

CALIFORNIA PASSED ITS BOTTLE BILL IN 1986 TO CUT LITTER AND LANDFILLING.

IT WORKED.

WE WENT FROM RECYCLING 6 BILLION BOTTLES AND CANS THE FIRST YEAR TO 18.6 BILLION. IN 2021, THE PROGRAM HAD A 68% RECYCLING RATE FOR BEVERAGE CONTAINERS

OVER THE LAST 3 DECADES, CALIFORNIANS RECYCLED 463 BILLION BEVERAGE CONTAINERS AND BUILT A ROBUST, IN-STATE RECYCLING ECONOMY TO TURN OLD MATERIALS INTO NEW PRODUCTS. WE DID IT BY LAYING THE GROUNDWORK FOR A CIRCULAR ECONOMY FOR BEVERAGE CONTAINERS.

MOST BEVERAGE CONTAINERS IN CALIFORNIA HAVE A CALIFORNIA REFUND VALUE, OR CRV.

CRV IS PAID BY THE BUSINESSES THAT SELL THE BEVERAGE CONTAINERS. DISTRIBUTORS ARE PAID BACK BY RETAILERS, LIKE GROCERY STORES.

RETAILERS ARE THEN PAID BACK BY CONSUMERS WITH AN ADDED 5 OR TEN CENTS PER BOTTLE AT CHECKOUT

FINALLY, THE CRV CAN BE REDEEMED AND THE DEPOSIT REDEEMED WHEN THE BOTTLE IS BROUGHT TO A RECYCLING CENTER.

RECYCLING CENTERS TAKE IN BOTTLES AND CANS AND REDEEM CRV, BUT DO NOT MAKE MONEY FROM CRV. THEIR PROFIT COMES FROM SELLING BOTTLES AND CANS FOR SCRAP VALUE. FOR DECADES, RECYCLING CENTERS THRIVED WITH STRONG MARKETS AND A HIGH SCRAP VALUE FOR ALUMINUM.

NOT ALL MATERIALS HAVE SUCH HIGH SCRAP VALUE HOWEVER, AND FOR MATERIALS THAT ARE MORE EXPENSIVE TO RECYCLE THAN THEIR SCRAP VALUE – LIKE PLASTIC AND GLASS - CALIFORNIA'S BOTTLE BILL LAW ESTABLISHED PROCESSING PAYMENTS TO HELP BRIDGE THE GAP BETWEEN THE COST OF RECYCLING AND THE SCRAP VALUE OF A GIVEN MATERIAL.

THE FORMULA FOR CALCULATING THE PROCESSING PAYMENT IS SET IN STATUTE.

IT'S THE DIFFERENCE BETWEEN THE COST OF RECYCLING – MODIFIED TO ACCOUNT FOR THE COST OF LIVING AND A REASONABLE FINANCIAL RETURN - AND THE 12 MONTH AVERAGE SCRAP VALUE FOR A GIVEN MATERIAL.

CALRECYCLE FOLLOWS THE LEGALLY-MANDATED FORMULA TO DETERMINE PROCESSING PAYMENTS, WHICH FLUCTUATE BASED ON MARKET CONDITIONS, LIKE CHANGES IN SCRAP VALUE FOR MATERIAL.

SINCE PROCESSING PAYMENTS ARE INTENDED TO FILL THE GAP BETWEEN THE COST OF RECYCLING AND THE SCRAP VALUE, AS GLOBAL SCRAP VALUES GO UP, THE LEVEL PROCESSING PAYMENTS CALRECYCLE CAN LEGALLY PAY TO RECYCLING CENTERS GOES DOWN.

THESE PROCESSING PAYMENTS ARE PAID FROM A COMBINATION OF BEVERAGE MANUFACTURER FEES AND UNREDEEMED CALIFORNIA BOTTLE AND CAN DEPOSITS.

THE LAW REQUIRES CALRECYCLE TO ADJUST PROCESSING PAYMENTS AT THE START OF EACH NEW YEAR BASED ON A MATERIAL'S AVERAGE SCRAP VALUE OVER A PREVIOUS 12 MONTH PERIOD.

USING A 12 MONTH AVERAGE TO SET A PROCESSING PAYMENT FOR THE FOLLOWING YEAR HAS HISTORICALLY PROVIDED A MEASURE OF PREDICTABILITY FOR THE RECYCLING INDUSTRY.

HOWEVER, THE TIME LAG BUILT INTO THE FORMULA MEANS THAT AT ANY GIVEN MOMENT, THE PROCESSING PAYMENT WILL NOT PERFECTLY MAP ONTO THE SCRAP VALUE.

THIS RECENTLY CAUSED A PROBLEM FOR PET PLASTIC PROCESSING PAYMENT RATES. FROM FALL 2021 TO SPRING 2022, THE SCRAP VALUE FOR PET PLASTIC SPIKED DUE TO FACTORS SUCH AS THE RISING PRICE OF OIL, BUT THEN TUMBLED INTO THE FALL OF 2022 . SINCE THE PROCESSING PAYMENT FOR 2023 LOOKED AT THE AVERAGE OF PET PLASTIC OVER THAT WHOLE TIME WINDOW,

IT RESULTED IN A LOW PROCESSING PAYMENT, AT THE SAME TIME THAT THE CURRENT SCRAP VALUE OF PET PLASTIC WAS ALSO LOW.

REMEMBER, WHEN THE 12 MONTH AVERAGE SCRAP VALUE GOES UP, PROCESSING PAYMENTS LEGALLY MUST GO DOWN.

THE LAW REQUIRES CALRECYCLE TO ADJUST THE PROCESSING PAYMENT RATES EVERY JANUARY FIRST. MOST RECENTLY, CALRECYCLE WAS LEGALLY REQUIRED TO RECALCULATE THE PROCESSING PAYMENT IN DECEMBER 2022 FOR 2023.

TO RESPOND TO CHANGING SCRAP PRICES, CALRECYCLE CAN REASSESS THE PROCESSING PAYMENT EVERY THREE MONTHS TO CONSIDER THE LATEST 12-MONTH AVERAGE SCRAP VALUE.

THAT MEANS THE DEPARTMENT WAS ABLE TO REASSESS THE PROCESSING PAYMENT AGAIN IN MARCH 2023 TO REFLECT THE DECLINING SCRAP VALUE OF PET. NEW PAYMENT RATES TAKE EFFECT IN APRIL.