises the definition of “nonprofit convenience zone recycler” (nonprofit center) for purposes of the California Beverage Container Recycling and Litter Reduction Act (Bottle Bill).

Specifically, this bill revises the definition of “nonprofit convenience zone recycler” by:

- 1) Removing the requirement that a nonprofit center has operated in the same location for at least five years.
- 2) Requiring that a nonprofit center be located within two miles, rather than one mile, of a supermarket that is located within an exempt convenience zone.
- 3) Making related technical and clarifying changes.

**FISCAL EFFECT:**

- 1) The California Department of Resources Recycling and Recovery (CalRecycle) estimates ongoing annual costs of \$130,000 (Beverage Container Recycling Fund) for handling fee payments to two existing nonprofit centers that would become eligible for handling fees under this bill.
- 2) Unknown cost pressure for handling fee payments to additional nonprofit centers that open in the future based on new eligibility under this bill, and for additional California Redemption Value payments to the extent that the additional recycling opportunities increase the recycling rate.
- 3) CalRecycle anticipates staffing costs for this bill would be minor and absorbable.

**COMMENTS:**

- 1) **Purpose.** According to the author:

Grey Bears Thrift Store, located in Santa Cruz, is a locally owned and operated nonprofit that has operated a certified drop-off recycling station for over 40 years and continuously promotes conservation of resources, diversion of material from landfills, and community engagement. SB 895 updates the definition of a nonprofit convenience zone recycler to ensure Grey Bears has access to handling fees, that

defray operating and infrastructure costs, so they can meet the needs of the currently underserved communities of Santa Cruz, Capitola, and unincorporated mid-Santa Cruz County. This bill supports the recycling of reusable materials for a greener California economy by ensuring Grey Bears, an established recycling center, is included in the definition of a nonprofit convenience zone recycler.

## 2) **Background.**

- a) **Bottle Bill Program.** The Bottle Bill was established in 1986 to be a self-funded program to prevent littering and achieve an 80% recycling rate for eligible containers. The program requires consumers to pay a deposit for each eligible container purchased. The program then guarantees consumers repayment of that deposit, known as the California Redemption Value (CRV), for each eligible container returned to a certified recycler. Containers recycled through the Bottle Bill's certified recycling centers also provide a consistent, clean, and uncontaminated stream of recycled materials with minimal processing.
- b) **Handling Fees.** Supermarkets with more than \$2 million in gross annual sales are required to have a recycling center within a half-mile radius, which is referred to as the "convenience zone" (CZ.) Certified recycling centers within a CZ, known as "CZ recyclers" receive a "handling fee" from CalRecycle based on the number of containers they redeem. The handling fees are intended to provide supermarket sites, nonprofit convenience zone recyclers, and rural region recyclers with an incentive to redeem empty beverage containers in the CZs. Dealers (those that sell beverages subject to the Bottle Bill program) that do not have a CZ recycler are required to take back containers themselves or pay an "in lieu" fee of \$100 per day.
- c) **Exempt CZs and Nonprofit Convenience Zone Recyclers (Nonprofit Centers).** The Bottle Bill authorizes CalRecycle to grant an exemption to individual CZs, thus exempting dealers within those unserved CZs from the requirement that they either take back containers or pay the in-lieu fee. The decision to exempt a CZ must be based on specified factors, including that the exemption will not significantly decrease the ability of consumers to conveniently return their beverage containers and the nearest certified recycling center is within a reasonable distance of the CZ being considered for exemption. Nonprofit centers, which by definition are within one-mile of a supermarket within an exempt CZ, enable CZs to qualify for this exemption. According to the author, these nonprofit centers, which help provide convenient redemption opportunities to consumers within unserved CZs, in turn, receive handling fees.
- d) **Author's Intent.** More than 1,000 recycling centers have closed in the state since 2013 for a variety of reasons, ranging from low commodity scrap values for recycled materials to a failure of the Bottle Bill's processing payment mechanism to offset this drop in value. This bill revises the definition of nonprofit center to ensure that a nonprofit located in the author's district is eligible to receive handling fees so that it can continue to provide redemption opportunities to consumers. This change may also result in modest improvements to recycling opportunities in other parts of the state. According to CalRecycle, this change is likely to make one or two additional nonprofit centers eligible for handling fees. This change may also encourage additional nonprofit centers to open

near unserved CZs, increasing redemption opportunities for consumers. To the extent this bill results in more “served” CZs, it may relieve dealers located in those zones from the state’s take-back requirements.

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