

Processing Payment Emergency Regulations  
STD 399 Economic and Fiscal Impact Statement Appendix  
Fiscal Impact Statement

**A. Fiscal Effects on Local Government**

6) There are 60 certified recycling programs operated by local government entities that are receiving processing payments during 2024. When the Dun and Bradstreet Index was utilized to calculate the reasonable financial return (RFR), the processing payment fluctuated greatly from year to year with an average percentage rate of 3 percent from 2010-2019. If this regulation were adopted, continuing the stability of the 10 percent RFR rate since 2020, the estimated processing payments to certified recycling centers operated by local governments in 2025 will be \$6,672,297. The change in the estimated processing payments from year to year are not due to the establishment of the 10 percent RFR rate, but rather due to changes in the underlying scrap values, costs to recycle, and quarterly adjustments to the processing payments. This is a subset of the total processing payments anticipated to be paid out in 2025 in the state of California.

**B. Fiscal Effects on State Government**

3) No Fiscal Impact Exists: There is no anticipated fiscal effect on state government. No state agency will have any costs, savings, or revenue changes.

Processing payments are calculated based on the difference between the scrap values offered to recyclers and the sum of the actual costs of recycling for certified recycling centers, plus the RFR. Expenditures for processing payments are funded through processing fee offsets from the Fund and by beverage manufacturers who pay processing fees based on the method for determining processing fees and payments prescribed in Public Resources Code section 14575.

This proposed rulemaking sets the RFR for calendar year 2025. The table below shows the historical (2020-2023) and projected (2024-2025) total processing payments paid out to all recyclers in the state of California. As shown, the RFR has been set at 10 percent since calendar year 2020. The Dun and Bradstreet Index historically used for the RFR calculation has been discontinued so it is unknown what the alternative rate would be for comparison. There is no fiscal impact from this regulation because the only measurement available for the impact of the RFR rate is the processing payment, and the RFR rate is not the only factor that influences the processing payment cost. The processing payment cost projected for 2025 is based on the higher scrap value for Polyethylene Terephthalate (PET) Plastic, higher cost of recycling and the quarterly adjustments to the processing payments. Public Resources Code section 14581(a)(5) authorizes the continuous appropriation of funds to cover any adjustments throughout the year in the processing fee offsets paid from the Fund.

<b>Calendar Year</b>	<b>RFR</b>	<b>Processing Fee Offset (from BCRF)</b>	<b>Processing Fees (from Beverage Manufacturers)</b>	<b>Processing Payment (to All Recyclers in CA)</b>
2020	10%	\$133,159,100	\$33,453,058	\$158,708,045
2021	10%	\$147,502,195	\$39,748,783	\$179,903,998
2022	10%	\$116,129,940	\$30,258,494	\$137,503,249
2023	10%	\$108,289,807	\$23,014,143	\$128,359,893
2024 (projected)	10%	\$170,299,725	\$42,614,061	\$207,321,702
2025 (projected)	10%	\$169,421,510	\$42,410,846	\$206,240,272

**C. Fiscal Effects on Federal Funding of State Programs**

3) No fiscal impact exists. The proposed emergency regulation will not have any impact on the federal funding of any state program.