

INITIAL STATEMENT OF REASONS 2021

TITLE 14: NATURAL RESOURCES

DIVISION 7. DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

CHAPTER 8.2 ELECTRONIC WASTE RECOVERY AND RECYCLING

Articles/Sections: Article 1, Section 18660.5, Article 2.0, Section 18660.10; Article 2.2, Section 18660.21; Article 2.4, Section 18660.34.

STATUTORY AND REGULATORY BACKGROUND

The Electronic Waste Recycling Act of 2003 (“the Act”), established through SB 20, Sher, Chapter 526 (Public Resources Code (PRC) Section 42460, *et seq.*), was intended to address the growing amount of electronic discards entering California’s waste stream and the associated cost burden placed on responsible parties, such as Local Governments and non-profit organizations, and to divert that waste toward proper management.

In enacting SB 20, the Legislature determined the following:

- The purpose of the Act was to enact a comprehensive and innovative system for the reuse, recycling, and proper and legal disposal of covered electronic devices (CEDs), and to provide incentives to design electronic devices that are less toxic, more recyclable, and that use recycled materials.
- A further purpose of the Act was to enact a law that establishes a program that is cost free and convenient for consumers and the public to return, recycle, and ensure the safe and environmentally-sound disposal of CEDs.
- The Legislature’s intent is that the cost associated with the handling, recycling, and disposal of CEDs is the responsibility of the producers and consumers of CEDs, and not local government or their service providers, state government, or taxpayers.
- In order to reduce the likelihood of illegal disposal of these hazardous materials, the intent of the Act is to ensure that any cost associated with the proper management of CEDs be internalized by the producers and consumers of CEDs at or before the point of purchase, and not at the point of discard. See PRC Sections 42461(a)-(d).

The Act established a funding system that places a fee on consumers at the point of retail purchases of CEDs, specifically, video display devices with screen sizes of four inches or larger that have been determined to exhibit hazardous characteristics when discarded. The Act tasked the Department of Resources Recycling and Recovery (CalRecycle) with administering a program that pays authorized collectors and recyclers a standard rate to recover and process covered electronic waste (CEW) in compliance with applicable rules, including rules administered by the Department of Toxic Substances Control (DTSC) (hereinafter the “CEW Recycling Program”). In general, DTSC regulates the physical management of hazardous waste in California, including hazardous electronic waste, which also includes CEW.

In a complementary role, CalRecycle administers most of the financial aspects of the CEW Recycling Program to ensure that public funds are paid only when warranted and only to participants that operate in compliance with applicable laws.

CEW are discarded CEDs. CEDs are defined by statute as video display devices with a screen size greater than four inches that are determined by DTSC to be hazardous when disposed. DTSC must incorporate covered devices in regulation (California Code of Regulations (CCR), Title 22, Division 4.5, Chapter 11, Article 5, Appendix X) as well as make ongoing interpretations as new facets and forms of technology are assessed against existing regulation.

Currently, CEDs include:

- Cathode Ray Tube (CRT)-containing devices (including bare CRTs, CRT televisions and computer monitors);
- Liquid Crystal Display (LCD)-containing televisions and desktop monitors (excluding LCD projection televisions);
- Laptop computers containing LCD screens (including most tablets);
- Plasma display televisions (excluding plasma projection televisions); and
- Portable DVD players with LCD screens.

The Act charges CalRecycle with principal responsibility for administering the financial aspects of the CEW Recycling Program. This includes establishing a rate of payment for the proper recovery (collection, consolidation, and transportation) and recycling (receipt, processing, and disposition) of CEW generated by persons in California.

Since the inception of the CEW Recycling Program, over 2.54 billion pounds of CEW have been collected and properly managed in California. Overall, the CEW volume coming into the payment system has been declining annually. In 2017, about 128 million pounds of CEW were claimed. In 2018, about 101 million pounds were claimed, which represented a 21% drop compared to the previous year. In 2019, about 90 million pounds were claimed, which represents a further 10% drop compared to the previous year. In 2020, the total CEW volume dropped an additional 18% to 74 million pounds. The decline is primarily due to depletion of legacy CRT material.

PROBLEM STATEMENT

Historically, the majority of the CEW material entering into the payment system has been CRTs. The volume of claimed CRTs reached a high of 234 million pounds in 2008, but weights have been on a steady decline since 2012.

Year	Volume of CRT CEW in millions of lbs.	% decline from prior year
2012	208	NA
2013	197	5%
2014	177	11%
2015	166	9%

Year	Volume of CRT CEW in millions of lbs.	% decline from prior year
2016	140	16%
2017	109	22%
2018	80	27%
2019	63	21%
2020	43	32%

As a result of the declining CRT volumes, as well as other factors, the CEW Recycling Program has fewer e-waste collectors and recyclers than were active in the recent past.

Year	Active Collectors	Active Recyclers
2013	605	61
2021	317	20

CRTs still remain the predominant waste stream, but non-CRT volumes are becoming an increasingly significant proportion of the waste stream. Non-CRT volumes have grown from 1% of the total CEW volume by weight (2.2 million pounds) in 2011 to 41% by weight (30 million pounds) in 2020. This was not a problem-free transition, since processing non-CRT devices comes with a new set of challenges for the recycling industry.

Non-CRTs are more difficult to dismantle and require longer processing times than CRT devices. Non-CRTs also have less intrinsic material value than CRTs due to miniaturization (for e.g., the circuit boards are smaller and hence contain fewer precious metals). In addition, they contain residuals that are fully regulated hazardous waste that entail high disposal costs (e.g., plasma panels) or that require special handling (e.g., fluorescent lamps). As non-CRTs are lighter and CEW recycling payments are weight-based, recyclers are paid less for these devices even though they are more costly to manage. Hence, the single recycling payment rate that CalRecycle established at the inception of the CEW Recycling Program proved to be insufficient for non-CRTs.

STATEMENT OF PURPOSE AND STATEMENT OF BENEFITS

CalRecycle has the statutory authority pursuant to PRC Section 42478 to establish a recycling payment schedule to cover the average net cost to receive, process, and recycle each major category of CEW. At the inception of the CEW Recycling Program, CalRecycle adopted regulations that included one single recycling payment rate for all CEW. Net Cost Reports, required pursuant to CCR Title 14, Section 18660.10, are intended to describe the costs and revenues associated with the handling of CEW within the scope of the CEW Recycling Program.

CalRecycle conducted targeted outreach in 2017 to recyclers that processed non-CRT CEW to learn more about their operations and the costs and revenues associated with processing non-CRT CEW. At the time, only a portion of CA recyclers were processing non-CRT material due to the cost reasons identified in the Problem Statement above. Thirteen CRT recyclers and seven non-CRT recyclers provided CalRecycle split cost and revenue reports in 2017 on a voluntary basis. CalRecycle combined the information in the revenue reports to obtain a weighted average cost per pound in cents, to recycle CRT CEW and non-CRT CEW (see the table below). The report data confirmed CalRecycle’s expectation that CEW recyclers required a larger payment rate for the processing of non-CRT CEW to remain viable as CRT CEW volumes diminished.

In order to accomplish higher payment rates for non-CRT processing, a regulatory structure was needed allowing for multiple payment rates. In 2018, CalRecycle split the single CEW recycling payment rate to allow for one payment rate for CRT CEW and another payment rate for non-CRT CEW. The payment rates were revised through a separate file and print package, to reflect differential values for CRT and non-CRT CEW, effective July 1, 2018.

Splitting the payment rate allowed CalRecycle to assess the net cost of processing CRT and non-CRT devices separately. Since the 2018 net cost reporting cycle, regulations have required recyclers to provide separate CRT and non-CRT CEW cost calculations. The results of those reports clearly show that the net cost to process non-CRT CEW is significantly higher than the net cost for CRT CEW.

Year	CRT Weighted Average*	Non-CRT Weighted Average
2017 Net Cost Data**	24.2	38.1
2018 Net Cost Data	19.5	35.9
2019 Net Cost Data	27.7	40.6

** The weighted average reflects the overall industry cost per pound in cents, calculated as if the industry operated as a single organization, i.e., by dividing the collective reported costs and revenues (total net cost) by total pounds recovered and/or recycled by all participants in the study sample.*

*** Provided by thirteen CRT recyclers and seven non-CRT recyclers on a voluntary basis.*

Since the bifurcated rate was established, CalRecycle has taken advantage of this opportunity by setting a higher payment rate for non-CRT CEW. The payment rates were revised to their current values, through a second file and print package, effective July 1, 2020.

Categories	2005 to 2008	2008* to 2014	2014* to 2016	2016* to 2018	2018* to 2020	2020* Forward
All CEW	\$.48/lb.	\$.39/lb.	\$.44/lb.	\$.49/lb.		
CRT CEW					\$.49/lb.	\$.66/lb.
Non-CRT CEW					\$.60/lb.	\$.87/lb.

*New rates become effective in July of the listed year.

Since CalRecycle instituted the bifurcated rate, the CEW Recycling Program has seen a net gain in the number of approved recyclers that process non-CRT devices from thirteen in 2018 to eighteen in 2020.

The purpose of making permanent the regulations that allow for separate payment rates for CRT CEW and non-CRT CEW is to ensure that the average net costs of managing these two types of CEW align with the payment rates CalRecycle sets. The higher cost of recycling of non-CRT CEW and the growing volumes of this type of CEW compared to CRT CEW necessitated the bifurcation of the rates. The benefit of the regulations is that recyclers' costs are compensated accordingly, which eases the burden on recyclers.

GENERAL COMMENTS APPLICABLE TO STATEMENT OF REASONS

The Act charges CalRecycle with principal responsibility for administering the financial aspects of the CEW Recycling Program. This includes establishing a rate of payment for the proper recovery (collection, consolidation, and transportation) and recycling (receipt, processing, and disposition) of CEW generated by persons in California. In order to implement and administer the CEW Recycling Program, CalRecycle adopted emergency regulations in 2018 (File No. 2018-0502-04E), which were re-adopted in 2020 (File No. 2020-0318-04EE). The emergency regulations addressed the need for separate recycling payment rates for CRT and non-CRT CEW, due to the growing volume and increased cost of processing non-CRT material.

CalRecycle is now seeking to make the emergency regulations permanent, as well as make three non-substantial changes. The proposed regulations intend to: (1) establish separate recycling payment rates for CRT and non-CRT CEW; (2) require recyclers to report separately the costs and revenues associated with processing CRT CEW and non-CRT CEW; and (3) to fix three non-substantial grammatical errors.

REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION

This section applies to each section below unless otherwise indicated:

Alternatives to the proposed rules have been considered. CalRecycle conducted targeted outreach in 2017 to recyclers that process non-CRT CEW to learn more about non-CRT operations. After drafting emergency regulations, CalRecycle solicited comments on the draft proposed regulatory text at a 2018 workshop. Stakeholders supported the proposed action and were looking forward to the actual determination of the payment rates.

CalRecycle considered three alternatives to the proposed rules: adding multiple rates for non-CRT CEW; having a per unit rate structure rather than a per pound rate structure; or continuing on with no changes (keep the single payment rate).

A per unit weight structure may work in the future as materials become lighter, but recyclers are still processing heavy legacy material. CalRecycle does not believe that it currently makes sense to pay the same recycling rate on a small non-CRT device such as a tablet and large, heavy devices such as plasma or CRT televisions. The latter devices can weigh over 100 pounds, take up more storage space and can require multiple employees or specialized equipment to unload them from trucks and to move them to storage areas and dismantling tables. They also produce greater volumes of hazardous residuals which adds additional disposal costs.

Having multiple rates for non-CRT devices would have added the burden of requiring recyclers to calculate the costs and revenues of additional non-CRT waste streams in the annual Net Cost Reports. This approach may have been effective, but it is not cost-effective and too burdensome on the recyclers. It should be noted that no stakeholder has supported this option at any of CalRecycle's previous workshops or public hearings.

Continuing with no changes would have negatively affected recyclers participating in the CEW Recycling Program. As stated in the Problem Statement, non-CRTs are more difficult to dismantle and require longer processing times than CRT devices. Non-CRTs also have less intrinsic material value than CRTs due to miniaturization (for e.g., the circuit boards are smaller and hence contain fewer precious metals). In addition, they contain residuals that are fully regulated hazardous waste that entail high disposal costs (e.g., plasma panels) or that require special handling (e.g., fluorescent lamps). As non-CRTs are lighter and CEW recycling payments are weight-based, recyclers are paid less for these devices even though they are more costly to manage. Hence, the single recycling payment rate that CalRecycle established at the inception of the CEW Recycling Program proved to be insufficient for non-CRTs.

CalRecycle determined that: (1) no alternative would be more effective in carrying out the purpose for which the action is proposed; (2) no alternative would be as effective and less burdensome to affected private persons, while at the same time protecting human health, safety, and the environment, and the integrity of public funds; and (3) no alternative would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

SPECIFIC PURPOSE AND NECESSITY OF REGULATIONS

Article 1. General

Section 18660.5 Definitions.

§18660.5(a)(43):

The approved emergency regulations amended this subsection to pluralize “rates” in the “Standard Statewide Combined Recycling and Recovery Payment Rate”. This is necessary to reflect that there are now two recycling payment rates.

Article 2.0 Electronic Waste Payment System – Applicability and Limitations, Document Submittals, Records, Audits and Net Cost Report

Section 18660.10 Net Cost Report.

§ 18660.10(a):

The approved emergency regulations amended this subsection to replace “statewide recovery” and “recycling payment rates” with “Standard Statewide Recovery Payment Rate” and “the Standard Statewide Combined Recovery and Recycling Payment Rates”. This is necessary for consistency reasons and to align with the surrounding text.

§ 18660.10(d):

The approved emergency regulations replaced “and” with “or” to make clear that the net costs information required to be reported applies to either approved collectors or recyclers. This is necessary as reporting obligations are distinct for approved collectors and recyclers. Only the approved recyclers are required to report separately the net costs of recycling CRT CEW and non-CRT CEW. Approved collectors are required to report the net costs for recovering (collecting) all CEW.

In addition, the word “recovery” was replaced with “recovering”. This is necessary for consistency reasons and to align with the surrounding text.

Also, the emergency regulations added the word “separately” and the phrase “CRT CEW and non-CRT CEW”. This is necessary to make clear that the recycling net costs must be reported for both CRT CEW and non-CRT rather than for CEW as a whole. CalRecycle calculates payment rates primarily through Net Cost Reports. In order to set the now separate payments rates correctly, CalRecycle needs separate cost and revenue information.

The approved emergency regulations removed the word “including” as well as the comma before “including” and the semicolon after “including” for grammatical purposes. In addition, it added a new sentence “The report shall include”. This is necessary to make clear that the Net Cost Report shall include the information required in subparts under subsection (d).

Article 2.2. Electronic Waste Payment System – Business Requirements

Section 18660.21 Requirements for an Approved Recycler.

§ 18660.21(l)(5)

In this subsection the emergency regulations removed the words “disposition of all CEWs handled, the net costs of accepting the transfer of CEWs, the net costs of each cancellation method used,” and replaced them with the words “management of all CRT

CEW and non-CRT CEW handled”. This is necessary to clarify that an approved recycler must maintain all records pertaining to the net costs associated with the management of both CRT CEW and non-CRT CEW.

The line, “disposition of all CEWs handled, the net costs of accepting the transfer of CEWs, the net costs of each cancellation method used,” was replaced by the word “management”. This is necessary because “management” encompasses more activities than the three that were listed prior to the adoption of the emergency regulations. In order to get a comprehensive set of data that shows the true costs and revenues of processing CEW, the proposed regulations require data that wasn’t necessarily encompassed prior to the adoption of the emergency regulations. Examples include, but are not limited to: debt service on business loans, storage of CEW, records retention, property taxes, security, equipment depreciation and advertising.

The line, “management of all CRT CEW and non-CRT CEW handled,” is necessary to document the net cost information reported by approved recyclers. If an approved recycler is required to report separately the net costs for processing CRT CEW and non-CRT, then the records and documentation that supports the report must also be maintained for both CRT CEW and non-CRT. The requirement to maintain separate records is necessary for CalRecycle to verify the accuracy of the Net Cost Reports and, if deemed appropriate, take potential enforcement action.

Article 2.4 Electronic Waste Payment System – Cancellation Methods, Recovery Payment Rate, and Combined Recovery and Recycling Payment Rates

The proposed text in the title of the Article amends the approved emergency regulations to correct an error. “Rates”, which should have been pluralized in the emergency regulations in 2018, is pluralized now. This is necessary because there are now two recycling payment rates.

Section 18660.34 Standard Statewide Combined Recovery and Recycling Payment Rates.

The proposed text in the title, following the section number 18660.34, amends the approved emergency regulations to correct an error. “Rates”, which should have been pluralized in the emergency regulations in 2018 is pluralized now. This is necessary because there are now two recycling payment rates.

§ 18660.34(a)

The emergency regulations added the words “of CRT and non-CRT” because there are now two separate CEW payment rates.

The proposed text amends the approved emergency regulations to correct an error. The word “the” that was erroneously deleted in the emergency regulations in 2018 is added back. This is necessary for grammatical purposes.

§ 18660.34(b)

The approved emergency regulations amended this subsection to pluralize “rates”. This is necessary to reflect that there are now two recycling rates.

In addition, the approved emergency regulations changed the words “is \$0.49 per pound.” to “are”. This is necessary for grammatical purposes because there are now two payment rates.

Also, the approved emergency text added: “(1) \$0.49 per pound for CRT CEW. (2) \$0.49 per pound for non-CRT CEW.” The rates were identical with the adoption of the first emergency regulations because the emergency regulations rulemaking addressed the split into a rate for CRT CEW and a rate for non-CRT CEW; it did not address the rate value changes themselves. Following the adoption of the rate split, the rate values themselves were changed through a file and print rulemaking. The file and print rulemaking changed the non-CRT CEW per pound rate from \$0.49 per pound to \$0.60. Adding the additional language regarding two rates is necessary because the CEW Recycling Program now has separate payment rates for CRT CEW and non-CRT CEW. After the rate split emergency regulations were readopted in 2020, the values of the rates were changed again to \$0.66 per pound for CRT CEW and \$0.87 per pound for non-CRT CEW in a file and print regulation package, with an effective date of July 1, 2020.

§ 18660.34(c)

The proposed text amends the approved emergency regulations to correct an error. “Rates”, which should have been pluralized in the emergency regulations in 2018 is pluralized now. This is necessary because there are now two recycling payment rates.

TECHNICAL STUDIES, REPORTS OR DOCUMENTS

1. CalRecycle outreach questionnaires and site visits to recyclers to determine the costs and revenues of processing CRT and non-CRT CEW.
 - a. CalRecycle summary document of the information gained from site visits and questionnaires.
 - b. Spreadsheet with consolidated visit and questionnaire data.
 - c. Blank questionnaire.
2. Combined weighted average of the cost per pound in cents to recycle CRT CEW and non-CRT CEW, based on information voluntarily provided by recyclers for the 2017 calendar year.
 - a. Aggregated split cost data.
3. [February 12, 2018, stakeholder workshop Recycling Payment Rates](#) that contained the following document relied upon:
 - a. Recycling Payment Rates presentation, which contained an overview of the issues and proposed draft regulatory language.
4. [April 17, 2018, stakeholder workshop Net Cost Reports](#) that contained the following document relied upon:
 - a. Preliminary Net Cost Report Analysis for 2017 presentation, which contained preliminary net cost data, including the voluntary split cost data.
5. [May 7, 2018, stakeholder workshop Recovery and Recycling Payment Rates Considerations](#), contained the following documents relied upon:

- a. Recovery and Recycling Payment Rates Considerations presentation, which contained net cost data, including the voluntary split cost data, and proposed adjustments to the CEW recycling payment rates.
- 6. [April 27, 2020, stakeholder workshop Recovery and Recycling Payment Rates Considerations](#), contained the following documents relied upon:
 - a. Payment Rate Considerations presentation which contained net cost data and proposed adjustments to the CEW recycling payment rates.
 - b. 2019 Aggregated Net Cost Report data
- 7. [February 9, 2021, informal rulemaking workshop, Structure for Pursuing Multiple Covered Electronic Waste Recycling Payment Rates](#), contained the following documents relied upon:
 - a. Structure for Pursuing Multiple Covered Electronic Waste Recycling Payment Rates presentation, which contained net cost data, the decline of CRT CEW and the increase in non-CRT CEW, proposal to make permanent the emergency regulations currently in place without any further substantial changes and the three proposed non-substantial changes.
 - b. The existing regulations.

FINDINGS REGARDING EVIDENCE OF NO SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS

Based on the Economic Impact Assessment discussed below, CalRecycle has made the initial finding that the proposed regulations will not have a significant adverse economic impact on business.

ECONOMIC IMPACT ASSESSMENT

Cost Impacts

CalRecycle is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. There are no new or separate costs incurred to participate in or comply with the Covered Electronic Waste (CEW) Recycling Program. The CEW Recycling Program is a cost relief program established pursuant to the Act. Its intent is to offset cost for the otherwise compliant management of certain electronic wastes.

The proposed regulations split the single CEW recycling payment rate into separate payment rates for CRT CEW and non-CRT CEW. The proposed regulations establish the regulatory structure necessary to accommodate a differential payment rate for non-CRT CEW. This allows recyclers to receive an increased payment for processing/recycling non-CRT CEW given that the net cost of processing/recycling is higher for non-CRT CEW than CRT CEW.

The related emergency regulations that impacted approved recyclers were approved and became effective in May 2018. These emergency regulations were readopted in May 2020 and expire in May 2022. The requirements of the proposed regulations that are now being finalized with no substantial changes and are no more burdensome than the emergency regulations already in effect. In fact, the requirements of the proposed

regulations benefit the impacted businesses more than the regulations that existed prior to 2018, since recyclers now receive a higher rate of compensation for non-CRT CEW.

Businesses Impacted

The majority of potentially affected businesses are small businesses. Only approved recyclers would be directly affected by these rules, and approximately 90 percent of these are small businesses.

There are currently twenty approved recyclers in the CEW Recycling Program. Approved recyclers (who comply with the regulatory requirements necessary for approval) must apply to participate by submitting certain documents that demonstrate eligibility. Subsequently, approved recyclers conduct and document CEW recycling activities. Approved recyclers submit payment claims to CalRecycle. Since the recycling rate was split into two rates, there has been a net gain in the number of approved recyclers that process and claim non-CRT CEW for payment from thirteen in 2018 to eighteen in 2020.

These recyclers were not new to the CEW Recycling Program, as they were already approved recyclers processing CRT material. Since the volume of CRT CEW processed by recyclers is decreasing annually due to depletion of legacy material, CalRecycle has no way of knowing if the five new non-CRT recyclers hired additional employees or shifted the duties of existing employees that were processing CRT CEW.

Creation or Elimination of Businesses within the State of California

The requirements and options in the regulations will not create or eliminate businesses within the State of California. The proposed regulations split the original payment rate for CEW into separate rates for CRT and non-CRT CEW. However, the rules do not create new and separate material management standards.

The related emergency regulations that impacted approved recyclers were approved and became effective in May 2018. They were readopted in May 2020 and expire in May 2022. The change in regulatory structure enabled CalRecycle to pursue different payments and, as such, significantly increase the payment rate for non-CRT CEW.

Creation or Elimination of Jobs within the State of California

The requirements and options in the regulations will not create or eliminate jobs within the State of California. The proposed regulations split the single CEW recycling payment rate into separate payment rates for CRT CEW and non-CRT CEW pursuant to the Act. There are no California government jobs created or eliminated as a result of these regulations. However, the rules do not create new and separate material management standards. Splitting the single rate into multiple rates has allowed additional recyclers to begin profitably processing non-CRT CEW. It is possible that this created jobs and that more will be added as more recyclers begin to process non-CRT CEW.

Expansion of Businesses Currently Doing Business Within the State

Since the recycling rate was split into two rates, there has been a net gain in the number of approved recyclers that process and claim non-CRT CEW for payment from thirteen in 2018 to eighteen in 2020. These recyclers were not new to the CEW

Recycling Program, as they were already approved recyclers processing CRT material. Since the volume of CRT CEW processed by recyclers is decreasing annually due to depletion of legacy material, CalRecycle has no way of knowing if the five new non-CRT recyclers hired additional employees or shifted the duties of existing employees that were processing CRT CEW.

FINDING ON NECESSITY OF REPORTS (GOVERNMENT CODE SECTION 11346.3(d))

The Act requires CalRecycle to set recycling payment rates based on the average net cost of recycling (including receiving, processing, and recycling) CEW (see PRC, Section 42478(a)). CalRecycle can only accomplish this goal by requiring approved recyclers to submit yearly net cost reports (see CCR, Title 14, Section 18660.10). The proposed regulations require approved recyclers to submit Net Cost Reports which separate costs to recycle CRT CEW and non-CRT CEW, whereas the previous version of the regulations only required reporting for costs to recycle all CEW. The proposed regulations also require approved recyclers to provide more information about the management of both CRT CEW and non-CRT CEW in order for to capture the true costs and revenues of recycling these two types of CEW. These reports, while they do not differ much from what was required prior to the adoption of the emergency regulations which split the recycling payment rates, are necessary for the health, welfare, and safety of the people of California because CalRecycle cannot carry out the requirements of the Act without businesses submitting Net Cost Reports.

DUPLICATION OR CONFLICTS WITH FEDERAL REGULATIONS

CalRecycle has determined that no unnecessary duplication or conflicts exist between the proposed regulations and federal regulations because federal law or regulations do not contain comparable requirements. The rules establish separate payment rates for CRT and non-CRT CEW for a voluntary program established by the Act. The framework of the CEW Recycling Program is unique to state law.