



**To:** RCRC Board of Directors  
**From:** Mary Pitto, Regulatory Affairs Advocate  
**Date:** April 17, 2017  
**Re:** Update on Beverage Container Recycling Program

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### **Summary**

The following is a summary of the recent activities and status relating to reform of the California Beverage Container Recycling Program.

### **Background**

The California Beverage Container Recycling Program (Bottle Bill) has been operating in a structural deficit for quite some time. With recycling rates as high as 85 percent, the payments to consumers and the myriad of extra programs (i.e. city/county payments, handling fees, curbside supplemental payments, and state educational program) exceeds the beverage container deposits collected. The California Department of Resources Recycling and Recovery (CalRecycle) had anticipated that funds would become insufficient for the extra programs, and would need to impose “proportionate reductions” beginning July 2017; however, it appears that date will be delayed.

In addition, in 2016 many rural counties experienced the closure of local Certified Recycling Centers. Approximately one-fifth of all Bottle Bill recyclers have closed within the state, with the greatest impact felt in rural counties. This has occurred due to the crippling decline in scrap values, the fifteen-month lag time in calculating “processing payments” (which are supposed to cover the gap between the actual and calculated scrap value), and increases in the minimum wage. As a result, low-volume centers cannot operate at a profit, and these buy-back centers are critical to the recycling infrastructure.

As a priority with the Administration, Bottle Bill reform is currently being addressed as part of the Governor’s 2017-18 proposed State Budget. A framework was outlined in January, with details to be put forth in the budget-writing process.

Bottle Bill reform has been discussed for many years to no avail. There has been talk of expanding the container types, increasing the container fees, paying less per container than is collected per container (\$0.05 in/\$0.04 out), and eliminating the program

altogether. There are many stakeholders with different perspectives, and no progress has been made to date.

### **Issue**

In the most recent CalRecycle Quarterly Report on the Status of the Beverage Container Recycling Fund (Fund), forecasted proportional reductions are now not expected within the forecasted period, FY 2016-19. This change in the Fund outlook stems from several factors, including a slight revenue increase with expenditure decreases, a net increase in reconciliation payments to processing fee offset accounts, and CalRecycle's efforts to combat fraud and abuse.

In light of this, many stakeholders believe that Bottle Bill reform will not remain a priority in the budget process, and will be pursued in separate legislation. Several Assembly Bills and Senate Bills have been introduced this Legislative Session:

- Assembly Bill 178 (Eggman) – Includes “other containers” into the program in addition to aluminum, glass, and plastic containers;
- Senate Bill 60 (Glazer) – Exempts supermarkets without a Certified Recycling Center, which had a recycling center that closed between specified dates, from having to redeem the beverage containers in the store or paying a \$100 per day in-lieu fee; and,
- Senate Bill 168 (Wieckowski) – Increases the \$100 per day in-lieu fee to supermarkets without a recycling center to \$200 per day. However, this bill was recently amended into an “Extended Producer Responsibility” (EPR) scheme for the Bottle Bill.

SB 168 is a lengthy, recently-amended bill in excess of 100 pages, and can be accessed here:

[http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201720180SB168](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB168)).

RCRC understands the language came from the author's office out of frustration with the lack of progress in Bottle Bill reform. As best we can determine at this point, it is a combination of Oregon's Bottle Bill program and California's recently-constructed mattress EPR scheme. RCRC staff finds it difficult to believe this bill will progress in the legislative process this year. However, it is expected to have a significant review in 2018.

RCRC staff has been participating in all aspects of Bottle Bill reform attempts. RCRC recently hosted a Solid Waste Industry Group (SWIG) meeting in which this was a major topic of discussion. The SWIG concurred that the public and private sector must work together to improve recycling opportunities for the public, and maintain sustainable solid waste programs for all parties.

In addition, the Rural Counties Environmental Services Joint Powers Authority (ESJPA) conducted an informal workshop at their March Board of Directors meeting discussing the Bottle Bill and Certified Recycling Center (CRC) closures. The ESJPA members also shared ideas for improving the current scheme to address the needs of rural counties. In addition to RCRC's long-stated priorities of a tiered handling fee to

augment low-volume centers, maintaining city/county payments and curbside payments, the ESJPA solid waste managers had the following suggestions:

- Extend the Convenience Zone (CZ) beyond three miles in rural areas;
- Have the handling fee sufficient to cover fixed costs and allow the bottles and cans to provide the profit;
- Provide a mechanism for towns without a qualified supermarket to be eligible for a CRC;
- Direct supermarket fine monies to counties to help reestablish centers;
- Direct CalRecycle to provide an online certification course. The in-person certification process for CRCs in Sacramento is problematic for rural areas;
- Change the regulations to require CRCs to give CalRecycle and the county a 30-day notice before closing;
- Allow solid waste facilities to become CRCs;
- Improve coordination between divisions in CalRecycle; and,
- Bring in operators and recyclers for a discussion.

The ESJPA will host a meeting to include County Solid Waste Managers and their area recyclers/operators to further the discussions on what is needed for successful sustainability of recycling centers in rural and low-volume areas.

#### **Staff Recommendation**

RCRC staff continues to meet with various Bottle Bill stakeholders, CalRecycle, and the Administration, and will remain actively engaged in all conversations.

#### **Attachment**

- CalRecycle - Modernizing the Beverage Container Recycling Program
- Legislative Analyst's Office - Lessons From Other States to Address California's Redemption Center Closures