

Attachment 2
 Processing Payment Emergency Regulations
 STD 399 Economic and Fiscal Impact Statement Narrative
 Fiscal Impact Statement

A. Fiscal Effect on Local Government

6) There are 82 certified recycling programs operated by local government entities that were paid processing payments during FY 2018-19 (FY 2019-20 data is not fully mature at the time of this writing). If this regulation were adopted, these programs would collectively receive about \$162,400 in additional processing payments.

B. Fiscal Effect on State Government

4) Other: There is no anticipated fiscal effect on state government. No State Agency will have any costs, savings, or revenue changes. The Beverage Container Recycling Fund (Fund) will see additional costs and consequently declines in revenue, but none of the costs are incurred by a State Agency directly through administrative or operational expenses. Expenditures for increased processing payments of \$13.2 million will be funded through unredeemed California Refund Value (CRV) deposits in the form of processing fee offsets and by beverage manufacturers who pay processing fees based on the method for determining processing fees and payments prescribed in PR section 14575. Processing fee offsets are estimated to increase by \$11.2 million annually. Processing fees are estimated to increase by \$2.5 million annually. The fiscal effect for subsequent fiscal years is expected to be similar to the fiscal effect for the current year. The Fund has sufficient resources to pay for the proposed additional processing fee offsets without impacting other mandatory payments.

Scenario	RFR	Processing Fee Offset (Fund)	Processing Fee (Beverage Manufacturer)	Processing Payment
Baseline: D & B Average	3%	\$ 131,543,107	\$ 27,335,314	\$156,107,303
Calendar Year 2021 Proposed	10%	\$ 142,708,290	\$ 29,803,298	\$169,280,180
Difference	-	\$ 11,165,184	\$ 2,467,984	\$ 13,172,877

Note: The sum of processing fees and processing fee offsets exceed processing payments because, in accordance with statute, processing fees collected for sales of beverages packaged in bi-metal and plastics #3-#7 is greater than processing payments paid to recyclers due to their low redemption volume.

C. Fiscal Effect on Federal Funding of State Programs

3) The proposed emergency regulation will not have any impact on the federal funding of any state program.