

**Department of Resources Recycling and Recovery**  
**SB 156 Handling Fee Rate Determination Emergency Regulations**

**STD. 399: Economic and Fiscal Impact Statement**

**Fiscal Impact Statement Supplemental Information**

**Methodologies for Individual Answers – Fiscal Impact Statement**

**A. Fiscal Effects on Local Government**

6. As of October 2024, nine (9) certified recycling programs operated by local government entities received a handling fee payment. If this regulation were adopted, the estimated increase in handling fee payments to certified recycling centers operated by local governments in Fiscal Year 2025/2026 will be \$175,486 of the \$7,912,354 fiscal impact as noted in Table 1 - Estimated Impacts of Proposed Handling Fee Baseline.

**B. Fiscal Effects on State Government**

4. As noted in Table 1, the proposed methodology will increase payments to eligible handling fee recipients by \$7.9 million for Fiscal Year 2025/2026. The fiscal effect for subsequent fiscal years is expected to be similar to the fiscal effect of Fiscal Year 2025/2026. The California Beverage Container Recycling Fund (BCRF) has sufficient resources to pay for the proposed additional handling fees without impacting other mandatory payments. PRC section 14585(a)(1) authorizes the continuous appropriation from the California Beverage Container Recycling Fund (BCRF) to expend the amount necessary each fiscal year for handling fees.

**Table 1 - Estimated Impacts of Proposed Handling Fee Baseline**

<b>Fiscal Year (FY) 2025/2026</b>
<b>Cost A - Historical Methodology</b> (Cost Survey) (= HF Recipient Costs – Non-HF Recipient Costs)
\$0.01165 HF Rate (\$0.01092 + 6.7% COLA) <ul style="list-style-type: none"><li>• \$79,431,106 Annual Total</li></ul>
<b>Cost B - Proposed Methodology</b> (Fixed Baseline)
\$0.01281 HF Rate (\$0.01250 + 2.5% COLA) <ul style="list-style-type: none"><li>• \$87,343,460 Annual Total</li></ul>
<b>Cost A and Cost B Difference</b> (BCRF Fiscal Impact)
<ul style="list-style-type: none"><li>• <b>\$7,912,354</b></li></ul>

**Explanation of Data Used in Calculation**

Cost A - Historical Methodology costs were calculated using the handling fee rate of \$0.01092 (the handling fee rate for FY 23/24 and 24/25) as determined by the most current cost survey results. If CalRecycle does not set a new methodology in

regulations, it would revert to the historical cost survey methodology using the cost survey result determined biennially. For purposes of calculating the cost derived from this regulation in comparison to the status quo without regulations, the amount of \$0.01092 before the COLA application is used as the current cost. There is no projected handling fee for FY 2026/27 because the future cost survey amounts for 2026 are unknown until the cost survey is conducted.

Cost B – Proposed Methodology costs use the \$0.01250 baseline handling fee rate for the proposed regulations.

COLA - Both Cost A and Cost B methodologies include an annual Cost of Living Adjustment (COLA). The COLA for each methodology is derived from the California Consumer Price Index for All Urban Consumers (CPI-U) - Calendar Year Averages published by the Department of Finance (DOF). DOF calculates the CPI-U utilizing the data published by the U.S. Bureau of Labor Statistics. The information, as posted on DOF's website on the third Friday of May, will be used to determine the COLA when calculating the handling fee. The information used for the cost analysis data was posted on DOF's website as of April 2025. The COLA for Cost A reflects the COLA between the most recently concluded calendar year and the calendar year of CalRecycle's most recent cost survey data. The COLA for Cost B is the California % Change\_adjustment provided in the CPI-U for the most recently concluded calendar year.

Cost A and B Totals – The handling fee rates for Costs A and B were determined using the projected number of beverage containers as required by PRC section 14556(a)(1) to be handled in FY 2025/26. CalRecycle routinely generates and projects handling fee data and other information related to the Beverage Container Recycling Program; specifically, PRC section 14556(a)(5) requires CalRecycle to project the number of beverage containers eligible for handling fee payment.

Cost A and B Difference - As noted in Table 1, the proposed methodology will increase handling fee payments to eligible handling fee recipients by \$7.9 million in the first fiscal year of implementation, and the fiscal effect for subsequent fiscal years is expected to be similar to the fiscal effect of Fiscal Year 2025/2026.

### **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.