



March 23, 2021

The Honorable Bob Wieckowski
Member, California State Senate
State Capitol, Room 4085
Sacramento, CA 95814

**RE: Senate Bill 38 – OPPOSE UNLESS AMENDED
As Amended March 17, 2021**

Dear Senator Wieckowski:

On behalf of the Rural County Representatives of California (RCRC), I am writing to respectfully express our position of “Oppose Unless Amended” on your Senate Bill 38, which essentially replaces the existing Beverage Container Recycling Program (Program) with a new stewardship program established and operated by the beverage industry. RCRC is an association of thirty-seven rural California counties, and the RCRC Board of Directors is comprised of elected supervisors from each member county.

With the closure of many certified recycling centers, “convenient” beverage container redemption opportunities do not exist for many Californians. According to the California Department of Resources Recycling and Recovery (CalRecycle), three counties have NO recycling centers, seven counties have only a single recycling center, and six counties only have two recycling centers. In five counties, each recycling center serves residents living in an area of over 3,000 square miles.

Without convenient redemption opportunities, the Program can easily become a regressive tax that disproportionately impacts lower-income Californians. These concerns are even more acute during the coronavirus pandemic as Californians are struggling to make ends meet.

While we appreciate that some parts of SB 38 are intended to increase consumer access to redemption opportunities (see the proposed Public Resources Code Section 14570.7), we note that SB 38 eliminates funding for local beverage container recycling and litter cleanup activities. Under Public Resources Code Section 14581(a)(3), \$10.5 million in unredeemed California Refund Value is allocated by CalRecycle to cities and counties for those purposes, with each city receiving at least \$5,000 and each county

1215 K Street, Suite 1650, Sacramento, CA 95814 | www.rcrcnet.org | 916.447.4806 | Fax: 916.448.3154

The Honorable Bob Wieckowski
Senate Bill 38
March 23, 2021
Page 2

receiving at least \$10,000 annually. While the individual amount may seem small, rural jurisdictions often aggregate their grants to fund larger scale recycling and litter reduction activities. Furthermore, even \$10,000 can go a long way in many of the state's low-population rural jurisdictions.

RCRC shares your concerns that the current system is too "slow to adapt to changes, often has significant structural deficits, and relies too heavily on consumers for financing while not maintaining convenience for them to redeem deposits." We are very supportive of programmatic changes to provide additional flexibility to CalRecycle, improve consumer access to redemption opportunities, and increase manufacturer responsibility. Unfortunately, we fear that SB 38 will compromise existing local recycling and litter reduction efforts and urge you to restore the \$10.5 million city/county payment.

For these reasons, we regretfully oppose your SB 38 unless amended, and look forward to working with you to refine and restructure the beverage container recycling program. If you should have any questions, please do not hesitate to contact me at jkennedy@rcrcnet.org or (916) 447-4806.

Sincerely,



JOHN KENNEDY
Legislative Advocate

cc: Members of the Senate Appropriations Committee
Ashley Ames, Consultant, Senate Appropriations Committee
Genevieve Wong, Consultant, Senate Environmental Quality
Scott Seekatz, Consultant, Senate Republican Caucus



June 25, 2021

The Honorable Bob Wieckowski
Member, California State Senate
State Capitol, Room 4085
Sacramento, CA 95814

**RE: Senate Bill 38 – OPPOSE UNLESS AMENDED
As Amended May 26, 2021**

Dear Senator Wieckowski:

On behalf of the Rural County Representatives of California (RCRC), I am writing to respectfully express our position of “Oppose Unless Amended” for your Senate Bill 38, which replaces the existing Beverage Container Recycling Program (Program) with a new stewardship program established and operated by industry. RCRC is an association of thirty-seven rural California counties, and the RCRC Board of Directors is comprised of elected supervisors from each member county.

With the closure of many certified recycling centers, “convenient” beverage container redemption opportunities do not exist for many Californians. According to the California Department of Resources Recycling and Recovery (CalRecycle), three counties have NO recycling centers, seven counties have only a single recycling center, and six counties only have two recycling centers. In five counties, each recycling center serves residents living in an area of over 3,000 square miles. Without convenient redemption opportunities, the Program becomes a regressive tax that disproportionately impacts lower-income Californians.

While we appreciate that some parts of SB 38 are intended to increase consumer access to redemption, we note that SB 38 eliminates funding for local beverage container recycling and litter cleanup activities and needs to be strengthened to improve consumer access to convenient redemption opportunities.

Significant Revenue Loss for Local Governments. SB 38 eliminates funding for local beverage container recycling and litter cleanup activities. Under Public Resources Code Section 14581(a)(3), \$10.5 million in unredeemed California Refund Value (CRV) is allocated by CalRecycle to cities and counties for those purposes, with each city receiving at least \$5,000 and each county receiving at least \$10,000 annually.

1215 K Street, Suite 1650, Sacramento, CA 95814 | www.rcrcnet.org | 916.447.4806 | Fax: 916.448.3154

While the individual amount may seem small, rural jurisdictions often aggregate their grants to fund larger scale recycling and litter reduction activities. Furthermore, even \$10,000 can go a long way in many of the state's low-population rural jurisdictions. SB 38 should be amended to require the stewardship organization to fund local government beverage container recycling and litter reduction grants out of the unredeemed deposits and make those specifically eligible for expenditure under PRC 14586.

Ensure that Consumers Will Have Access to Convenient Redemption Opportunities. There is no guarantee that SB 38 will result in convenient consumer redemption opportunities – especially in rural areas. While amendments to PRC 14571.6 requiring dealers with over \$4 million in annual grocery sales to redeem empty beverage containers greatly increase access, it is less clear what that will look like in operation, especially since existing law requires dealers in unserved convenience zones with over \$1 million in annual grocery sales to either take containers back from consumers or pay a \$100/day in lieu fee. If the stewardship organization is allowed to retain potentially hundreds of millions of dollars in unredeemed deposits annually, it should also be required to ensure that consumers have access to convenient redemption opportunities. This should be accomplished through a new Section 42984.14 and conforming changes to PRC Section 14586 to ensure that unredeemed deposits can be used for these purposes and that ensuring access redemption is not subject to the 2 percent cap on administrative expenses:

42984.14. The beverage container stewardship organization shall ensure that consumers in all communities have access to convenient redemption opportunities, which shall include at least five redemption centers in each county. The beverage container stewardship organization may request that the Department adjust the minimum number of redemption centers for counties with a population of 25,000 or fewer residents. The Department may approve a request to adjust the minimum number of redemption centers only after consultation with the local jurisdictions within that county.

14586. Refund values not redeemed pursuant to Chapter 6 (commencing with Section 14570) shall be retained by the beverage container stewardship organization and shall be used for the following purposes, in the following priority:
(b) Ensuring convenient access to consumer redemption opportunities, including ensuring that the minimum number of redemption opportunities established pursuant to Section 42984.14 are available in each jurisdiction.

Ensure Timely and Accurate Consumer Payment. PRC 14580.2 allows redemption centers not located on a dealer premises to pay by weight. Since the stewardship organization can authorize use of a reverse vending machine, including outside of a dealer premises, it appears to allow those systems to pay by weight. This is inappropriate since reverse vending machines scan the barcode of each container and so should pay by container, not by weight.

Additionally, the May 26th amendments eliminate the requirement for redemption centers to immediately pay consumers the refund value. While this makes sense for bag drop operations, it is unacceptable to require consumers to return to a redemption center at a future date to get paid the CRV – especially in rural areas where redemption opportunities may be significant distances away from one’s home. We suggest the following amendments to address these concerns:

14580.2 (a) (1) Except as provided in subdivision (b), a redemption center shall accept from a consumer or dropoff or collection program any empty beverage container, and shall *immediately* pay to the consumer or dropoff or collection program the refund value of the beverage container.

(2) A redemption center not located on a dealer premises shall ~~immediately~~ pay the refund value on a per-container basis of the total number of returned containers or on a weight basis. Redemption centers that are either reverse vending machines or which are ~~A redemption center~~ located on a dealer premises shall ~~immediately~~ pay the refund value on a per-container basis of the total number of returned containers.

(3) A bag drop recycling center shall pay the refund value for beverage containers within a reasonable period of time, not to exceed three business days. The refund value may be paid electronically in accordance with Section 14531.

RCRC shares your concerns that the current system is too “slow to adapt to changes, often has significant structural deficits, and relies too heavily on consumers for financing while not maintaining convenience for them to redeem deposits.” We are very supportive of programmatic changes to provide additional flexibility to CalRecycle, improve consumer access to redemption opportunities, and increase manufacturer responsibility. Unfortunately, we fear that SB 38 will compromise existing local recycling and litter reduction efforts and needs to be strengthened to ensure that consumers will have access to convenient redemption opportunities.

For these reasons, we regretfully oppose your SB 38 unless amended, and look forward to working with you to refine and restructure the beverage container recycling program. If you should have any questions, please do not hesitate to contact me at jkennedy@rcrcnet.org or (916) 447-4806.

Sincerely,



JOHN KENNEDY
Legislative Advocate

The Honorable Bob Wieckowski

Senate Bill 38

June 25, 2021

Page 4

cc: Members of the Assembly Natural Resources Committee
Elizabeth MacMillan, Consultant, Assembly Natural Resources Committee
Kirstin Kolpitcke, Consultant, Assembly Republican Committee
Genevieve Wong, Consultant, Senate Environmental Quality Committee
Scott Seekatz, Consultant, Senate Republican Caucus