

Department of Resources Recycling and Recovery
AB 1311 Bag Drop Emergency Regulations

Fiscal Impact Statement Supplemental Information

Background of Bill and Regulations

The Department of Resources Recycling and Recovery (CalRecycle) is proposing to adopt emergency regulations contained in Title 14, Division 2, Chapter 5 of the California Code of Regulations (CCR) to establish requirements for the operation of bag drop recycling centers and mobile unit extensions for recycling centers.

The California Beverage Container Recycling and Litter Reduction Act (Act) (Chapter 1290, Statutes of 1986) was established to promote beverage container recycling and reduce litter by utilizing the California Refund Value (CRV) deposit and return system. Consumers pay the CRV when purchasing beverages in containers subject to the program. The CRV deposit is returned to consumers when they redeem the empty beverage container at a certified recycling center, a certified pilot project recycler, or a registered dealer cooperative. Public Resources Code (PRC) section 14538 requires recycling centers to apply for certification with CalRecycle before becoming operational. The statutes in the Act and its implementing regulations set forth standards and requirements for recycling centers, such as business hours and the types of materials they accept.

The law allows for some variation for reverse vending machines and separate standards to allow for greater flexibility for the operation of pilot project recyclers, including bag drop recycling, which successfully operates using a mobile model. Additionally, AB 179 (Chapter 249, Budget Act of 2022) and subsequent budget bills provide funding through the Beverage Container Redemption Innovation Grant (RIG) Program that can be used for bag drop, mobile recycling, traditional recycling centers, and reverse vending machines. Including mobile recycling as a component of a recycling center that meets all other operational requirements allows for bag drop models to be utilized in other locations.

Assembly Bill No. 1311 (Reg. Sess. 2021-2022, Chapter 506 of the Statutes of 2021) (AB 1311) added the definition of “bag drop recycling center” (PRC section 14503.5.1), gave bag drop recycling centers three business days to pay CRV to consumers (PRC section 14538), and made conforming changes to include bag drops in recycling center statutes. “Mobile units” have been included as a type of “recycling location” operated by a recycling center since the inception of the Act (PRC sections 14520.5 and 14501(e)).

The proposed regulations implement bag drop recycling centers and mobile recycling enhancements by clarifying and making specific electronic payments; the handling of bags containing materials for redemption; terms and conditions for bag drop recycling customers; applications for mobile recycling; and operational standards for mobile recycling.

Anticipated Benefits from this Regulatory Action

The proposed amendments will provide the following anticipated benefits that are aligned with the objectives of the Act:

These regulations support the environment by enabling new types of redemption models to increase consumer accessibility to recycling beverage containers in the state. The regulations also give consumers a wider range of options that may be more convenient to return their empty beverage containers for a refund. These regulations stimulate the circular economy by implementing bag drop and mobile recycling so that recycler operator businesses are incentivized to open locations in California.

These proposed regulations will implement, interpret, and make specific AB 1311 by integrating bag drop recycling centers and mobile recycling extensions of recycling centers into the regulatory framework of the BCRP. This increases clean streams of recyclable materials to support a circular economy and reduces environmental litter and the associated negative effects on health and society.

Littered beverage containers can attract pests and spread disease, while beverage containers littered as pollution into natural spaces and waterways can leach chemicals and microplastics that are harmful to human health into the groundwater that supplies society's drinking water. By adding new methods of redemption to the BCRP, this increases the rate at which those containers will be redeemed at a recycling center for the return of the CRV deposit rather than littered. Taken as a whole, these regulations will benefit the health and safety of residents of California and the state's environment by ensuring that these beverage containers are recovered instead of littered.

Assumptions, Data Sources, and Calculation.

CalRecycle's estimates of the yearly fiscal effect of these proposed regulations on state government include assumptions about the number of mobile unit applications that would be reviewed by CalRecycle staff, the amount of time each application review would take, and the cost of labor to conduct each review. CalRecycle administers the RIG Program to support start-up costs for mobile recycling programs, reverse vending machines, and bag drop programs for new and existing recycling centers. For fiscal year (FY) 25/26, grantees applied for 17 bag drop projects that included 38 different sites that could be certified as bag drop recycling centers, and 4 mobile recycling projects. For FY 26/27, CalRecycle estimates awarding approximately 51 bag drop recycling center locations and 6 mobile recycling projects, based on the assumption of an approximately 34% increase from the previous grant cycle. For FY 27/28, CalRecycle cannot provide a guaranteed estimate due to the funding allocation not yet being confirmed. Funding may be allocated to entities other than recycling centers, due to the RIG requirements. In the event that funding is provided to recycling centers, it will not exceed the \$30 million estimated for FY 26/27 and thus not exceed the same number of 51 bag drop recycling center locations and 6 mobile recycling projects.

Additionally, CalRecycle assumes that each mobile unit application review would take approximately four hours to complete based on CalRecycle staff's experience

processing similar applications. The cost of labor to conduct each review is based on the salary of an Associate Governmental Program Analyst (AGPA), which is the civil service classification of the position that would review these applications. While CalRecycle anticipates that the Staff Services Analyst classification may also conduct these reviews, CalRecycle is basing labor cost on the salary of an AGPA, because it represents the highest potential cost.

As the application information for bag drop recycling centers will be part of an existing recycling center application, CalRecycle does not anticipate that any significant additional time will be spent on application reviews as a result of these proposed regulations. Therefore, CalRecycle does not anticipate any additional labor costs related to the review of bag drop recycling center application questions.

CalRecycle's estimates of the fiscal effect of these proposed regulations on state government also include assumptions about the number of duplicate anchor recycling center physical signs that would be provided by CalRecycle, the cost of material required for each sign, and the cost of postage to mail each sign. The assumption that 42 duplicate recycling center physical signs would be provided by CalRecycle for FY 25/26 is based on the estimate that 4 applications for mobile recycling centers would be submitted, and 38 applications for bag drop locations would be submitted, with each application requiring at least one sign. For FY 26/27, CalRecycle estimates that 57 duplicate recycling center signs would be provided by CalRecycle based on the estimate that 6 applications for mobile recycling projects would be submitted, and 51 applications for bag drop locations would be submitted.

CalRecycle anticipates the material cost of each sign to be \$1 each and the postage cost for each sign to be \$5 each, based on CalRecycle staff's experience producing and mailing similar signage. Currently, CalRecycle staff mails recycling center signage once a week, and CalRecycle anticipates that the additional signs required by these regulations will not take a significant amount of additional time to mail. Accordingly, CalRecycle does not anticipate additional labor costs for mailing the signs.

Methodologies for Individual Answers – Fiscal Impact Statement

A. Fiscal Effects on Local Governments

5. No fiscal impact exists. CalRecycle does not anticipate any fiscal effect on local government.

B. Fiscal Effects on State Government

1.

FY 25/26

To determine the fiscal effects on state government of reviewing mobile unit applications for FY 25/26, CalRecycle calculated the price to process 4 mobile unit

applications, assuming the labor cost to be \$78.17 per hour, and that each application would take approximately 4 hours to process. CalRecycle based the \$78.17 per hour labor cost on the salary of an AGPA, which is the civil service classification of the position that would review these applications. While CalRecycle anticipates that the Staff Services Analyst classification may also conduct these reviews, CalRecycle is basing labor cost on the salary of an AGPA as it represents the highest potential cost. Please see Table 1 for information on how the hourly labor cost of reviewing mobile unit applications was calculated. The total cost of reviewing mobile unit applications for FY 25/26 is estimated to be \$1,250.72 (4 x 4 x \$78.17).

To determine the fiscal effects on state government of providing a duplicate anchor recycling center certification sign for mobile units and bag drop programs for FY 25/26, CalRecycle calculated the price to create 42 physical signs, assuming the cost of materials to create each physical sign to be \$1 and the cost of postage to mail each sign to be \$5. The total cost of producing and mailing duplicate physical signs for FY 25/26 is estimated to be \$252 (\$6 x 42). Please see Table 2 for information on how the total cost of producing and mailing duplicate physical signs was calculated. CalRecycle has the ability to provide digital duplicate anchor recycling center signs at no additional cost.

Therefore, the total fiscal effect on state government for FY 25/26 is \$1,502.72 (\$1,250.72 + \$252).

FY 26/27

To determine the fiscal effects on state government of reviewing mobile unit applications for FY 26/27, CalRecycle calculated the price to process 6 mobile unit applications, assuming the labor cost to be \$78.17 per hour, and that each application would take approximately 4 hours to process. CalRecycle based the \$78.17 per hour labor cost on the salary of an AGPA, which is the civil service classification of the position that would review these applications. While CalRecycle anticipates that the Staff Services Analyst classification may also conduct these reviews, CalRecycle is basing labor cost on the salary of an AGPA as it represents the highest potential cost. Please see Table 1 for information on how the hourly labor cost of reviewing mobile unit applications was calculated. The total cost of reviewing mobile unit applications for FY 26/27 is estimated to be \$1,876.08 (6 x 4 x \$78.17).

To determine the fiscal effects on state government of providing a duplicate anchor recycling center certification sign for mobile units and bag drop programs for FY 26/27, CalRecycle calculated the price to create 57 physical signs, assuming the cost of materials to create each physical sign to be \$1 and the cost of postage to mail each sign to be \$5. The total cost of producing and mailing duplicate physical signs for FY 26/27 is estimated to be \$342 (\$6 x 57). Please see Table 3 for information on how the total cost of producing and mailing duplicate physical signs was calculated. CalRecycle

has the ability to provide digital duplicate anchor recycling center signs at no additional cost.

Therefore, the total fiscal effect on state government for FY 26/27 is \$2,218.08 (\$1,876.08 + \$342).

FY 27/28

The number of mobile recycler applicants are derived from the awarded grants from AB 179. The remaining funding may be allocated to entities other than mobile recyclers, due to the funding restrictions under AB 179. The potential cost for FY 27/28 is unknown but likely less than \$2,218.08 because the existing mobile recycler applications will have already been processed and signs purchased in previous fiscal years.

Table 1: Hourly Labor Cost

Classification	Total Compensation (Max)	Annual Hours Worked	Hourly Rate
Associate Governmental Program Analyst	\$155,721.00	1992	\$78.17

Table 2: Total Annual Cost for FY 25/26

Activity	Number of Applications/Signs	Hours Spent on Each Activity	Hourly Labor Cost	Material and Postage Cost Per each Sign	Total Annual Cost
Mobile Unit Application Review	4	4	\$78.17	N/A	\$1,250.72
Creation of Mobile Unit Duplicate Physical Signs	42	N/A	N/A	\$6	\$252
Total Cost					\$1,502.72

Table 3: Total Annual Cost for FY 26/27

Activity	Number of Applications/Signs	Hours Spent on Each Activity	Hourly Labor Cost	Material and Postage Cost Per each Sign	Total Annual Cost
Mobile Unit Application Review	6	4	\$78.17	N/A	\$1,876.08
Creation of Mobile Unit Duplicate Physical Signs	57	N/A	N/A	\$6	\$342
Total Cost					\$2,218.08

As shown in Table 2 above, CalRecycle determined the total annual fiscal effect of these proposed regulations on state government for FY 25/26 to be \$1,502.72. With the passage of AB 1311, CalRecycle determined that implementation would be minimal and that this cost would be absorbed within existing resources.

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.