

Date of Hearing: July 12, 2023

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

SB 728 (Limón) – As Amended June 21, 2023

Policy Committee: Natural Resources

Vote: 8 - 3

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill (1) prohibits, on or after January 1, 2027, a retailer from selling, offering for sale, or distributing a gift card made of plastic in the state; (2) provides that a retailer may continue to sell, offer for sale, or distribute an existing stock of plastic gift cards that were acquired before January 1, 2027, until January 1, 2028; (3) authorizes the Attorney General, a district attorney, a county counsel, or a city attorney to enforce this prohibition; and (4) specifies civil penalty amounts and requires civil penalties collected pursuant to this bill be paid to the entity that brought the action.

FISCAL EFFECT:

The Department of Justice (DOJ) anticipates minor and absorbable costs as a result of this bill but notes as numerous bills this session may result in no significant impact to DOJ, should an aggregate of these bills become law, DOJ would need to request additional resources to process the increase to its workload.

COMMENTS:

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

More than 3.4 billion gift cards were sold in the United States in 2021. The majority of these gift cards are made from PVC, which is not typically accepted for recycling. Regardless of being reusable in many cases, these cards often end up in the waste stream after only a single use, which is why some companies have made the switch away from plastic gift cards opting for paper, cardboard, sustainable wood, bamboo, and electronic options. SB 728 will transition away from the use of plastic gift cards and ensure that businesses continue the transition towards more sustainable products.

2) **Background.** According to the Assembly Natural Resources Committee analysis of this bill, approximately 3.5 billion gift cards were sold in the United States in 2021. Gift cards typically weigh between one and two ounces, meaning in 2021, approximately 89 tons of gift card waste were generated. Most gift cards are made of polyvinyl chloride (PVC), a plastic produced from vinyl chloride. According to the United States Environmental Protection Agency (US EPA), acute exposure to vinyl chloride in the air can cause central nervous

system effects. Chronic exposure through inhalation or oral exposure can result in liver damage. US EPA has classified vinyl chloride as a human carcinogen.

PVC commonly contains additives, including phthalates and per- and polyfluoroalkyl substances (PFAS). Measurable amounts of both phthalates and PFAS have been found in the general population. In animal studies, phthalates have been shown to be anti-androgenic, and human studies appear to show similar results. Prenatal exposure to phthalates show effects on children's neurodevelopmental and neurobehavioral outcomes, increasing the risk of learning, attention, and behavioral disorders. Studies of human health impacts of PFAS show that exposures may cause increased cholesterol levels, damage to the liver and immune system, and increased risk of kidney and testicular cancer, among other health effects.

Gift cards are generally not recyclable. The small size of gift cards makes them nearly impossible to collect in conventional recycling systems. Even if they are collected, PVC is the least recycled plastic, with less than one-quarter of 1% recovered for recycling. There are alternatives to plastic gift cards. Both physical gift cards, such as those made of paper, cardboard, bamboo, or other non-plastic materials, and electronic gift cards would be permitted under this bill.

Along with other environmental groups in support, Californians Against Waste writes:

Plastic gift cards are also difficult to recycle. They can be melted down and shaped into new gift cards but there are serious concerns with chemical releases in this process. Also, many local recycling centers do not accept PVC gift cards due to their small and thin size interacting poorly with recycling machinery so cards intended for recycling may end up in a landfill as waste. SB 728 focuses the plastic removal effort on a long ignored and overlooked supply of harmful plastic waste and an industry that already has safe and sustainable alternatives to plastic.

A coalition of business organizations writing in opposition to this bill argues that while a few retailers, grocers, and restaurants have moved to alternative products for gift cards, many continue to use plastic gift cards because consumers like them and they are less likely to be damaged or rendered unusable. The coalition also contends that businesses have recently faced serious shortages in a variety of materials, and it is unclear at this time whether there is, or will be by the bill's implementation date, an adequate market available for alternatives. Finally, the coalition notes that while digital gift cards may seem like a viable alternative, there "are a substantial number of Californians, especially disadvantaged communities, that do not have access or are not comfortable with the use of digital platforms."

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