

**Department of Resources Recycling and Recovery**  
SB 1013 Addition of New Beverage Containers Regulations

**INITIAL STATEMENT OF REASONS**

**INTRODUCTION**

The Department of Resources Recycling and Recovery (“CalRecycle” or “department”) administers the California Beverage Container Recycling and Litter Reduction Act (“Act”), which was added to state law by Assembly Bill No. 2020 (1985-1986 Reg. Session, Chapter 1290 of the Statutes of 1986). The Act, commonly known as the “Bottle Bill”, created the infrastructure to encourage large scale recycling of beverage containers and is administered by the Beverage Container Recycling Program (BCRP) within the department. The intent of the Act is to encourage increased, and more convenient, beverage container redemption opportunities for all consumers, and to provide the opportunity to return beverage containers conveniently, efficiently, and economically, in every region of the State.

The Act became effective on September 29, 1986, and originally only included as eligible beverages beer, malt beverages, and carbonated soft drinks. Each covered beverage in a beverage container constructed of metal, glass, or plastic had a California Refund Value (“CRV”) of 1 cent, which a consumer pays when purchasing a beverage, as defined in Public Resources Code (“PRC”) section 14504, in a beverage container, as defined in PRC section 14505, and is refunded to the consumer when they redeem the empty beverage container at a recycling center.

Since the Bottle Bill was enacted, there have been a number of amendments to PRC section 14504 to expand the type of beverages covered by the Act. Immediately prior to the passage of Senate Bill 1013 (2021-2022 Reg. Session, Chapter 610 of the Statutes of 2022) (“SB 1013”), certain types of beverages were covered by the Act where in a beverage container primarily consisting of aluminum, glass, plastic, or bimetal. The covered beverage types excluded the following: wine, distilled spirits, wine and distilled spirit coolers exceeding 7 percent alcohol by volume, certain large fruit and juice containers, milk, medical food, and infant formula. Prior to SB 1013 being chaptered, CRV had increased to 5 cents for a beverage container less than 24 ounces, and 10 cents for a beverage container 24 ounces or larger.

SB 1013 amended PRC sections 14504 and 14528.5 to add as eligible beverages wine, distilled spirits, and wine and distilled spirits coolers exceeding 7 percent alcohol by volume. SB 1013 also expanded the types of beverage containers eligible for redemption to include a beverage container that is a box, bladder, or pouch, or similar container, regardless of the material type from which the beverage container is made, as long as the box, bladder, or pouch contains wine or distilled spirits. (PRC section 14504.)

To transition new beverage manufacturers of the newly added beverage and beverage container types into the BCRP, SB 1013 included related provisions such as a temporary CRV labeling exemption until July 1, 2025, for the newly included beverages and beverage containers (PRC section 14561), and a permanent CRV labeling exemption in PRC section 14561(f)(1)(B)-(C) for certain containers filled and labeled prior to their inclusion in the Act. SB 1013 also set the CRV at 25 cents for a beverage container that is a box, bladder, or pouch, or similar container, containing wine or distilled spirits (PRC section 14560).

Regulations are needed to clarify, implement and make specific these changes from SB 1013. The new container material types are undefined and lack implementation details for the department and its regulated participants. Regulations are necessary to provide the same level of clarity for the new beverage and beverage container types as are available for beverage and beverage container types that have been in the BCRP prior to the enactment of SB 1013.

CalRecycle has engaged interested parties at workshops held on October 24, 2023, November 8, 2023, and December 14, 2023, and solicited informal comments on proposed implementation of the inclusion of additional beverages and beverage containers into the BCRP as a result of SB 1013. Comments collected from these workshops informed draft regulatory language that the department presented for additional interested party feedback at two workshops held on December 18, 2023, and October 29, 2024. CalRecycle considered all comments received on the draft regulatory language and revisions were made to the regulation text in response to the comments.

## **PROBLEM STATEMENT**

The Legislature enacted SB 1013 to expand the types of beverages and beverage containers that are eligible for redemption as part of the BCRP. Prior to the passage of SB 1013, chapter 5, division 2, title 14 of the California Code of Regulations (“14 CCR”) established a framework for the BCRP that includes a system of payments and procedures among a variety of program participants. This regulatory framework is built upon the previously eligible beverages and beverage containers. The newly eligible beverages and beverage containers are not accounted for in CalRecycle’s existing regulations, and CalRecycle is seeking to establish permanent regulations to incorporate these new beverages and beverage containers into the BCRP’s regulatory framework.

Specifically, PRC section 14504(a)(12) includes in the Act’s definition of “beverage” “wine or distilled spirits contained in a beverage container that is a box, bladder, or pouch, or similar container, regardless of the material type from which the beverage container is made.” There is no universal understanding of what types of beverage containers constitute a “box, bladder, or pouch, or similar container,” which necessitates the adoption of the proposed regulations to make clear to the public and regulated entities the specific types of new beverage containers included in the BCRP: bag in box,

multi-layer pouch, and paperboard carton containing wine, distilled spirits, and distilled spirit cooler (proposed 14 CCR section 2000(a)(3.05), (a)(31.7), and (a)(33.5)).

SB 1013 also added various provisions to the Act related to implementation of the new beverages and beverage containers. For instance, under PRC section 14560(c), “a beverage container that is a box, bladder, or pouch, or similar container, containing wine or distilled spirits, as described in paragraph (12) of subdivision (a) of Section 14504, sold or offered for sale in the state shall have a redemption payment and refund value of twenty-five cents (\$0.25).” CalRecycle has determined it is necessary to clarify and make specific the precise beverages and beverage containers subject to the 25 cent CRV and redemption payment: bags in boxes, multi-layer pouches, paperboard cartons, and plastic #1-7 pouches containing wine, distilled spirits, or wine and distilled spirit cooler (proposed 14 CCR section 2900(b)(2)).

Wine and distilled spirit coolers were included beverages in the Act before wine and distilled spirits were added, as long as they didn’t exceed 7 percent alcohol by volume. These regulations interpret wine and distilled spirit coolers to be a type of wine or distilled spirit. Therefore, all regulations that apply to wine and distilled spirits also apply to wine and distilled spirit coolers. This is necessary because SB 1013’s removal of the 7 percent alcohol by volume maximum for wine and distilled spirit coolers makes wine and distilled spirits with an imperceptible amount of flavoring virtually indistinguishable from a wine and distilled spirit cooler under the definition in PRC section 14510.2. Certain other provisions of SB 1013 relating to the addition of new beverages and beverage containers are ambiguous and require clarification through regulations. For example, PRC section 14547(a)(4) states with regard to postconsumer recycled plastic percentage requirements that “A beverage container that is a box, bladder, or pouch, or similar container, that contains wine or distilled spirits, shall have an additional two years to comply with each of the deadlines in paragraphs (1), (2), and (3).” The statutory language is unclear regarding exactly how those postconsumer recycled plastic percentage requirements apply to the new beverages and beverage containers. While PRC section 14547 generally applies to beverage containers that meet the definition of “plastic beverage container” under PRC section 14517, it is ambiguous whether the section also applies to boxes, bladders, and pouches due to those new container types being referenced in PRC section 14547(a)(4). Bag in box, paperboard carton, and multi-layer pouch are new container types that do not meet the definition of a plastic beverage container. However, based on the reference to boxes, bladders, and pouches in PRC section 14547(a)(4), these regulations interpret the plastic minimum content requirements to also apply to the plastic contained in the new material types bag in box, paperboard carton, or multi-layer pouch that contain wine, distilled spirits, or wine and distilled spirit coolers.

Therefore, CalRecycle is proposing to adopt a timeline of when those postconsumer recycled plastic percentage requirements are effective (proposed 14 CCR section

2243(a)) and a process for reporting the postconsumer recycled plastic percentages (proposed 14 CCR section 2240(b)(3)) for the new types of beverage containers.

As described above, these proposed regulations will implement, interpret, and make specific SB 1013 by integrating the new types of beverage containers and beverages into the regulatory framework of BCRP as part of 14 CCR.

## **SPECIFIC PURPOSE AND NECESSITY OF THE PROPOSED REGULATIONS**

### **TITLE 14. NATURAL RESOURCES**

### **DIVISION 2. DEPARTMENT OF CONSERVATION**

### **CHAPTER 5. DIVISION OF RECYCLING**

### **SUBCHAPTER 1. DEFINITIONS**

### **SECTION 2000. DEFINITIONS**

#### **Subsection (a)(3.05)**

The purpose of this paragraph is to define the term “bag in box” as a beverage container containing wine, distilled spirits, or wine and distilled spirit cooler that has specified elements.

This is necessary to clarify the phrase “box, bladder, or pouch, or similar container” as used in PRC section 14504. That statutory language is ambiguous and therefore it is necessary to establish a clear example of a type of beverage container that exists on the market that falls within the parameters of “box, bladder, or pouch, or similar container.” It also is necessary to specify that the beverage container must contain wine, distilled spirits, or wine and distilled spirit cooler in order to qualify as a “bag in box,” because PRC section 14504 restricts these new types of containers to those containing wine or distilled spirits. Specifically, adding wine and distilled spirit coolers is necessary because SB 1013’s removal of the 7 percent alcohol by volume maximum for wine and distilled spirit coolers makes wine and distilled spirits with an imperceptible amount of flavoring virtually indistinguishable from a wine and distilled spirit cooler under the definition in PRC section 14510.2. PRC section 14504(a)(12) adds boxes, bladders, and pouches as new container material types if they contain wine or distilled spirits and CalRecycle interprets wine and distilled spirits to include wine and distilled spirit coolers.

This definition provides clarity to all parties affected by the BCRP regarding what type of bag in box beverage container is included in the BCRP.

#### **Subsection (a)(3.05)(A)**

The purpose of this subparagraph is to specify that, in order to be considered a “bag in box” and therefore subject to the BCRP, a bag in box beverage container must include an interior flexible bag with a valve to dispense a beverage.

This is necessary to further clarify the definition of a “bag in box.” This description of an element of a bag in box consisting of an interior flexible bag with a valve to dispense a

beverage interprets SB 1013 to specifically include a common type of beverage container that currently exists on the market. This provision provides clarity to all parties affected by the BCRP regarding what type of bag in box beverage container is included in the BCRP.

**Subsection (a)(3.05)(B)(i)-(iii)**

The purpose of this subsection is to specify that, in order to be considered a “bag in box” and therefore subject to the BCRP, a bag in box beverage container must include an exterior cardboard box through which a valve is designed to extend to dispense the beverage. The purpose of this subparagraph is also to specify that the box is not required to be rectangular in shape.

This is necessary to further clarify the definition of a “bag in box.” This description of an element of a bag in box through which a valve is designed to extend to dispense the beverage interprets SB 1013 to specifically include a common type of beverage container that currently exists on the market. Additionally, the word “box” is susceptible to multiple interpretations, therefore it is necessary to specify that the box is not required to be rectangular in shape. For instance, there is a bag in box beverage container currently on the market that is shaped like a purse rather than a rectangle. The clarification that the box is composed of primarily cardboard is necessary because the bag in box is not intended to be a plastic beverage container. These provisions provide clarity to all parties affected by the BCRP regarding what type of bag in box beverage container is included in the BCRP.

**Subsection (a)(4)(D)**

The purpose of this subparagraph is to establish a cancellation method for the new types of beverage containers. Specifically, the provision establishes that a bag in box, multi-layer pouch, or paperboard carton is considered cancelled when the original form has been so altered as to make its reconstitution physically impossible.

This is necessary because cancellation of an empty beverage container is required to remove the refund value from the empty beverage container, thereby preventing the refund value being paid more than once for an individual empty beverage container. For a bag in box, multi-layer pouch, or paperboard carton specifically, the method of cancellation is established as altering the original form to make reconstitution physically impossible. This cancellation method is necessary to prevent an empty beverage container from being redeemed for the refund value more than once, because if the empty beverage container is broken down in a way that reconstitution is impossible, then a recycling center will know not to pay the refund value for the beverage container. This is consistent with the cancellation method for plastic beverage containers established in 14 CCR section 2000(a)(4)(C).

**Subsection (a)(4)(E)**

The purpose of this amendment is to re-letter the subparagraph to allow for newly added language inserted at subparagraph (D). This re-lettering change is a non-substantive change without regulatory effect.

This re-lettering change is necessary to ensure that the subparagraphs remain in alphabetical order.

#### **Subsection (a)(4)(F) and (a)(4)(G)**

The purpose of this amendment is to replace the word “subsections” with the word “sections”. The purpose of this amendment is also to delete the phrase “of these regulations”. The purpose of this amendment is to re-letter the subparagraphs to allow for newly added language inserted at subparagraph (D). This re-lettering change is a non-substantive change without regulatory effect.

Replacing “subsections” with “sections” is necessary to standardize the citation format throughout the regulations. It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant.

This re-lettering change is necessary to ensure that the subparagraphs remain in alphabetical order.

#### **Subsection (a)(9)**

The purpose of this amendment is to add language to the “Clearly and Prominently” definition that specifies the redemption message must be easily found and read without effort or difficulty, both when the container is filled and when the container is empty. This amendment is necessary because a consumer must be able to see the CRV redemption message without effort or difficulty when purchasing a filled beverage container and also a recycling center must be able to see the CRV redemption message without effort or difficulty when redeeming an empty beverage container.

#### **Subsection (a)(31.7)**

The purpose of this paragraph is to define the term “multi-layer pouch” as a beverage container containing wine, distilled spirits, or wine and distilled spirit cooler with a flexible body of multiple layers of material consisting of a combination of plastic, foil, paper, or other material. The purpose is also to clarify that a multi-layer pouch does not include a plastic #1-7 beverage container.

This is necessary to clarify the phrase “box, bladder, or pouch, or similar container” as used in PRC section 14504. This statutory language is ambiguous and therefore it is necessary to establish a clear example of a type of beverage container that exists on the market that falls within the parameters of “box, bladder, or pouch, or similar container.” A plastic #1-7 pouch containing a beverage subject to CRV was already in the BCRP as a plastic beverage container before the passage of SB 1013 due to falling under the definition of “plastic beverage container” in PRC section 14517. Prior to the passage of SB 1013, container material types in the BCRP included only plastic #1-7, glass, aluminum, and bimetal that contain a beverage subject to CRV. Plastic #1-7

beverage containers included bottles or pouches. The proposed regulations single out a plastic pouch containing wine or distilled spirits or wine or distilled spirit coolers as subject to a 25 cent CRV that would otherwise be subject to a CRV of 5 or 10 cents if packaged in a plastic bottle. For this reason, it is necessary to distinguish and define a pouch as a type of container. SB 1013 added new container material types “boxes, bladders, and pouches” only if they contain wine or distilled spirits or wine and distilled spirit coolers. SB 1013 added pouches as a new container material type (that is not a plastic, glass, aluminum, or bimetal beverage container) containing wine or distilled spirits or wine or distilled spirit coolers. “Multi-layer pouches” are introduced as a new container material type. This beverage container is identifiable as composed of a multi-layer material and in the form of a pouch. Therefore, it is necessary to distinguish the new pouches added to the BCRP by SB 1013 from the existing pouches by specifying this new type of pouch has multiple layers of material consisting of a combination of plastic, foil, paper, or other material. It is also necessary to clarify that a multi-layer pouch does not include a plastic #1-7 beverage container to avoid any confusion since certain plastic beverage containers may also contain multiple material types. Specifying that the pouch is flexible is necessary because the attribute of flexibility reflects how pouches containing a beverage currently exist in the market. It also is necessary to specify that the beverage container must contain wine, distilled spirits, or wine and distilled spirit cooler in order to qualify as a “multi-layer pouch,” because PRC section 14504 restricts these new types of containers to those containing wine or distilled spirits. Specifically, adding wine and distilled spirit coolers is necessary because SB 1013’s removal of the 7 percent alcohol by volume maximum for wine and distilled spirit coolers makes wine and distilled spirits with an imperceptible amount of flavoring virtually indistinguishable from a wine and distilled spirit cooler under the definition in PRC section 14510.2. PRC section 14504(a)(12) adds boxes, bladders, and pouches as new container material types if they contain wine or distilled spirits and CalRecycle interprets wine and distilled spirits to include wine and distilled spirit coolers.

This definition provides clarity to all parties affected by the BCRP regarding what type of multi-layer pouch beverage container is included in the BCRP.

### **Subsection (a)(33.5)**

The purpose of this paragraph is to define the term “paperboard carton” as a beverage container containing wine, distilled spirits, or wine and distilled spirit cooler that is semi-rigid and that contains more than one layer of material, with at least one layer consisting of paperboard.

This is necessary to clarify the phrase “box, bladder, or pouch, or similar container” as used in PRC section 14504. This statutory language is ambiguous and therefore it is necessary to establish a clear example of a type of beverage container that exists on the market that falls within the parameters of “box, bladder, or pouch, or similar container.” Because paperboard cartons containing beverages generally have a layer in addition to paperboard to make the container waterproof, it is necessary to specify in the definition that a paperboard carton contains more than one layer of material, with at

least one layer consisting of paperboard. Specifying that the paperboard carton is semi-rigid is necessary because the attribute of semi-rigidness reflects how paperboard cartons containing a beverage currently exist in the market. It also is necessary to specify that the beverage container must contain wine, distilled spirits, or wine and distilled spirit cooler in order to qualify as a “paperboard carton,” because PRC section 14504 restricts these new types of containers to those containing wine or distilled spirits. Specifically, adding wine and distilled spirit coolers is necessary because SB 1013’s removal of the 7 percent alcohol by volume maximum for wine and distilled spirit coolers makes wine and distilled spirits with an imperceptible amount of flavoring virtually indistinguishable from a wine and distilled spirit cooler under the definition in PRC section 14510.2. PRC section 14504(a)(12) adds boxes, bladders, and pouches as new container material types if they contain wine or distilled spirits and CalRecycle interprets wine and distilled spirits to include wine and distilled spirit coolers.

This definition provides clarity to all parties affected by the BCRP regarding what type of paperboard carton beverage container is included in the BCRP.

#### **Subsection (a)(34.8)**

The purpose of this paragraph is to define the term “pouch” as a beverage container with a flexible body.

This is necessary to clarify the meaning of the word “pouch” as it is used in the context of these regulations, including in the term “multi-layer pouch” and “plastic #1-7 pouch”. Because there are two different types of pouches with a refund value in the BCRP, which are subject to different regulatory requirements, it is necessary to have a base definition of “pouch” that clarifies the similarities between the two types of pouches, namely that pouches have a flexible body. Prior to the passage of SB 1013, container material types in the BCRP included only plastic #1-7, glass, aluminum, and bimetal that contain a beverage subject to CRV. Plastic #1-7 beverage containers included bottles or pouches. The proposed regulations single out a plastic pouch containing wine or distilled spirits or wine or distilled spirit coolers as subject to a 25 cent CRV that would otherwise be subject to a CRV of 5 or 10 cents if packaged in a plastic bottle. For this reason, it is necessary to distinguish and define a pouch as a type of container. SB 1013 added new container material types “boxes, bladders, and pouches” only if they contain wine or distilled spirits or wine and distilled spirit coolers. SB 1013 added pouches as a new container material type (that is not a plastic, glass, aluminum, or bimetal beverage container) containing wine or distilled spirits or wine or distilled spirit coolers. “Multi-layer pouches” are introduced as a new container material type. This beverage container is identifiable as composed of a multi-layer material and in the form of a pouch. Specifying that a pouch has a flexible body is necessary because the attribute of flexibility reflects how pouches containing a beverage currently exist in the market. This definition provides clarity to all parties affected by the BCRP regarding what is meant when the word “pouch” is used in the context of the BCRP.

#### **Subsection (a)(37)**



The purpose of this amendment is to revise the existing definition of “redeem” to delete the requirement that an empty beverage container bear the CRV message specified in PRC section 14561 in order to be included in the definition of “redeem.”

The term “empty beverage container” as defined in PRC section 14512 and 14 CCR section 2000(a)(21) is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and Senate Bill No. 353 (2023-2024 Reg. Sess., Chapter 868 of the Statutes of 2023) (SB 353) and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to delete the requirement that an empty beverage container bear the CRV message specified in PRC section 14561 in order to be included in the definition of “redeem.”

#### **Subsection (a)(38)**

The purpose of this amendment is to revise the existing definition of “redeemable beverage container” to delete the requirement that a beverage container bear the CRV message specified in PRC section 14561 in order to be included in the definition of “redeemable beverage container.”

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the beverage container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to delete the requirement that an empty beverage container bear the CRV message specified in PRC section 14561 in order to be included in the definition of “redeemable beverage container.” It is necessary to add “beverage” before “container” to use the correct statutorily defined term “beverage container.”

#### **Subsection (a)(39)**

The purpose of this amendment is to revise the existing definition of “redemption weight” to delete the requirement that an empty beverage container be California redemption-labeled in order to be included in the definition of “redemption weight.”

The term “empty beverage container” as defined in PRC section 14512 and 14 CCR section 2000(a)(21) is sufficient to convey that the beverage container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to delete the requirement that an empty beverage container be

California redemption-labeled in order to be included in the definition of “redemption weight.”

#### **Subsection (a)(41)**

The purpose of this amendment is to revise the existing definition of “rejected container” to delete the requirement that a beverage container be California redemption-labeled in order to be included in the definition of “rejected container.” The purpose of this amendment is also to delete “as required” and replace it with the word “specified.” The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the beverage container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to delete the requirement that an empty beverage container be California redemption-labeled in order to be included in the definition of “rejected container.”

To accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling, “as required” must be rephrased as “specified” in reference to the CRV message in PRC section 14561. Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

### **SUBCHAPTER 3. MANUFACTURERS**

#### **SECTION 2200. LABELING REQUIRED**

##### **Subsection (a)**

The purpose of this amendment is to delete the word “required” and replace it with the word “specified,” to revise “Section” beginning with a capital letter to “section” in all lowercase, and to make a citation to the Act more specific.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. Therefore, replacing “required” with “specified” is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format

throughout the regulations. Adding subdivision (a) to the citation to section 14561(a) of the Act is necessary to clarify that the CRV message is specified in subdivision (a) of section 14561 of the Act.

**Subsection (a)(1) — former**

The purpose of this amendment is to delete the requirement that a beverage manufacturer provide samples of their proposed labels or the beverage container prior to the sale or transfer of beverage containers in the state.

This is necessary to standardize the method for label approval by CalRecycle among different types of beverage manufacturers. SB 1013, through enacting PRC section 14561(g), exempted wine and distilled spirit manufacturers from providing samples of proposed labels or beverage containers to CalRecycle for approval prior to the sale or transfer of beverage containers in the state. Due to the substantial workload increase for CalRecycle as part of registering thousands of new beverage manufacturers of the new types of beverages and beverage containers added to the BCRP, it is necessary to extend the exemption from submitting sample labels or beverage containers to all beverage manufacturers.

**Subsection (a)(1) — proposed**

The purpose of this amendment is to additionally authorize a person applying for beverage manufacturer registration or a person planning to apply for beverage manufacturer registration to submit to CalRecycle any product label or the beverage container for review and approval. The purpose of this amendment is also to require, if the department requests a product label or the beverage container, the beverage manufacturer to submit to the department within 10 working days of the request being sent the product label or the beverage container for review and approval.

The purpose of this amendment is also to make the non-substantial, technical change of replacing “Division” with “department”. The purpose of this amendment is also to renumber the paragraph to address the deletion of former paragraph (1). This renumbering change is a non-substantive change without regulatory effect.

This amendment is necessary because, as a result of the proposed deletion of the requirement for a person to submit a beverage container label to CalRecycle for approval, a person applying or planning to apply for beverage manufacturer registration needs a method to ascertain the legal compliance of their labels if they are unsure about that compliance. Additionally, it is necessary to require a beverage manufacturer to submit to the department within 10 working days of a request being sent the product label or the beverage container for review and approval to enable the department to review a label or container for compliance with the Act and the regulations. It is infeasible for CalRecycle to review each label or container because of the large number of beverage container products in the state. Therefore, it is necessary for CalRecycle to only review the information when it has reason to believe a review is necessary and at that point to request the information from the beverage manufacturer. Ten working days

specifically is necessary because it balances giving the beverage manufacturer enough time to comply with the information request while ensuring CalRecycle receives the information within a reasonable timeframe to complete its review and determine the beverage manufacturer's compliance.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

The renumbering change is necessary to ensure that the paragraphs remain in numerical order.

#### **Subsection (a)(2)**

The purpose of this amendment is to renumber the paragraph to address the deletion of former paragraph (3). This renumbering change is a non-substantive change without regulatory effect.

The renumbering change is necessary to ensure that the paragraphs remain in numerical order.

#### **Subsection (b)**

The purpose of this amendment is to replace a citation to 14 CCR section 2200(a) with a citation to PRC section 14561(a). The purpose of the amendment is also to make a grammatical change to incorporate newly added paragraphs in 14 CCR section 2200(b)(1)-(5).

It is necessary to replace the citation to 14 CCR section 2200(a) with a citation to PRC section 14561(a) because the citation to the Act is more accurate and precise. 14 CCR section 2200(a) merely cites to PRC section 14561(a), therefore a citation to 14 CCR section 2200(a) is an indirect citation to PRC section 14561(a). The change is therefore necessary to provide clarity to beverage manufacturers that they are subject to the CRV labeling requirements of PRC section 14561(a).

The grammatical change to incorporate newly added paragraphs in 14 CCR section 2200(b)(1)-(5) is necessary to provide clarity to beverage manufacturers that the beverage manufacturers are also subject to the new labeling requirements in 14 CCR section 2200(b)(1)-(5).

#### **Subsections (b)(1)(A)**

The purpose of this amendment is to also allow the CRV message to be marked on the bottom of an aluminum can in addition to the top of the can. This amendment also revises 3/16 inch to 4.76 millimeters, and 1/8 inch to 3.17 millimeters, with regard to the minimum size of the CRV message. The purpose of this amendment is also to make the

non-substantial, technical change of amending subsection (b)(1) to insert subparagraph (A).

Allowing the CRV message to be marked on the bottom of an aluminum can is necessary to give beverage manufacturers the flexibility to mark a beverage container in the way that best suits the beverage manufacturer. This change reflects feedback from beverage manufacturers that they would like to have more control over the visual presentation of their aluminum cans. The CRV message will still be visible on the bottom of the can to a recycling center or processor when the empty beverage container is flattened. Revising the unit of measurement from inches to millimeters is necessary to address feedback that it is confusing in this regulation section whether 3/16 inch or 1/8 inch is larger, due to the fraction needing to be converted. Using millimeters increases clarity because it is immediately clear that 4.76 millimeters is larger than 3.17 millimeters. When converting the inch measurements to millimeters, the millimeter number was rounded down to ensure that no container with a CRV message equal to exactly the prior inch measurement would be made non-compliant.

This renumbering amendment is necessary because correct numbering of subparagraphs does not permit a subparagraph (A) to be inserted by itself without a corresponding subparagraph (B). Therefore, subsection (a)(1) must be changed to subsection (a)(1)(A) in order to add subparagraph (B) following subsection (a)(1)(A).

#### **Subsection (b)(1)(B)**

The purpose of this amendment is to revise 0.004 inch to 0.10 millimeters with regard to the minimum size of scratch embossed CRV lettering. The purpose of this amendment is to make the non-substantial, technical change of revising former subsection (b)(1)(A) to subsection (b)(1)(B).

Revising the unit of measurement from inches to millimeters is necessary to address feedback that it is confusing in this regulation section whether 3/16 inch or 1/8 inch is larger, due to the fraction needing to be converted. Since those inch measurements were converted, for consistency this 0.004 inch measurement must also be converted to millimeters. When converting the inch measurement to millimeters, the millimeter number was rounded down to ensure that no container with scratch embossed CRV lettering equal to exactly 0.004 inch would be made non-compliant.

This amendment is necessary because correct numbering of subparagraphs does not permit a subparagraph (A) to be inserted by itself without a corresponding subparagraph (B). Therefore, subsection (b)(1) must be changed to subsection (b)(1)(A) in order to add subparagraph (B) following subsection (b)(1)(A).

#### **Subsection (b)(2)(A)**

The purpose of this amendment is to set this subsection as subparagraph A. This is necessary to organize the amendments and reordering of the subsequent subsections. This is a non-substantial change without regulatory effect.

**Subsection (b)(2)(A) — former**

The purpose of this amendment is to delete the option for glass containers and plastic containers to be labeled with the CRV message along the bottom edge of the container body label in minimum lettering size at least 3/16 inch in height.

This amendment is necessary to allow for the more general option for the CRV labeling that is proposed in the newly added 14 CCR section 2200(b)(2)(A) that permits the CRV message to be anywhere on the container body or label at least 4.76 millimeters in height. This more general option for labeling is necessary to simplify the labeling requirements, which currently have an excessive amount of compliance options that overcomplicates CRV labeling.

**Subsection (b)(2)(A)(i)**

The purpose of this amendment is to revise 3/16 inch to 4.76 millimeters with regard to the minimum size of the CRV message. The purpose of this amendment is also to delete the option for glass containers and plastic containers to be labeled with the CRV message on or in a secondary label in minimum lettering size in minimum lettering size at least 3/16 inch in height. The purpose is also to add a more general option for the CRV labeling that permits the CRV message to be anywhere on the container body or label at least 4.76 millimeters in height.

Revising the unit of measurement from inches to millimeters is necessary to address feedback that it is confusing in this regulation section whether 3/16 inch or 1/8 inch is larger, due to the fraction needing to be converted. Using millimeters increases clarity because it is immediately clear that 4.76 millimeters is larger than 3.17 millimeters. When converting the inch measurement to millimeters, the millimeter number was rounded down to ensure that no container with a CRV message equal to exactly 3/16 inch would be made non-compliant.

This amendment is necessary to generalize the CRV labeling compliance requirement to permit the CRV message to be anywhere on the container body or label at least 4.76 millimeters in height. This more general option for labeling is necessary to simplify the labeling requirements, which currently have an excessive amount of compliance options that overcomplicates CRV labeling.

**Subsection (b)(2)(A)(ii)**

The purpose of this amendment is to revise 1/8 inch to 3.17 millimeters with regard to the minimum size of the CRV message. The purpose of this amendment is also to delete the option for glass containers and plastic containers to be labeled with the CRV message on a container body label or secondary label with contrasting colors with legible lettering in minimum lettering size at least 1/8 inch in height. The purpose is also to add a more general option for the CRV labeling that permits the CRV message to be anywhere on the container body or label with contrasting colors at least 3.17 millimeters in height. The amendment also deletes a provision stating that the contrasting colors shall direct the reader to the message required in subsection (a).

Revising the unit of measurement from inches to millimeters is necessary to address feedback that it is confusing in this regulation section whether 3/16 inch or 1/8 inch is larger, due to the fraction needing to be converted. Using millimeters increases clarity because it is immediately clear that 4.76 millimeters is larger than 3.17 millimeters. When converting the inch measurement to millimeters, the millimeter number was rounded down to ensure that no container with a CRV message equal to exactly 1/8 inch would be made non-compliant.

This amendment is necessary to generalize the CRV labeling compliance requirement for glass containers and plastic containers to permit the CRV message to be anywhere on the container body or label in contrasting colors at least 3.17 millimeters in height. Because contrasting colors are easier to see, the CRV message may be slightly smaller than the 4.76 millimeter size required if the CRV message is not in contrasting colors. This more general option for labeling is necessary to simplify the labeling requirements, which currently have an excessive amount of compliance options that overcomplicates CRV labeling.

Deleting the word “legible” is necessary because “clearly and prominently”, which is mentioned in the introductory first sentence of subsection (b), is defined in 14 CCR section 2000(a)(9) to include legibility, therefore repeating the legibility requirement here is duplicative. It is necessary to delete the provision stating that the contrasting colors shall direct the reader to the message required in subsection (a) because the introductory first sentence of subsection (b) already cross-references the labeling requirement in PRC section 14561(a), therefore that sentence is duplicative.

#### **Subsection (b)(2)(B)**

The purpose of this amendment is to exclude plastic portion-controlled cups that have peelable, heat-sealed lids and plastic #1-7 pouches from the plastic labeling requirement found in subsection (b)(2)(A).

This is necessary because plastic portion-controlled cups that have peelable, heat-sealed lids and plastic #1-7 pouches have different labeling requirements found in subsections (b)(3) and (4), respectively.

#### **Subsection (b)(3)**

The purpose of this amendment is to revise 1/8 inch to 3.17 millimeters with regard to the minimum size of the CRV message. The purpose of this amendment is also to add two hyphens.

Revising the unit of measurement from inches to millimeters is necessary to address feedback that it is confusing in this regulation section whether 3/16 inch or 1/8 inch is larger, due to the fraction needing to be converted. Using millimeters increases clarity because it is immediately clear that 4.76 millimeters is larger than 3.17 millimeters. When converting the inch measurement to millimeters, the millimeter number was rounded down to ensure that no container with a CRV message equal to exactly 1/8 inch would be made non-compliant.

Adding the hyphens is necessary to ensure grammatical correctness because a compound modifier requires a hyphen if it precedes the noun being modified.

#### **Subsection (b)(4)**

The purpose of this amendment is to revise 3/16 inch to 4.76 millimeters with regard to the minimum size of the CRV message and to add plastic #1-7 pouch, multi-layer pouch, or paperboard carton as containers that must be marked in the specified manner. The purpose of this paragraph is to delete the option for metal bottles to be marked on the side of the bottle in minimum lettering size at least 3/16 inch in height and to generalize the CRV labeling compliance requirement to permit the CRV message to be anywhere on the container body or label in contrasting colors at least 4.76 millimeters in height for metal bottles, plastic #1-7 pouches, multi-layer pouches, and paperboard cartons.

Revising the unit of measurement from inches to millimeters is necessary to address feedback that it is confusing in this regulation section whether 3/16 inch or 1/8 inch is larger, due to the fraction needing to be converted. Using millimeters increases clarity because it is immediately clear that 4.76 millimeters is larger than 3.17 millimeters. When converting the inch measurement to millimeters, the millimeter number was rounded down to ensure that no container with a CRV message equal to exactly 3/16 inch would be made non-compliant.

This amendment is necessary to generalize the CRV labeling compliance requirement for metal bottles to permit the CRV message to be anywhere on the container body or label in contrasting colors at least 4.76 millimeters in height. Additionally, the amendment is necessary to establish how pouches and paperboard cartons must be labeled with the CRV message.

#### **Subsection (b)(5)**

The purpose of this paragraph is to specify the method, regarding size and location, with which a bag in box must be marked with the CRV message. The paragraph also prohibits the CRV message from being located on the interior flexible bag and the panel which provides access to the dispenser.

This is necessary to address SB 1013's addition of bags in boxes to the BCRP. Because bags in boxes are shaped differently than other beverage containers, a method for marking the CRV message on bags in boxes must be specified in the regulations in order to give beverage manufacturers notice of what is required in regard to location and size of the CRV message.

This is necessary to allow a beverage manufacturer to comply with PRC section 14561(a) by marking a bag in box with the CRV message anywhere on the external box or label in contrasting colors in minimum lettering size at least 4.76 millimeters in height. The specific size of at least 4.76 millimeters in height is necessary to maintain consistency in size of the CRV message with the other container types, as specified in proposed 14 CCR section 2200(b)(1)(A), (b)(2)(A), and (b)(4).



The prohibition on the CRV message being located on the panel which provides access to the dispenser is necessary because the panel is often removed by the consumer when pouring a beverage from the bag in box. This would make a recycling center unable to view the CRV message on the bag in box during redemption and therefore must be prohibited.

The prohibition on the CRV message being located on the interior flexible bag is necessary in order to prevent the interior bag and exterior box both being redeemed for 25 cents, totaling 50 cents for an individual bag in box. Prohibiting the CRV message from being marked on the interior bag, in conjunction with requiring the interior bag to be redeemed to a recycling center inside of the exterior box (proposed 14 CCR section 2501(b)(4)), is necessary to ensure only a single 25-cent refund value payment is made for an individual bag in box. The prohibition on the labeling of the interior bag is necessary to differentiate from falling under the definition of a plastic #1-7 pouch and qualifying as a beverage container on its own.

### **Subsection (c)**

The purpose of this subdivision is to specify that labeling a beverage container constitutes self-certification by the beverage manufacturer that the labeling is compliant with the Act and 14 CCR.

This is necessary as a result of repealing existing 14 CCR section 2200(a)(1), which required a beverage manufacturer to submit a label or container to CalRecycle before selling the beverage container. Because CalRecycle is no longer checking each label for compliance with statutory and regulatory requirements prior to the initial sale or transfer of the beverage container in California, a beverage manufacturer must review the Act and 14 CCR to determine its own compliance and self-certify the label is compliant.

## **SECTION 2205. MACHINE-READABLE LABELING**

### **Subsection (a)**

The purpose of this subdivision is to allow a quick response (QR) code, universal product code, or similar machine-readable indicia capable of being digitally scanned to be printed, embossed, stamped, labeled, or otherwise marked on a beverage container to indicate the CRV redemption eligibility instead of the traditional CRV labeling option specified in 14 CCR section 2200.

This is necessary to implement the revisions made to PRC section 14561(d) by SB 1013, which authorizes CalRecycle to require “a beverage container intended for sale in this state be printed, embossed, stamped, labeled, or otherwise marked with a scan code, a quick response (QR) code, or a universal product code or similar machine-readable indicia.” In order to modernize the BCRP and allow QR codes or similar machine-readable indicia to be placed on a beverage container to indicate CRV redemption eligibility in accordance with SB 1013, it is necessary to establish this option in the proposed regulations. Allowing the QR code or similar machine-readable indicia

to be placed on a beverage container as an alternative to the traditional CRV labeling specified in 14 CCR section 2200 rather than in addition to the traditional CRV labeling is necessary to allow beverage manufacturers to utilize the QR code or similar machine-readable indicia without having to duplicate their efforts by requiring the beverage container to be marked with both the traditional CRV labeling and the QR code or similar machine-readable indicia.

#### **Subsection (b)(1)**

The purpose of this paragraph is to require the machine-readable indicia to clearly indicate the purpose of the machine-readable indicia using one of two indicators.

This is necessary to give all beverage manufacturers the option to use a QR code or similar machine-readable indicia. Certain beverage manufacturers produce beverage container material types that did not have a 60 percent or higher mean average recycling rate in the past five years and therefore should not have the option to use the chasing arrows symbol within the QR code or similar machine-readable indicia because this may mislead consumers into believing the beverage container is commonly recycled. Therefore, it is necessary to provide both the option to use the chasing arrows symbol within the machine-readable indicia and also the option to use the phrase “DEPOSIT” within or adjacent to the machine-readable indicia to enable all beverage containers to utilize the machine-readable indicia option, even if the beverage container did not have a 60 percent or higher mean average recycling rate in the past five years.

#### **Subsection (b)(1)(A)**

The purpose of this subsection is to allow, as one of the two alternative labeling options for a machine-readable indicia, clearly and prominently marking the message “DEPOSIT” within or adjacent to the machine-readable indicia.

This is necessary to allow a beverage manufacturer to mark a beverage container with a machine-readable indicia in a method that visually indicates the CRV redemption eligibility with the message “DEPOSIT”. Because the chasing arrows symbol is widely associated with recycling and therefore should not be allowed for beverage containers that are not commonly recycled, it is necessary to provide the option to mark the message “DEPOSIT” adjacent to or within the machine-readable indicia for beverage containers that are not commonly recycled. The message “DEPOSIT” must be marked clearly and prominently to enable a consumer to see the message when purchasing the beverage container and also a recycling center and processor to see the message when accepting the empty beverage container.

#### **Subsection (b)(1)(B)**

The purpose of this subsection is to allow, as one of the two alternative labeling options for a machine-readable indicia, clearly and prominently marking the chasing arrows symbol within the machine-readable indicia in contrasting colors in a size that is at least half the height and width of the machine-readable indicia. The purpose of this subsection is also to restrict the use of the chasing arrows symbol within a machine-

readable indicia to indicate CRV redemption eligibility to beverage containers with a 60 percent or higher mean average recycling rate in the past five years in the biannual reports issued by the department pursuant to section 14551 of the Act.

This is necessary to allow a beverage manufacturer to mark a beverage container with a machine-readable indicia in a method that visually indicates the CRV redemption eligibility with the chasing arrows symbol, as defined in subdivision (f) of section 17580 of the Business and Professions Code. Because the chasing arrows symbol is widely associated with recycling, the symbol is capable of replacing the traditional CRV labeling method to indicate CRV eligibility. The chasing arrows symbol must be marked clearly and prominently and in contrasting colors to enable a consumer to see the symbol when purchasing the beverage container and also a recycling center and processor to see the symbol when accepting the empty beverage container.

This requirement is necessary to ensure that the public is not misled into thinking a nonrecyclable beverage container is commonly recycled due to the presence of the chasing arrows symbol within a machine-readable indicia on the beverage container. By restricting the eligibility to use the chasing arrows symbol within a machine-readable indicia to indicate CRV redemption eligibility to only those containers that have a 60 percent or higher recycling rate, this guarantees that only beverage containers that are proven to be recycled a majority of the time are able to use the chasing arrows symbol within a machine-readable indicia to indicate CRV redemption eligibility. It is necessary to establish the threshold specifically at 60 percent because while some containers meet this threshold, others do not, and this threshold encourages increased recycling for those containers which are currently under a 60 percent recycling rate. 60 percent recycling rate was chosen as the threshold because that is the standard set forth in paragraph (2) of subdivision (d) of section 42355.51 of the Public Resources Code.

#### **Subsection (b)(2)**

The purpose of this paragraph is to require the machine-readable indicia to be clearly and prominently marked in contrasting colors to the label or container on which it is marked.

This is necessary to enable a consumer to see the machine-readable indicia when purchasing the beverage container and also a recycling center and processor to see the machine-readable indicia when accepting the empty beverage container. Requiring the machine-readable indicia to be marked in a contrasting color to the label or container on which it is marked increases the visibility of the machine-readable indicia and is consistent with similar requirements for the traditional CRV labeling in 14 CCR section 2200.

#### **Subsection (c)(1)**

The purpose of this paragraph is to require the machine-readable indicia to be at least 19.05 millimeters in height and width.

This is necessary to ensure that the machine-readable indicia is large enough to be scanned by a smart phone or QR code reader. While ½ inch was originally established as the minimum size for the December 18, 2023, informal workshop, based on feedback that a ½-inch QR code may not always be scannable for all phones, the minimum size was increased to 19.05 millimeters (¾ inch). 19.05 millimeters in height and width is therefore the smallest size possible that ensures the ability to scan and visibility, which is balanced against the interest of a beverage manufacturer of the machine-readable indicia not taking up a majority of the beverage container label. If the machine-readable indicia were required to be any larger, this would diminish the profitability of a beverage container by reducing the aesthetics and marketability of the beverage container label. This ¾ inch (now converted to 19.05 millimeters to be consistent with the measurements in 14 CCR section 2200) in height and width size requirement for the machine-readable indicia was workshopped with the public on October 29, 2024.

#### **Subsection (c)(2)**

The purpose of this paragraph is to require the machine-readable indicia to be indelibly marked in specified locations on the beverage container.

This is necessary to ensure the visibility and permanence of the machine-readable indicia on the beverage container. Imposing location requirements based on the type of beverage container is consistent with similar requirements for the traditional CRV labeling in 14 CCR section 2200.

#### **Subsection (c)(2)(A)**

The purpose of this subparagraph is to require metal containers, excluding metal bottles, that contain a machine-readable indicia to indicate CRV redemption eligibility to be marked on the top or bottom end of the container.

This is necessary to enable a recycling center and processor to see the machine-readable indicia when accepting the empty beverage container. When an empty aluminum can is flattened before redemption, the top and bottom of the can are still visible. Allowing the machine-readable indicia to be marked on the top or bottom of an aluminum can is consistent with the traditional CRV labeling required in proposed 14 CCR section 2200(b)(1)(A).

Metal containers in the shape of bottles are excluded because they cannot be flattened in the same manner as aluminum cans, which constitute the remaining metal containers other than metal bottles. Because aluminum cans are often flattened, they need to be labeled on the top or bottom of the can so that the machine-readable indicia remains visible after flattening. Metal bottles generally are not flattened by a consumer or recycling center due to the shape and material of the bottle, therefore it is more appropriate to group the labeling requirements for metal bottles with plastic and glass beverage containers in subparagraph (B). Establishing separate labeling requirements for aluminum cans and for metal bottles, even though they are both types of metal containers, is consistent with existing labeling requirements in 14 CCR section 2200(b).

**Subsection (c)(2)(B)**

The purpose of this subparagraph is to require specified beverage containers that contain a machine-readable indicia to indicate CRV redemption eligibility to be marked anywhere on the container body or label. A further purpose is to exclude plastic portion-controlled cups that have peelable, heat-sealed lids which have separate labeling requirements in subparagraph (C) due to the unique nature of the lids being peelable and separable from the remaining container.

This is necessary to specify a visible location in which beverage containers must be marked with a machine-readable indicia to indicate CRV redemption eligibility. A visible location for the machine-readable indicia is necessary to enable a consumer to see the indicia when purchasing the beverage container and also a recycling center and processor to see the indicia when accepting the beverage container. This general option for machine-readable labeling anywhere on the container body or label is necessary to keep the labeling requirements simple, and not create an excessive amount of compliance options that overcomplicates CRV labeling with a machine-readable indicia. This location requirement is consistent with the location requirement for traditional CRV labeling for the same specified beverage containers under 14 CCR section 2200(b). It is necessary to exclude plastic portion-controlled cups that have peelable, heat-sealed lids which have separate labeling requirements in subparagraph (C) due to the unique nature of the lids being peelable and separable from the remaining container.

**Subsection (c)(2)(C)**

The purpose of this subparagraph is to require plastic portion-controlled cups that have peelable, heat-sealed lids that are not resealable, which contain a machine-readable indicia to indicate CRV redemption eligibility, to be marked on either the side of the container only, or on the lid and bottom of the container.

This is necessary to specify a visible location in which plastic portion-controlled cups that have peelable, heat-sealed lids that are not resealable must be marked with a machine-readable indicia to indicate CRV redemption eligibility. A visible location for the machine-readable indicia is necessary to enable a consumer to see the indicia when purchasing the beverage container and also a recycling center and processor to see the indicia when accepting the beverage container. Because the beverage container is designed for the heat-sealed lid to be removed, the machine-readable indicia must be on both the lid and bottom of the container, or the side of the container, to remain visible. This location requirement is consistent with the location requirement for traditional CRV labeling for plastic portion-controlled cups that have peelable, heat-sealed lids that are not resealable under 14 CCR section 2200(b)(3).

**Subsection (c)(2)(D)**

The purpose of this subparagraph is to require a bag in box that contains a machine-readable indicia to be marked anywhere on the external box or label. The paragraph also prohibits the CRV message from being located on the interior flexible bag and the panel which provides access to the dispenser.

This is necessary to address SB 1013's addition of bags in boxes to the BCRP. Because bags in boxes are shaped differently than other beverage containers, a method for marking the CRV message with a machine-readable indicia on bags in boxes must be specified in the regulations in order to give beverage manufacturers notice of what is required in regard to the CRV message. This general option for machine-readable labeling anywhere on the external box or label is necessary to keep the labeling requirements simple, and not create an excessive amount of compliance options that overcomplicates CRV labeling with a machine-readable indicia. This location requirement is consistent with the location requirement for traditional CRV labeling for bag in box beverage containers under 14 CCR section 2200(b).

The prohibition on the machine-readable CRV message being located on the panel which provides access to the dispenser is necessary because the panel is often removed by the consumer when pouring a beverage from the bag in box. This would make a recycling center unable to view the CRV message on the bag in box during redemption and therefore must be prohibited.

The prohibition on the machine-readable CRV message being located on the interior flexible bag is necessary in order to prevent the interior bag and exterior box both being redeemed for 25 cents, totaling 50 cents for an individual bag in box. Prohibiting the machine-readable CRV message from being marked on the interior bag, in conjunction with requiring the interior bag to be redeemed to a recycling center inside of the exterior box (proposed 14 CCR section 2501(b)(4)), is necessary to ensure only a single 25-cent refund value payment is made for an individual bag in box. The prohibition on the labeling of the interior bag is necessary to differentiate from it falling under the definition of a plastic #1-7 pouch and qualifying as a beverage container on its own.

#### **Subsection (d)**

The purpose of this subdivision is to require a beverage container that includes a machine-readable indicia to indicate CRV redemption eligibility to include a toll-free telephone number or internet website on the beverage container for customer assistance to address technical issues related to scanning the machine-readable indicia.

This is necessary to ensure that a consumer has the ability to scan a machine-readable indicia that indicates CRV redemption eligibility on a beverage container. It is the beverage manufacturer's responsibility to assist with any technical issues related to scanning the machine-readable indicia and therefore the beverage manufacturer must provide on the beverage container a toll-free telephone number or internet website at which a consumer can obtain technical assistance. It would be infeasible for CalRecycle to provide this customer assistance to the numerous consumers of beverage containers in the state. The beverage manufacturer is the best suited to provide this assistance because they made the label for their beverage container and host the internet website to which the machine-readable indicia links.

**Subsection (e)(1)**

The purpose of this paragraph is to require, upon scanning the machine-readable indicia indicating CRV redemption eligibility, the message required by section 14561(a) of the Act to be displayed clearly and prominently and to appear separately and before any other information on the page. The purpose is also to require the message specified in section 14561(a) of the Act to be visible immediately without having to scroll, open any additional page, or click on any additional link.

This is necessary to implement PRC section 14561(d), which permits a QR code or machine-readable indicia to indicate CRV redemption eligibility, while ensuring that PRC section 14561(a) is also complied with which requires a beverage manufacturer to clearly indicate one of the five messages that indicate CRV redemption eligibility: “CA Redemption Value,” “California Redemption Value,” “CA Cash Refund,” “California Cash Refund,” or “CA CRV”. It is necessary for CalRecycle to harmonize these statutory provisions by allowing the machine-readable indicia so long as it links to a website where the CRV message is displayed clearly and prominently, appears separately and before any other information on the page, and is visible immediately without having to scroll, open any additional page, or click on any additional link. With the proposed regulations, CalRecycle is interpreting the requirement in PRC section 14561(a) for the CRV message to be satisfied if these website requirements are met. These specific requirements are necessary to enable a consumer or anyone else to scan the machine-readable indicia if they so desire and to clearly and immediately see the CRV message to inform the consumer, recycling center, or processor that the beverage container is CRV eligible.

**Subsection (e)(2)**

The purpose of this paragraph is to require the text or other information linked to the machine-readable indicia to conform to the standards set forth in the Web Content Accessibility Guidelines (WCAG) 2.2 published in 2024 by the World Wide Web Consortium. The purpose is also to incorporate by reference the entirety of the Web Content Accessibility Guidelines (WCAG) 2.2 published in 2024.

Incorporating the WCAG document by reference is necessary to satisfy the requirements of 1 CCR section 20 and to provide notice to beverage manufacturers of what is required of them when they must comply with WCAG 2.2. Imposing accessibility requirements on the text or other information linked to the machine-readable indicia is necessary to ensure that the published information is accessible to all consumers of beverage containers and participants in the BCRP, including those individuals and participants with disabilities. It also is necessary to ensure any CalRecycle staff with a disability or other accessibility needs who review the text or other information linked to the machine-readable indicia are able to do so. The WCAG 2.2 standards specifically are necessary because they are the most recent accessibility standards published by the main international standards organization for the World Wide Web.

**Subsection (f)(1)**

The purpose of this subdivision is to establish a mechanism for how CalRecycle will request the machine-readable indicia or the text or other information and to require a beverage manufacturer that marks a beverage container with a machine-readable indicia to indicate CRV redemption eligibility to submit the requested information to the department within 10 working days of the request being sent.

This is necessary to enable CalRecycle to review a beverage manufacturer's compliance with the machine-readable indicia regulatory requirements. It is infeasible for CalRecycle to review each machine-readable indicia and text, or other information linked to the machine-readable indicia because of the large number of beverage container products in the state. Therefore, it is necessary for CalRecycle to only review the information when it has reason to believe a review is necessary and at that point to request the information from the beverage manufacturer. Ten working days specifically is necessary because it balances giving the beverage manufacturer enough time to comply with the information request while ensuring CalRecycle receives the information within a reasonable timeframe to complete its review and determine the beverage manufacturer's compliance. This 10-day timeframe was workshopped with the public on December 18, 2023, and October 29, 2024.

#### **Subsection (f)(2)**

The purpose of this paragraph is to require a beverage manufacturer to submit to CalRecycle within 10 working days of the request being sent the machine-readable indicia displayed on the beverage container sold, transferred, or offered for sale by the beverage manufacturer.

This is necessary to enable CalRecycle to review a beverage manufacturer's compliance with the machine-readable indicia regulatory requirements. The beverage manufacturer is in the best position to provide their machine-readable indicia to CalRecycle because they are the entity that creates, sells, and is legally responsible for the contents of the label. Therefore, it is necessary for the beverage manufacturer to provide the indicia upon request rather than CalRecycle having to locate the specific beverage container with the indicia out of the numerous beverage container products that are regulated on the California market.

#### **Subsection (f)(3)**

The purpose of this paragraph is to require a beverage manufacturer to submit to CalRecycle within 10 working days of the request being sent the text or other information linked to the machine-readable indicia displayed on the beverage container sold, transferred, or offered for sale by the beverage manufacturer.

This is necessary to enable CalRecycle to review a beverage manufacturer's compliance with the machine-readable indicia regulatory requirements regarding the text or other information linked to the machine-readable indicia. The beverage manufacturer is in the best position to provide their text or other information linked to the machine-readable indicia to CalRecycle because they are the entity that creates and is



legally responsible for the text or other information linked on the website. Therefore, it is necessary for the beverage manufacturer to provide the text or other information linked on the website upon request rather than CalRecycle having to locate the specific beverage container with the indicia out of the numerous beverage container products that are regulated on the California market.

#### **Subsection (g)**

The purpose of this subdivision is to clarify that the failure of the machine-readable indicia to link to text or other information that satisfies the regulatory requirements when scanned is a violation of law by the beverage manufacturer and subject to penalties available under the Act and 14 CCR.

This is necessary to provide clarity to regulated entities that the beverage manufacturer is legally responsible for compliance with the machine-readable indicia requirements. Because it is common in the industry for another entity to fill or label a beverage container on behalf of a beverage manufacturer, and a beverage manufacturer may choose to have another entity host its website with the information linked to the machine-readable indicia, it is necessary to specify in the regulations that it is the beverage manufacturer who is legally responsible. This precludes attempts by a beverage manufacturer to claim another entity is responsible for compliance with these provisions.

#### **Subsection (h)**

The purpose of this subdivision is to establish that marking a beverage container with a machine-readable indicia to indicate CRV redemption eligibility constitutes self-certification by the beverage manufacturer that the machine-readable indicia is compliant with the Act and 14 CCR.

This is necessary because it is not feasible for CalRecycle to verify before each beverage container product is sold in California whether the machine-readable indicia and linked text or information complies with the proposed regulatory requirements. Therefore, a beverage manufacturer must review the Act and 14 CCR to determine its own compliance and self-certify the machine-readable indicia and linked text or information is compliant.

### **SECTION 2230. APPLICABILITY**

#### **Subsection (a)**

The purpose of this amendment is to add labeling to the list of requirements a beverage manufacturer is responsible for. The purpose of this amendment is also to replace the word “subsections” with the word “subdivisions”, and to delete the phrase “of these regulations”.

Adding labeling to the list of requirements a beverage manufacturer is responsible for is necessary to include a complete list of the requirements a beverage manufacturer must comply with for its beverage containers. This change is necessary to accommodate

CRV labeling revisions made under SB 1013 and is consistent with proposed 14 CCR section 2205(h) related to the beverage manufacturer being legally responsible for indicating CRV redemption eligibility with a machine-readable indicia if the beverage manufacturer opts in to machine-readable labeling rather than traditional CRV labeling. Replacing “subsections” with “subdivisions” is necessary to standardize the citation format throughout the regulations. It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant.

#### **Subsection (b)(1)**

The purpose of this amendment is to add labeling to the list of requirements that an out-of-state vendor that holds a certificate of compliance is responsible for, and also a cross-reference to the corresponding labeling section 14 CCR section 2200. The purpose of this amendment is also to make the non-substantial, technical change of amending this subsection with paragraph “(1)” to allow for the addition of paragraph (2). The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase.

Adding labeling, and a cross-reference to the corresponding labeling section 14 CCR section 2200, to the list of requirements that an out-of-state vendor that holds a certificate of compliance is responsible for is necessary to include a complete list of the requirements they must comply with for their beverage containers. This change is necessary to accommodate CRV labeling revisions made under SB 1013 and is consistent with proposed 14 CCR section 2205(h) related to the beverage manufacturer being legally responsible for indicating CRV redemption eligibility with a machine-readable indicia if the beverage manufacturer opts in to machine-readable labeling rather than traditional CRV labeling. The renumbering amendment is necessary because correct numbering of paragraphs does not permit a paragraph (1) to be inserted by itself without a corresponding paragraph (2). Therefore, subdivision (b) must be changed to subsection (b)(1) in order to add paragraph (2) following subsection (b)(1). Subsection (b)(2) is being added as part of subdivision (b) rather than a new subdivision (c) to avoid renumbering all of the remaining subdivisions in the section. Also, subsection (b)(2) is closely related in subject matter to subsection (b)(1), and therefore to ensure readability and clarity it is necessary to include these paragraphs within the same subdivision. Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

#### **Subsection (b)(2)**

The purpose of this paragraph is to specify that an out-of-state vendor, holding a direct shipper permit issued by the Department of Alcoholic Beverage Control for beverages manufactured outside the state and sold directly to consumers within the state, is the beverage manufacturer for payment of processing fees, and shall be responsible for the labeling, registration, recordkeeping, reporting, and payment responsibilities for those beverages.

This is necessary to implement and interpret the amendments made by SB 1013 to PRC section 14575(g)(2)(A). PRC section 14575(g)(2)(A) states that the person named on the direct shipper permit is the beverage manufacturer for purposes of processing fee payments, however it is silent on the related beverage manufacturer requirements of labeling, registration, recordkeeping, and reporting. Those requirements are inextricably linked in the BCRP; therefore, it is necessary to clarify that a beverage manufacturer responsible for making processing fee payments as a result of selling beverages into the state through a direct shipper permit is also responsible for beverage manufacturer labeling, registration, recordkeeping, and reporting requirements for the sale of those beverages.

#### **Subsection (c)**

The purpose of this amendment is to clarify that paying and reporting on a beverage manufacturer's behalf is for purposes of processing fees, as specified in section 2230(c). The amendment also clarifies that it is the beverage manufacturer reporting and paying on behalf of the other beverage manufacturers that is responsible for submitting to the department a copy of the report.

The purpose of this amendment is to make the non-substantial, technical change of replacing "Division" with "department".

This amendment is necessary because it provides documentation for the paying and reporting on behalf agreements and allows the department to correspond with the entities involved to help them understand the requirements. It is necessary to clarify that it is the beverage manufacturer reporting and paying on behalf of the other beverage manufacturers that is responsible for submitting to the department a copy of the report to inform all participants in a report and pay on behalf of agreement who is responsible for submitting to the department a copy of the report.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and that authority is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

#### **Subsection (c)(5)(A)**

The purpose of this subparagraph is to require a beverage manufacturer, if another entity has agreed to report and make payments on the beverage manufacturer's behalf, to clearly indicate in that agreement which is submitted to CalRecycle the name of the beverage manufacturer(s) reporting and paying on behalf of the other.

This is necessary to address the addition of wine and distilled spirits to the BCRP. It is common in the wine and distilled spirits industry for another entity to fill the beverage containers of a beverage manufacturer with a beverage, and it is anticipated that because of this arrangement there will be many agreements to report and pay on behalf

of other beverage manufacturers. With the addition of numerous new beverage manufacturers of wine and distilled spirits to the BCRP as a result of SB 1013, CalRecycle needs to be certain which beverage manufacturers are reporting and paying on behalf of other beverage manufacturers so that CalRecycle can verify that the correct processing fees are being paid for those beverages. It is necessary to apply this provision to all beverages, not just wine and distilled spirits, because beverage manufacturers of other types of beverages such as soda, water, and beer, also utilize report and pay on behalf of agreements.

#### **Subsection (c)(5)(B)**

The purpose of this subparagraph is to require a beverage manufacturer, if another entity has agreed to report and make payments on the beverage manufacturer's behalf, to clearly indicate in that agreement which is submitted to CalRecycle which beverage manufacturer(s) the beverage manufacturer is reporting and paying on behalf of.

This is necessary to address the addition of wine and distilled spirits to the BCRP. It is common in the wine and distilled spirits industry for another entity to fill the beverage containers of a beverage manufacturer with a beverage, and it is anticipated that because of this arrangement there will be many agreements to report and pay on behalf of other beverage manufacturers. With the addition of numerous new beverage manufacturers of wine and distilled spirits to the BCRP as a result of SB 1013, CalRecycle needs to be certain who beverage manufacturers are reporting and paying on behalf of so that CalRecycle can verify that the correct processing fees are being paid for those beverages. It is necessary to apply this provision to all beverages, not just wine and distilled spirits, because beverage manufacturers of other types of beverages such as soda, water, and beer, also utilize report and pay on behalf of agreements.

#### **Subsection (d)**

The purpose of this subsection is to clarify that a beverage manufacturer can report on behalf of for purposes of the plastic beverage container virgin and postconsumer resin report. The regulatory language also specifies that reporting on behalf for the plastic beverage container virgin and postconsumer resin report is only allowed if the report-on-behalf agreement is received by the department by June 30 of the previous calendar year for which the report is due and also if the beverage manufacturer is not included as part of a consolidated report under section 14549.9 of the Act. The subsection also subjects these agreements to the same notification process and criteria as established in subsection (c)(1)-(5) for report and pay on behalf of agreements for processing fees.

This subsection is necessary because it provides documentation for the reporting on behalf agreements and allows the department to correspond with the entities involved to help them understand the requirements. Requiring the report on behalf agreement to be received by the department by June 30 of the previous calendar year for which the plastic beverage container virgin and postconsumer resin report is due is consistent with the report and pay on behalf agreement deadline of June 30 for processing fees established in existing regulations in 14 CCR section 2230(e). This date is eight months

in advance of the March 1 due date specified in PRC section 14549.3(a) giving CalRecycle enough notice before the reports are due. This eight-month deadline was workshopped with the public at the October 29, 2024, informal public workshop. No comments were received specifically about the eight-month deadline.

It is necessary to prohibit reporting on behalf for the plastic beverage container virgin and postconsumer resin report if the beverage manufacturer is included as part of a consolidated report under section 14549.9 of the Act because if a beverage manufacturer were to both report on behalf for plastic content and also to engage in consolidated reporting for plastic content, it would be impossible for the department to ascertain which beverage manufacturer is legally responsible for the plastic content of which particular beverage containers due to the complicated relationships these layers of reporting would create between beverage manufacturers. It is necessary to subject these agreements to the same notification process and criteria as established in subsection (c)(1)-(5) for report and pay on behalf of agreements for processing fees to standardize what information must be submitted to the department and in what format.

#### **Subsection (e)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The amendment also replaces the word “subsection” with the word “subdivision” and rennumbers subsection (d) to subsection (e). The amendment also adds a reference to subdivision (d).

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Replacing “subsection” with “subdivision” is necessary to standardize the citation format throughout the regulations. It is necessary to renumber subsection (d) to subsection (e) to account for the addition of subsection (d) to ensure the subsections remain in numerical order. It is necessary to add a reference to subdivision (d) as a conforming change due to adding the report on behalf agreements for the plastic beverage container virgin and postconsumer resin report, as specified in section 2230(d).

#### **Subsection (f)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase and rennumbers subsection (e) to subsection (f).

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this

statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations. It is necessary to renumber subsection (e) to subsection (f) to account for the addition of subsection (d) to ensure the subsections remain in numerical order.

#### **Subsection (g)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The amendment also renumbers subsection (f) to subsection (g).

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified. It is necessary to renumber subsection (f) to subsection (g) to account for the addition of subsection (d) to ensure the subsections remain in numerical order.

### **SECTION 2231. REGISTRATION**

#### **Subsection (a)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The amendment also revises “Sections” beginning with a capital letter to “sections” in all lowercase. The purpose of this amendment is also to delete the phrase “of these regulations”.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Revising “Sections” beginning with a capital letter to “sections” in all lowercase is necessary to standardize the citation format throughout the regulations. It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant.

#### **Subsection (b)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

#### **Subsection (b)(3)(A)**

The purpose of this amendment is to make the non-substantial, technical change of amending this subsection with subparagraph “(A)” to allow for the addition of subparagraph (B).

The amendment is necessary because correct numbering of subparagraphs does not permit a subparagraph (A) to be inserted by itself without a corresponding subparagraph (B). Therefore, subsection (b)(3) must be changed to subsection (b)(3)(A) in order to add subparagraph (B) following subsection (b)(3)(A). Subsection (b)(3)(B) is being added as part of subsection (b)(3) rather than a new subsection (b)(4) to avoid renumbering all of the remaining paragraphs in the subsection. Also, subsection (b)(3)(B) is closely related in subject matter to subsection (b)(3)(A), and therefore to ensure readability and clarity it is necessary to include these subparagraphs within the same paragraph.

#### **Subsection (b)(3)(B)**

The purpose of this subparagraph is to require, for an out-of-state beverage manufacturer of beverages manufactured outside the state and sold directly to consumers within the state with a direct shipper permit, the beverage manufacturer to provide the Department of Alcoholic Beverage Control direct shipper permit number to CalRecycle prior to the initial sale or transfer of beverages.

This is necessary to implement the amendments made by SB 1013 to PRC section 14575(g)(2)(A). PRC section 14575(g)(2)(A) states that the person named on the direct shipper permit is the beverage manufacturer. Therefore, CalRecycle must be informed of the direct shipper permit number for an entity that is a beverage manufacturer as a result of selling beverages into the state through a direct shipper permit to verify the correct entity is participating in the BCRP as the beverage manufacturer for a beverage. This requirement is consistent with proposed 14 CCR section 2231(b)(3)(A), which requires an out-of-state beer or other malt beverage manufacturer to provide CalRecycle with the Department of Alcoholic Beverage Control Certificate of Compliance Number.

### **SECTION 2235. RECORDKEEPING**

The purpose of this amendment is to delete the phrase “of subchapter 2 of these regulations”.

It is necessary to delete the phrase “of subchapter 2 of these regulations” after the numerical citation because it is redundant.

#### **Subsection (f)**

The purpose of this subdivision is to require a beverage manufacturer to maintain records of any report on behalf or pay on behalf of agreements.

This is necessary to address the addition of wine and distilled spirits to the BCRP. It is common in the wine and distilled spirits industry for another entity to fill the beverage containers of a beverage manufacturer with a beverage, and it is anticipated that because of this arrangement there will be many agreements to report and pay on behalf of other beverage manufacturers. With the addition of numerous new beverage manufacturers of wine and distilled spirits to the BCRP as a result of SB 1013, CalRecycle needs to be able to verify the details of the report and pay on behalf of agreements. Therefore, it is necessary to require beverage manufacturers to keep records of those agreements so that CalRecycle can audit the records if necessary to verify compliance with the Act and regulations. It is necessary to apply this provision to all beverages, not just wine and distilled spirits, because beverage manufacturers of other types of beverages such as soda, water, and beer, also utilize report and pay on behalf of agreements.

#### **Subsection (f)(1)**

The purpose of this paragraph is to require a beverage manufacturer to maintain a copy of the signed agreement for each beverage manufacturer for any report or pay on behalf of agreements.

It is necessary to require beverage manufacturers to keep records of the signed agreement for each beverage manufacturer for any report or pay on behalf of agreements so that CalRecycle can audit the records if necessary to verify compliance with the Act and regulations. It is necessary that the agreement be signed to enable CalRecycle to verify that each beverage manufacturer that is party to the agreement has agreed to the terms of the agreement, as represented by a signature.

#### **Subsection (f)(2)**

The purpose of this paragraph is to require, for beverage manufacturers that are reporting and paying on behalf of other beverage manufacturers for processing fees, the beverage manufacturers to maintain specified records.

It is necessary to require beverage manufacturers to keep records when they are reporting on behalf of other beverage manufacturers for processing fees so that CalRecycle can audit the records if necessary to verify compliance with the Act and regulations.

#### **Subsection (f)(2)(A)**



The purpose of this subparagraph is to require, for beverage manufacturers that are reporting on behalf of other beverage manufacturers for processing fees, the beverage manufacturers to maintain records of the number of containers reported for each beverage manufacturer by each beverage manufacturer's department-issued identification number by month.

It is necessary to require beverage manufacturers to keep records of the number of containers reported for each beverage manufacturer by each beverage manufacturer's department-issued identification number by month so that CalRecycle can audit the records if necessary to verify compliance with the Act and regulations.

Specifically, it is necessary for the records to include the department-issued identification number for each beverage manufacturer so that the CalRecycle can cross-reference the number of reported containers with identification numbers to verify compliance and payment of processing fees. It is necessary that the information be maintained on a monthly basis to enable CalRecycle to cross-reference the information with processing fees that are required to be reported and paid on a monthly basis pursuant to 14 CCR sections 2240 and 2245.

#### **Subsection (f)(2)(B)**

The purpose of this subparagraph is to require, for beverage manufacturers that are reporting on behalf of other beverage manufacturers for processing fees, the beverage manufacturers to maintain records of processing fees paid by container material type reported for each beverage manufacturer by each beverage manufacturer's department-issued identification number by month.

It is necessary to require beverage manufacturers to keep records of processing fees paid by container material type reported for each beverage manufacturer by each beverage manufacturer's department-issued identification number by month so that CalRecycle can audit the records if necessary to verify compliance with the Act and regulations.

Specifically, it is necessary for the records to include the department-issued identification number for each beverage manufacturer so that the CalRecycle can cross-reference the amount of processing fees paid with identification numbers to verify compliance and payment of processing fees. It is necessary that the information be maintained on a monthly basis to enable CalRecycle to verify compliance with the monthly reporting and payment requirements for processing fees established in 14 CCR sections 2240 and 2245.

#### **Subsection (f)(3)**

The purpose of this paragraph is to require, for beverage manufacturers that are reporting on behalf of other beverage manufacturers for virgin and postconsumer recycled plastic minimum content, the beverage manufacturers to maintain specified records.

It is necessary to require beverage manufacturers to keep records when they are reporting on behalf of other beverage manufacturers for virgin and postconsumer recycled plastic minimum content so that CalRecycle can audit the records if necessary to verify compliance with the Act and regulations.

#### **Subsection (f)(3)(A)**

The purpose of this subparagraph is to require, for beverage manufacturers that are reporting on behalf of other beverage manufacturers for virgin and postconsumer recycled plastic minimum content, the beverage manufacturers to maintain records of the amount of virgin plastic, by resin type and in pounds reported for each beverage manufacturer by each beverage manufacturer's department-issued identification number for each reporting period.

It is necessary to require beverage manufacturers to keep records of the amount of virgin plastic, by resin type and in pounds reported for each beverage manufacturer by each beverage manufacturer's department-issued identification number for each reporting period, so that CalRecycle can audit the records if necessary to verify compliance with the Act and regulations.

Specifically, it is necessary that the information be maintained by resin type and in pounds to enable CalRecycle to cross-reference the information with the amount of virgin plastic reported pursuant to PRC section 14549.3(a) and 14 CCR section 2240(b).

#### **Subsection (f)(3)(B)**

The purpose of this subparagraph is to require, for beverage manufacturers that are reporting on behalf of other beverage manufacturers for virgin and postconsumer recycled plastic minimum content, the beverage manufacturers to maintain records of the amount of postconsumer recycled plastic, by resin type and in pounds reported for each beverage manufacturer by each beverage manufacturer's department-issued identification number for each reporting period.

It is necessary to require beverage manufacturers to keep records of the amount of postconsumer recycled plastic, by resin type and in pounds reported for each beverage manufacturer by each beverage manufacturer's department-issued identification number for each reporting period, so that CalRecycle can audit the records if necessary to verify compliance with the Act and regulations.

Specifically, it is necessary that the information be maintained by resin type and in pounds to enable CalRecycle to cross-reference the information with the amount of postconsumer recycled plastic reported pursuant to PRC section 14549.3(a) and 14 CCR section 2240(b).

### **SECTION 2240. REPORTING**

#### **Subsection (a)(1)**

The purpose of this amendment is to make the non-substantial, technical change of amending subsection (a) to insert paragraph (1).

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The purpose of this amendment is also to delete the phrase “of these regulations”.

This renumbering amendment is necessary because correct numbering of subparagraphs does not permit a paragraph (1) by itself without a corresponding paragraph (2). Therefore, subsection (a) must be changed to subsection (a)(1) in order to add paragraph (2) following subsection (a)(1).

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant.

#### **Subsection (a)(2)**

The purpose of this amendment is to make the non-substantial, technical change of revising subsection (a)(1) to (a)(2).

This amendment is necessary because correct numbering of paragraphs does not permit a paragraph (1) by itself without a corresponding paragraph (2). Therefore, former subsection (a)(1) must be changed to subsection (a)(2), to follow proposed subsection (a)(1).

#### **Subsection (a)(1)(F)**

The purpose of this amendment is to delete “subsection (5)” and to replace it with “subparagraph (E)”.

This is necessary because when 14 CCR section 2240 was last amended effective January 1, 2024, 14 CCR section 2240(a)(1) through (a)(7) was renumbered to 14 CCR section 2240(a)(1)(A) through (a)(1)(G). Accordingly, the internal cross-reference to subsection (5) needs to be updated to subparagraph (E) in order to preserve the accuracy of the cross-reference.

#### **Subsection (a)(3)(A)**

The purpose of this subparagraph is to require, for a beverage manufacturer with a pay on behalf of agreement and reporting on behalf of other beverage manufacturers for processing fees, the beverage manufacturer to include specified information in the Beverage Manufacturer Report submitted to CalRecycle.

This is necessary to address the addition of wine and distilled spirits to the BCRP. It is common in the wine and distilled spirits industry for another entity to fill the beverage containers of a beverage manufacturer with a beverage, and it is anticipated that

because of this arrangement there will be many agreements to report and pay on behalf of other beverage manufacturers. With the addition of numerous new beverage manufacturers of wine and distilled spirits to the BCRP as a result of SB 1013, CalRecycle needs to be certain which beverage manufacturers are reporting and paying on behalf of other beverage manufacturers so that CalRecycle can verify that the correct processing fees are being paid for those beverages. Therefore, it is necessary to require beverage manufacturers to report as part of their Beverage Manufacturer Reports specified information relating to reporting and paying on behalf of other beverage manufacturers. It is necessary to apply this provision to all beverages, not just wine and distilled spirits, because beverage manufacturers of other types of beverages such as soda, water, and beer, also utilize report and pay on behalf of agreements.

**Subsection (a)(3)(A)(i)**

The purpose of this clause is to require, for a beverage manufacturer with a pay on behalf of agreement and reporting on behalf of other beverage manufacturers for processing fees, the beverage manufacturer to separately identify in the Beverage Manufacturer Report submitted to CalRecycle the number of containers by material type for each beverage manufacturer by each beverage manufacturer's department-issued identification number by month.

It is necessary to require beverage manufacturers to submit as part of their monthly Beverage Manufacturer Report the number of containers by material type for each beverage manufacturer by each beverage manufacturer's department-issued identification number by month so that CalRecycle can verify whether the correct processing fees were paid for beverage containers sold in the state.

Specifically, it is necessary for the report to include the department-issued identification number for each beverage manufacturer so that CalRecycle can verify beverage manufacturer compliance and payment of processing fees. It is necessary that the information be reported on a monthly basis to enable CalRecycle to cross-reference the information with processing fees that are required to be paid on a monthly basis pursuant to 14 CCR section 2245. It is necessary for the containers to be reported by material type because the amount due for processing fees is dependent on the container material type.

**Subsection (a)(3)(A)(ii)**

The purpose of this clause is to require, for a beverage manufacturer with a pay on behalf of agreement and reporting on behalf of other beverage manufacturers for processing fees, the beverage manufacturer to separately identify in the Beverage Manufacturer Report submitted to CalRecycle the processing fees by container material type for each beverage manufacturer by each beverage manufacturer's department-issued identification number by month.

It is necessary to require beverage manufacturers to submit as part of their monthly Beverage Manufacturer Report the processing fees by container material type for each

beverage manufacturer by each beverage manufacturer's department-issued identification number by month so that CalRecycle can verify whether the correct processing fees were paid for beverage containers sold in the state.

Specifically, it is necessary for the report to include the department-issued identification number for each beverage manufacturer so that CalRecycle can verify beverage manufacturer compliance and payment of processing fees. It is necessary that the information be reported on a monthly basis to enable CalRecycle to cross-reference the information with processing fees that are required to be paid on a monthly basis pursuant to 14 CCR section 2245. It is necessary for the containers to be reported by material type because the amount due for processing fees is dependent on the container material type.

**Subsection (a)(3)(A)(iii)**

The purpose of this clause is to require, for a beverage manufacturer with a pay on behalf of agreement and reporting on behalf of other beverage manufacturers for processing fees, the beverage manufacturer to include in the Beverage Manufacturer Report submitted to CalRecycle the total of all containers and processing fees to be paid for the reporting period by material type.

It is necessary to require beverage manufacturers to submit as part of their monthly Beverage Manufacturer Report the total of all containers and processing fees to be paid for the reporting period by material type so that CalRecycle can verify whether the correct processing fees were paid for beverage containers sold in the state. It is necessary for a beverage manufacturer to report the totals in addition to separately identifying the information to inform CalRecycle of the total liability and amount owed by a single beverage manufacturer that may be paying on behalf of many other beverage manufacturers. It is necessary for the containers to be reported by material type because the amount due for processing fees is dependent on the container material type.

**Subsection (a)(3)(B)**

The purpose of this subparagraph is to delay the operation of the new reporting requirements regarding agreements to report and pay on behalf of a beverage manufacturer to January 1, 2030.

This is necessary because CalRecycle's new digital information database, the CalRecycle Integrated Information System (CRIIS), is not scheduled to go into operation until 2030. BCRP's current digital information database, the Division of Recycling Integrated Information System (DORIIS), is not currently capable of processing the submittal of this new information. Therefore, in order to put beverage manufacturers on notice that they will have to submit this new information as part of their Beverage Manufacturer Report commencing in 2030, it is necessary to include these requirements with a delayed operation date in the regulations.

**Subsection (a)(4)**

The purpose of this paragraph is to require, for a beverage manufacturer with a report on behalf of agreement and reporting on behalf of other beverage manufacturers for virgin and postconsumer recycled plastic minimum content, the beverage manufacturer to include specified information in the Beverage Manufacturer Report submitted to CalRecycle.

It is necessary to require beverage manufacturers to report specified information when they are reporting on behalf of other beverage manufacturers for virgin and postconsumer recycled plastic minimum content so that CalRecycle can verify compliance with the Act and regulations.

**Subsection (a)(4)(A)**

The purpose of this subparagraph is to require, for beverage manufacturers that are reporting on behalf of other beverage manufacturers for virgin and postconsumer recycled plastic minimum content, the beverage manufacturers to separately identify in the Beverage Manufacturer Report submitted to CalRecycle the amount of virgin plastic, by resin type and in pounds, including any component that is part of or affixed to the beverage container at the point of sale, for each beverage manufacturer by each beverage manufacturer's department-issued identification number for each reporting period.

It is necessary to require beverage manufacturers to report the amount of virgin plastic, by resin type and in pounds, for each beverage manufacturer by each beverage manufacturer's department-issued identification number for each reporting period, so that CalRecycle can verify compliance with the Act and regulations.

Specifically, it is necessary that the information be maintained by resin type and in pounds to enable CalRecycle to cross-reference the information with the amount of virgin plastic reported pursuant to PRC section 14549.3(a) and 14 CCR section 2240(b).

By clarifying that any component that is part of or affixed to the beverage container at the point of sale must be included in the virgin plastic reported, this ensures that the report includes all elements of the beverage container, not just the body of the beverage container.

**Subsection (a)(4)(B)**

The purpose of this subparagraph is to require, for beverage manufacturers that are reporting on behalf of other beverage manufacturers for virgin and postconsumer recycled plastic minimum content, the beverage manufacturers to separately identify in the Beverage Manufacturer Report submitted to CalRecycle the amount of postconsumer recycled plastic, by resin type and in pounds, including any component that is part of or affixed to the beverage container at the point of sale, for each beverage manufacturer by each beverage manufacturer's department-issued identification number for each reporting period.

It is necessary to require beverage manufacturers to report the amount of postconsumer recycled plastic, by resin type and in pounds, for each beverage manufacturer by each beverage manufacturer's department-issued identification number for each reporting period, so that CalRecycle can verify compliance with the Act and regulations.

Specifically, it is necessary that the information be maintained by resin type and in pounds to enable CalRecycle to cross-reference the information with the amount of postconsumer recycled plastic reported pursuant to PRC section 14549.3(a) and 14 CCR section 2240(b).

By clarifying that any component that is part of or affixed to the beverage container at the point of sale must be included in the postconsumer recycled plastic reported, this ensures that the report includes all elements of the beverage container, not just the body of the beverage container.

#### **Subsection (a)(5)**

The purpose of this amendment is to make the non-substantial, technical change of replacing paragraph "(2)" with paragraph "(5)" to allow for the insertion of a new paragraph (3) and (4).

The amendment is necessary to keep the paragraphs in numerical order now that a new paragraph (3) and (4) are proposed to be inserted immediately preceding this subsection.

#### **Subsection (b), former**

The purpose of this amendment is to delete the first sentence in previously existing 2240(b) requiring the submission of a plastic beverage container virgin and postconsumer resin report.

This deletion is necessary in order to read the language, substantially revised, as subsections (b)(1)(A)-(B). Because the addition of the new beverage container types to this sentence would make it too long and complex to be easily understood, it must be separated out into a paragraph and two subparagraphs for clarity.

#### **Subsection (b)(1)**

The purpose of this subsection is to require, for each year, the specified beverage manufacturers, or the appropriate entity as determined by section 2230(d), to prepare and submit to the department the plastic beverage container virgin and postconsumer resin report.

This amendment is necessary to restructure the first sentence in previously existing 2240(b) to clarify in a readable way that the two specified types of beverage manufacturers, or the appropriate entity as determined by section 2230(d), must submit the plastic beverage container virgin and postconsumer resin report. It is necessary to add a conforming cross-reference to 14 CCR section 2230(d) to the restructured language in case a beverage manufacturer is reporting on behalf of another beverage

manufacturer, to clarify that whichever entity is doing the reporting on behalf of the other beverage manufacturer is the appropriate entity to submit this report.

Changing “Division” to “department” in the restructured language is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

#### **Subsection (b)(1)(A)**

The purpose of this amendment is to also require, in addition to a beverage manufacturer of a plastic beverage container, the beverage manufacturer of a bag in box, multi-layer pouch, or paperboard carton with a plastic component that is part of or affixed to the beverage container at the point of sale to prepare and submit a virgin and postconsumer resin report to CalRecycle.

It is necessary to add bag in box, multi-layer pouch, and paperboard carton beverage containers with a plastic component to the virgin and postconsumer resin report to accommodate the new types of beverage containers that SB 1013 added to the BCRP. These beverage containers are shaped differently than traditional beverage containers and the new beverage container components need to be incorporated into the virgin and postconsumer resin report. For instance, straws need to be included because multi-layer pouches and paperboard cartons are more likely to have straws than traditional beverage containers, and dispensing valves need to be included because they are a component of a bag in box. By clarifying that any component that is part of or affixed to the beverage container at the point of sale must be included in the virgin and postconsumer resin report, this ensures that the virgin and postconsumer recycled plastic content that is calculated based on the report includes all elements of the beverage container, not just the body of the beverage container.

#### **Subsection (b)(1)(B)**

The purpose of this subsection is to incorporate language from previously existing 2240(b) that specifies a beverage manufacturer of a plastic beverage container must submit the plastic beverage container virgin and postconsumer resin report.

This amendment is necessary because the addition of the new beverage container types to previously existing 2240(b) would make it too long and complex to be easily understood. Therefore, the previously existing sentence must be separated out into a paragraph and two subparagraphs for clarity. “Subject to the California Redemption Value” was deleted from the restructured language because the term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV.

#### **Subsection (b)(2)**



The purpose of this amendment is to add a “(2)”, delete the word “following” and add a citation to the following paragraphs, and to delete “of these regulations”.

It is necessary to add a (2) in order to maintain correct numbering of the paragraphs as a result of adding (b)(1)(A)-(B). It is necessary to delete the word “following” and add a citation to the following paragraphs because the renumbering of the paragraphs results in the following subsections no longer being a subsection type subsumed under this paragraph, therefore using the word “following” would be incorrect. It is necessary to add a citation to the following paragraphs to clarify what is required as part of the plastic beverage container virgin and postconsumer resin report. It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant.

### **Subsection (b)(3)**

The purpose of this amendment is to renumber paragraph (1) to paragraph (3).

It is necessary to renumber paragraph (1) to paragraph (3) to ensure correct numbering of the subsections due to the addition of two additional paragraphs earlier in this subdivision.

### **Subsection (b)(3)(A)(i)-(ii)**

The purpose of this amendment is to make the non-substantial, technical change of adding clause (i) after subparagraph (A) and to replace “1.” with clause (ii).

The amendment is necessary to correct incorrect subsection numbering. “1.” is not correct subsection numbering because it could easily be confused with “(1)”. Clause (i) cannot be added by itself without a clause (ii), therefore it is necessary to add both clause (i) and clause (ii) in numerical order.

### **Subsection (b)(3)(C)**

The purpose of this amendment is to delete the requirement that caps and labels be included in the amount of virgin plastic reported in a virgin and postconsumer resin report and instead require the amount of virgin plastic reported to include any component that is part of or affixed to the beverage container at the point of sale, such as caps, labels, straws, or dispensing valves.

This is necessary to accommodate the new types of beverage containers that SB 1013 added to the BCRP. These beverage containers are shaped differently than traditional beverage containers and the new beverage container components need to be incorporated into the virgin and postconsumer resin report. Straws need to be included because multi-layer pouches and paperboard cartons are more likely to have straws than traditional beverage containers, and dispensing valves need to be included because they are a component of a bag in box. By clarifying that any component that is part of or affixed to the beverage container at the point of sale must be included in the virgin plastic portion of the report, this ensures that the virgin plastic content that is calculated based on the report includes all elements of the beverage container, not just the body of the beverage container.

**Subsection (b)(3)(D)(i)**

The purpose of this amendment is to delete the requirement that caps and labels be included in the amount of postconsumer recycled plastic reported in a virgin and postconsumer resin report and instead require the amount of postconsumer recycled plastic reported to include any component that is part of or affixed to the beverage container at the point of sale, such as caps, labels, straws, or dispensing valves. The purpose of this amendment is also to make the non-substantial, technical change of adding clause (i) after subparagraph (D).

This is necessary to accommodate the new types of beverage containers that SB 1013 added to the BCRP. These beverage containers are shaped differently than traditional beverage containers and the new beverage container components need to be incorporated into the virgin and postconsumer resin report. Straws need to be included because multi-layer pouches and paperboard cartons are more likely to have straws than traditional beverage containers, and dispensing valves need to be included because they are a component of a bag in box. By clarifying that any component that is part of or affixed to the beverage container at the point of sale must be included in the postconsumer recycled plastic portion of the report, this ensures that the postconsumer recycled plastic content that is calculated based on the report includes all elements of the beverage container, not just the body of the beverage container.

The amendment is necessary to correct incorrect subsection numbering. “1.” is not correct subsection numbering because it could easily be confused with “(1)”. Clause (i) cannot be added by itself without a clause (ii), therefore it is necessary to add both clause (i) and clause (ii) in numerical order.

**Subsection (b)(3)(D)(ii)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “1.” with clause (ii).

The amendment is necessary to correct incorrect subsection numbering. “1.” is not correct subsection numbering because it could easily be confused with “(1)”. Clause (i) cannot be added by itself without a clause (ii), therefore it is necessary to add both clause (i) and clause (ii) in numerical order.

**Subsection (b)(3)(E)(i)-(ii)**

The purpose of this amendment is to make the non-substantial, technical change of adding clause (i) after subparagraph (E) and to replace “1.” with clause (ii).

The amendment is necessary to correct incorrect subsection numbering. “1.” is not correct subsection numbering because it could easily be confused with “(1)”. Clause (i) cannot be added by itself without a clause (ii), therefore it is necessary to add both clause (i) and clause (ii) in numerical order.

**Subsection (b)(4)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The purpose is also to renumber paragraph (2) to paragraph (4).

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified. It is necessary to renumber paragraph (2) to paragraph (4) to ensure correct numbering of the subsections due to the addition of two additional paragraphs earlier in this subdivision.

#### **Subsection (b)(5)**

The purpose of this paragraph is to require a beverage manufacturer to report a plastic component of a bag in box, multi-layer pouch, or paperboard carton under the relevant plastic resin type in the virgin and postconsumer resin report. It also clarifies that this requirement applies to a bag in box, multi-layer pouch, or paperboard carton even if the beverage container is not a plastic beverage container.

This is necessary to accommodate the new types of beverage containers that SB 1013 added to the BCRP. Instead of being made “primarily” of a single material, which is the case for traditional beverage containers, the new types of beverage containers that SB 1013 added to the BCRP are included “regardless of the material type from which the beverage container is made” (PRC section 14504(a)(12)). As a result, a bag in box, multi-layer pouch, or paperboard carton may be made partially of plastic and partially of another material type and not fall under the definition of a “plastic beverage container,” “which has a body consisting primarily of plastic” (PRC section 14517). To ensure that the plastic components of a bag in box, multi-layer pouch, or paperboard carton are included in the postconsumer recycled plastic content requirements of the Act, it is necessary for their plastic components to be included in the virgin and postconsumer resin report. This inclusion of the new beverage container types is supported by PRC section 14547(a)(4), which specifies that a new beverage container has two additional years to comply with the postconsumer recycled plastic content requirements of the Act. It is necessary to clarify that this requirement applies to a bag in box, multi-layer pouch, or paperboard carton even if the beverage container is not a plastic beverage container to ensure that beverage manufacturers of bags in boxes, multi-layer pouches, or paperboard cartons understand that this requirement applies to their containers that have a plastic component.

#### **Subsection (c)**

The purpose of this subsection is to specify that a component that is part of or affixed to a beverage container at the point of sale does not include grouped packaging or secondary packaging intended to bundle, sell in bulk, brand, or display the product, as described in section 42041(s)(2) of the Public Resources Code.

This regulatory language is necessary to clarify that any external, secondary packaging that is made of plastic is not required to be included in the virgin and postconsumer resin report. It is only the components that are immediately surrounding the product, and which are made of plastic, that must be included. It is necessary to include the cross-reference to section 42041(s)(2) of the Public Resources Code to provide context that this description of secondary packaging is from the Plastic Pollution Prevention and Packaging Producer Responsibility Act.

## **SECTION 2241. ANNUAL REPORTING**

### **Subsection (a)**

The purpose of this regulatory language is to allow a beverage manufacturer to report on an annual basis, and make a single annual payment of processing fees, on or before February 1 of each year, instead of reporting and paying monthly.

This regulatory language is necessary to implement the direction from Governor Newsom included in the veto message of AB 457 (2023-24 Regular Session) to include in this regulatory package more flexible annual reporting of processing fees. The February 1 date specifically is necessary to be consistent with existing annual reporting of processing fees in PRC section 14575(g).

### **Subsection (a)(1)**

The purpose of this regulatory language is to require, in order for a beverage manufacturer to report and pay processing fees on an annual basis, the beverage manufacturer to notify the department of its intent to report annually either within 10 working days of registration or by January 31 of the calendar year and every year thereafter for which the monthly reports and payments would be due. The purpose of this regulatory language is also to require the notification to be submitted electronically in writing in the format provided by the department.

It is necessary to require notification to be submitted either within 10 working days of registration or by January 31 of the calendar year and every year thereafter for which the monthly reports and payments would be due, which is one year in advance of the February 1 deadline specified in PRC section 14575(g)(3)(B), because the department must be made aware before the first monthly report would be due that the beverage manufacturer will be reporting on an annual instead of monthly basis so that the department does not cite the beverage manufacturer for failing to report and pay on a monthly basis. This January 31 deadline is consistent with the deadline specified in PRC section 14575(g)(3)(C). This January 31 deadline was workshopped with the public at the October 29, 2024, informal public workshop. No comments were received specifically about the January 31 deadline. It is necessary for the notice to alternatively be submitted within 10 working days of registration because this is a reasonable division of the first month of registration between the beverage manufacturer and department – the beverage manufacturer has about two weeks to submit the request to the department, then the department has the remaining two weeks of the month to process

the request. It is necessary to require the notification to be submitted electronically in writing in the format provided by the department because electronically is more efficient and reliable than postal mail, and specifying “in writing” clarifies the notification cannot be submitted electronically in another format, such as a voicemail.

### **Subsection (a)(2)**

The purpose of this subsection is to provide an introductory clause to the two following alternative criteria for annual reporting.

It is necessary for the criteria to be alternative to increase flexibility for beverage manufacturers so that they may qualify for annual reporting and payment of processing fees in two different ways.

### **Subsection (a)(2)(A)**

The purpose of this subsection is to allow a beverage manufacturer to report and pay processing fees on an annual rather than monthly basis if it submits the notice discussed above, submits 12 accurate monthly reports and payments by the required due dates, and projects to owe less than \$15,000 in processing fees in the calendar year.

It is necessary to require notice to be submitted before reporting and payment of processing fees on an annual basis is allowed because the department must be made aware before the first monthly report would be due that the beverage manufacturer will be reporting on an annual instead of monthly basis so that the department does not cite the beverage manufacturer for not reporting and paying on a monthly basis. The \$15,000 threshold for processing fees is necessary to be consistent with the \$15,000 threshold in PRC section 14575(g)(3)(A)(ii). PRC section 14575(g)(3)(A)(ii) is the currently operative clause in the Act, and not PRC section 14575(g)(3)(A)(i), because the redemption payment and refund value has been increased to 5 and 10 cents under PRC section 14560(a)(3). For this option for annual reporting, it is necessary for a beverage manufacturer to first submit 12 accurate monthly reports and payments by the required due dates so that the department has a general idea of the volume of containers the beverage manufacturer sells and that it will not exceed that \$15,000 threshold. The 12 accurate monthly reports is also necessary for the beverage manufacturer to demonstrate that it is able to comply with monthly reporting, which reduces the potential financial risk to the California Beverage Container Recycling Fund if a beverage manufacturer fails to report and pay an entire year’s worth of processing fees.

This \$15,000 threshold and requirement for 12 prior monthly reports were workshopped with the public at the October 29, 2024, informal public workshop. No comments were received to increase or decrease the \$15,000 threshold or the requirement for 12 prior monthly reports.

### **Subsection (a)(2)(B)**

The purpose of this subsection is to allow a beverage manufacturer to report and pay processing fees on an annual rather than monthly basis, without a history of reporting and payments required under subsection (a)(2)(A), if it submits the notice discussed above, projects to sell fewer than 375,000 beverage containers in the calendar year, and projects to owe less than \$15,000 in processing fees in the calendar year.

It is necessary to require notice to be submitted before reporting and payment of processing fees on an annual basis is allowed because the department must be made aware before the first monthly report would be due that the beverage manufacturer will be reporting on an annual instead of monthly basis so that the department does not cite the beverage manufacturer for failing to report and pay on a monthly basis. The \$15,000 threshold for processing fees is necessary to be consistent with the \$15,000 threshold in PRC section 14575(g)(3)(A)(ii). PRC section 14575(g)(3)(A)(ii) is the currently operative clause in the Act, and not PRC section 14575(g)(3)(A)(i), because the redemption payment and refund value has been increased to 5 and 10 cents under PRC section 14560(a)(3). The 375,000 container threshold is to accommodate the fact that each beverage container has a different processing fee amount established pursuant to the Act without exceeding the \$15,000 threshold set in statute. For example, if a beverage manufacturer only sells PET containers, which has the smallest positive processing fee of \$0.00091 per container for 2025, the \$15,000 threshold would not prohibit them from reporting annually until they sold well over 16 million containers. This would not be a small beverage manufacturer due to the large number of containers reported. By contrast, for plastic #7 beverage containers that have the highest processing fee of \$0.14789 for 2025, the \$15,000 processing fee threshold would prohibit them from reporting annually when they sold around 101,426 containers. Therefore, the number of containers threshold and the processing fee dollar amount threshold are both necessary to restrict annual reporting to beverage manufacturers that are small in both number of containers sold and amount of processing fees paid.

Additionally, the 375,000 container threshold is consistent with the threshold established in AB 457 (2023-24 Regular Session). This 375,000 container threshold was workshopped with the public at the October 29, 2024, informal public workshop. No comments were received to increase or decrease this 375,000 container threshold.

For this option for annual reporting, it is not necessary for a beverage manufacturer to first submit 12 accurate monthly reports and payments by the required due dates to enable new small beverage manufacturers to report and pay processing fees annually. In his veto message for AB 457, Governor Newsom directed CalRecycle to incorporate similar reporting flexibility in the SB 1013 regulations for beverage manufacturers.

#### **Subsection (b)**

The purpose of this subsection is to specify that a beverage manufacturer that is not in compliance with the Act or 14 CCR, who otherwise meets the criteria for annual reporting of processing fees constitutes grounds for the department to deny or revoke

the beverage manufacturer's option to make a single annual payment of processing fees.

This subsection is necessary to put beverage manufacturers on notice that, once they are approved for annual reporting and payment of processing fees, violating the Act or 14 CCR is grounds for that annual reporting and payment status to be revoked by the department. It is also necessary to put beverage manufacturers on notice that, when they are applying for annual reporting and payment of processing fees, violating the Act or 14 CCR is grounds for that annual reporting and payment request to be denied by the department. This is consistent with PRC section 14575(g)(3) conditioning reporting and paying on an annual basis on "if a beverage manufacturer displays a pattern of operation in compliance with this division and the regulations adopted pursuant to this division, to the satisfaction of the department." The department must have this authority to deny or revoke annual reporting and payment status to reduce the potential financial risk to the California Beverage Container Recycling Fund if a beverage manufacturer fails to report and pay an entire year's worth of processing fees, which is more likely if they've already violated the Act and Regulations.

## **SECTION 2243. POSTCONSUMER RECYCLED PLASTIC REQUIREMENTS**

### **Subsection (a)**

The purpose of this subsection is to specify that the total amount of plastic in bags in boxes, multi-layer pouches, or paperboard cartons sold in the state by a beverage manufacturer shall, on average, contain no less than specified percentages of postconsumer recycled plastic per year out of the total amount of plastic contained in the beverage containers.

This is necessary to accommodate the new types of beverage containers that SB 1013 added to the BCRP and to ensure that the plastic components of bags in boxes, multi-layer pouches, and paperboard cartons comply with the postconsumer recycled plastic content requirements of the Act. This inclusion of the new beverage container types is supported by PRC section 14547(a)(4), which specifies that the new container types have two additional years to comply with the postconsumer recycled plastic content requirements of the Act.

### **Subsection (a)(1)**

The purpose of this subdivision is to specify that between the effective date of the section and December 31, 2026, the total amount of plastic in bags in boxes, multi-layer pouches, or paperboard cartons sold in the state by a beverage manufacturer shall, on average, contain no less than 15 percent.

This is necessary to implement and interpret PRC section 14547(a)(4), which specifies that the new container types have two additional years to comply with the postconsumer recycled plastic content requirements of the Act. PRC section 14547(a)(1) specifies that "Between January 1, 2022, and December 31, 2024, inclusive, the total number of plastic beverage containers filled with a beverage sold by a beverage manufacturer

subject to the California Redemption Value, pursuant to Chapter 5 (commencing with Section 14560), for sale in the state shall, on average, contain no less than 15 percent postconsumer recycled plastic per year.” Because of the two-year delay implemented by SB 1013 for bags in boxes, multi-layer pouches, and paperboard cartons in PRC section 14547(a)(4), CalRecycle interprets the 15 percent postconsumer recycled plastic requirement for bags in boxes, multi-layer pouches, and paperboard cartons to be January 1, 2024, to December 31, 2026. It is necessary to list the commencement date of the requirement as the effective date of the regulations instead of January 1, 2024, because the effective date of the regulations will occur on an unknown date after January 1, 2024.

#### **Subsection (a)(2)**

The purpose of this subdivision is to specify that between January 1, 2027, and December 31, 2031, the total amount of plastic in bags in boxes, multi-layer pouches, or paperboard cartons sold in the state by a beverage manufacturer shall, on average, contain no less than 25 percent.

This is necessary to implement and interpret PRC section 14547(a)(4), which specifies that the new container types have two additional years to comply with the postconsumer recycled plastic content requirements of the Act. PRC section 14547(a)(2) specifies that “Between January 1, 2025, and December 31, 2029, inclusive, the total number of plastic beverage containers filled with a beverage sold by a beverage manufacturer subject to the California Redemption Value, pursuant to Chapter 5 (commencing with Section 14560), for sale in the state shall, on average, contain no less than 25 percent postconsumer recycled plastic per year.” Because of the two-year delay implemented by SB 1013 for bags in boxes, multi-layer pouches, and paperboard cartons in PRC section 14547(a)(4), CalRecycle interprets the 25 percent postconsumer recycled plastic requirement for bags in boxes, multi-layer pouches, and paperboard cartons to be January 1, 2027, to December 31, 2031.

#### **Subsection (a)(3)**

The purpose of this subdivision is to specify that, on and after January 1, 2032, the total amount of plastic in bags in boxes, multi-layer pouches, or paperboard cartons sold in the state by a beverage manufacturer shall, on average, contain no less than 50 percent.

This is necessary to implement and interpret PRC section 14547(a)(4), which specifies that the new container types have two additional years to comply with the postconsumer recycled plastic content requirements of the Act. PRC section 14547(a)(3) specifies that “On and after January 1, 2030, the total number of plastic beverage containers filled with a beverage sold by a beverage manufacturer subject to the California Redemption Value, pursuant to Chapter 5 (commencing with Section 14560), for sale in the state shall, on average, contain no less than 50 percent postconsumer recycled plastic per year.” Because of the two-year delay implemented by SB 1013 for bags in boxes, multi-layer pouches, and paperboard cartons in PRC section 14547(a)(4), CalRecycle



interprets the ongoing 50 percent postconsumer recycled plastic requirement for bags in boxes, multi-layer pouches, and paperboard cartons to commence January 1, 2032.

#### **Subsection (b)(1)-(4)**

The purpose of this regulatory language is to clarify that the plastic minimum content standards do not apply to a beverage manufacturer that sells or transfers 16,000,000 or fewer of any combination of plastic beverage containers, bags in boxes containing plastic, multi-layer pouches containing plastic, or paperboard cartons containing plastic to a distributor, dealer, or consumer during a calendar year reporting period.

This regulatory language is necessary to clarify the exemption from the plastic minimum content standards for a beverage manufacturer that sells or transfers 16,000,000 or fewer containers. Although that exemption in section 14547(i)(2) of the Act only explicitly mentions plastic beverage containers, to harmonize that provision with section 14547(a)(4) of the Act which gives the new beverage container types an extra two years to comply with the minimum content standards, it is necessary for the department to interpret that exemption as also including the new beverage container types as well.

### **SUBCHAPTER 4. DISTRIBUTORS**

#### **SECTION 2300. APPLICABILITY**

##### **Subsection (a)**

The purpose of this amendment is to delete the phrase “of these regulations”.

It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant.

##### **Subsection (b)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

##### **Subsection (b)(5)(A)**

The purpose of this subparagraph is to require a distributor, if another entity has agreed to report and make payments on the distributor's behalf, to clearly indicate in that agreement which is submitted to CalRecycle the name and identification number(s) of the distributor(s) reporting and paying on behalf of the other.

This is necessary to address the addition of wine and distilled spirits to the BCRP. It is common in the wine and distilled spirits industry for another entity to report and make

payments for beverage containers of another distributor, such as when one company distributes for many smaller companies. It is anticipated that because of this common arrangement there will be many agreements to report and pay on behalf of other distributors. With the addition of numerous new distributors of wine and distilled spirits to the BCRP as a result of SB 1013, CalRecycle needs to be certain which distributors are reporting and paying on behalf of other distributors so that CalRecycle can verify that the correct redemption payments are being paid for those beverages. It is necessary to apply this provision to all beverages, not just wine and distilled spirits, because distributors of other types of beverages such as soda, water, and beer, also utilize pay on behalf of agreements.

#### **Subsection (b)(5)(B)**

The purpose of this subparagraph is to require a distributor, if another entity has agreed to report and make payments on the distributor's behalf, to clearly indicate in that agreement which is submitted to CalRecycle which distributor(s) the distributor is reporting and paying on behalf of.

This is necessary to address the addition of wine and distilled spirits to the BCRP. It is common in the wine and distilled spirits industry for another entity to report and make payments for beverage containers of another distributor, such as when one company distributes for many smaller companies. It is anticipated that because of this common arrangement there will be many agreements to report and pay on behalf of other distributors. With the addition of numerous new distributors of wine and distilled spirits to the BCRP as a result of SB 1013, CalRecycle needs to be certain who distributors are reporting and paying on behalf of so that CalRecycle can verify that the correct redemption payments are being paid for those beverages.

#### **Subsection (c)**

The purpose of this amendment is to make the non-substantial, technical change of replacing "Division" with "department". The purpose is also to replace "subsection" with "subdivision".

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Replacing "subsection" with "subdivision" is necessary to standardize the citation format throughout the regulations.

#### **Subsection (d)**

The purpose of this amendment is to make the non-substantial, technical change of replacing "Division" with "department". The amendment also revises "Section" beginning with a capital letter to "section" in all lowercase.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

#### **Subsection (e)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

### **SECTION 2301. REGISTRATION**

#### **Subsection (a)(1)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The amendment also revises “Sections” beginning with a capital letter to “sections” in all lowercase. The purpose of this amendment is also to make the non-substantial, technical change of amending this subsection with paragraph “(1)” to allow for the addition of paragraph (2). The purpose of this amendment is also to delete the phrase “of these regulations”.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Revising “Sections” beginning with a capital letter to “sections” in all lowercase is necessary to standardize the citation format throughout the regulations.

The amendment is necessary because correct numbering of paragraphs does not permit a paragraph (1) to be inserted by itself without a corresponding paragraph (2). Therefore, subdivision (a) must be changed to subsection (a)(1) in order to add paragraph (2) following subsection (a)(1). Subsection (a)(2) is being added as part of subdivision (a) rather than a new subdivision (b) to avoid renumbering all of the remaining subdivisions in the section. Also, subsection (a)(2) is closely related in subject

matter to subsection (a)(1), and therefore to ensure readability and clarity it is necessary to include these paragraphs within the same subdivision.

It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant.

#### **Subsection (a)(2)**

The purpose of this paragraph is to specify that an out-of-state vendor, holding a direct shipper permit issued by the Department of Alcoholic Beverage Control located outside of California, which sells or transfers filled beverage containers to California consumers, is the distributor for purposes of the payment of the redemption payment, and shall be responsible for the registration, recordkeeping, reporting, and payment responsibilities for those filled beverage containers.

This is necessary to implement and interpret the amendments made by SB 1013 to PRC section 14560(a)(4)(A). PRC section 14560(a)(4)(A) states that the person named on the direct shipper permit is the distributor for purposes of the payment of redemption payments, however it is silent on the related distributor requirements of registration, recordkeeping, and reporting. Those requirements are inextricably linked in the BCRP, and therefore it is necessary to clarify that a distributor responsible for redemption payments as a result of selling or transferring filled beverage containers into the state through a direct shipper permit is also responsible for distributor registration, recordkeeping, and reporting requirements for those filled beverage containers.

#### **Subsection (b)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

#### **Subsection (b)(16)**

The purpose of this paragraph is to require, for an out-of-state distributor that sells or transfers filled beverage containers to California consumers with a direct shipper permit, the distributor to provide the Department of Alcoholic Beverage Control direct shipper permit number to CalRecycle prior to the initial sale or transfer of filled beverage containers.

This is necessary to implement the amendments made by SB 1013 to PRC section 14560(a)(4)(A). PRC section 14560(a)(4)(A) states that the person named on the direct shipper permit is the distributor. Therefore, CalRecycle must be informed of the direct shipper permit number for an entity that is a distributor as a result of selling or transferring filled beverage containers into the state through a direct shipper permit to verify the correct entity is participating in the BCRP as the distributor for a filled beverage container.

## **SECTION 2305. RECORDKEEPING**

### **Section 2305**

The purpose of this amendment is to delete the phrase “of subchapter 2 of these regulations”.

It is necessary to delete the phrase “of subchapter 2 of these regulations” after the numerical citation because it is redundant.

#### **Subsection (a)**

The purpose of this amendment is to revise the provision that requires a distributor to maintain records for all beverage containers received to delete the statement that all beverage containers received includes all containers which bear the message as required in Section 14561 of the Act.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to delete the statement that all beverage containers received includes all containers which bear the message as required in Section 14561 of the Act.

#### **Subsection (a)(1)**

The purpose of this amendment is to revise the provision that requires a distributor to maintain records of the quantity and material type of all beverage containers received to delete the statement that all beverage containers received includes all containers which bear the message as required in Section 14561 of the Act.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to delete the statement that all beverage containers received includes all containers which bear the message as required in Section 14561 of the Act.

**Subsection (a)(3)**

The purpose of this amendment is to revise the provision that requires a distributor to maintain records of the date all beverage containers were received to delete the statement that all beverage containers received includes all containers which bear the message as required in Section 14561 of the Act.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to delete the statement that all beverage containers received includes all containers which bear the message as required in Section 14561 of the Act.

**Subsection (b)**

The purpose of this amendment is to revise the provision that requires a distributor to maintain records of all beverage containers sold to delete the statement that all beverage containers sold includes all containers which bear the message as required in Section 14561 of the Act.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to delete the statement that all beverage containers sold includes all containers which bear the message as required in Section 14561 of the Act.

**Subsection (b)(1)**

The purpose of this amendment is to revise the provision that requires a distributor to maintain records of the quantity and material type of all beverage containers sold to delete the statement that all beverage containers sold includes all containers which bear the message as required in Section 14561 of the Act.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to delete the statement that all beverage containers sold includes all containers which bear the message as required in Section 14561 of the Act.

**Subsection (b)(2)**

The purpose of this amendment is to revise the provision that requires a distributor to maintain records of the name and address of entities to whom beverage containers were sold to delete the statement that all beverage containers sold includes all containers which bear the message as required in Section 14561 of the Act. The purpose of this amendment is also to replace “,including” with the word “and”.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to delete the statement that all beverage containers sold includes all containers which bear the message as required in Section 14561 of the Act. It is necessary to replace “,including” with the word “and” as a conforming change to ensure grammatical correctness and consistency with similar language throughout 14 CCR section 2305.

### **Subsection (b)(3)**

The purpose of this amendment is to revise the provision that requires a distributor to maintain records of the date that all beverage containers were sold or transferred to delete the statement that all beverage containers sold includes all containers which bear the message as required in Section 14561 of the Act.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to delete the statement that all beverage containers sold or transferred includes all containers which bear the message as required in Section 14561 of the Act.

### **Subsection (c)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The purpose of this amendment is also to delete the phrase “of this subchapter”.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

It is necessary to delete the phrase “of this subchapter” after the numerical citation because it is redundant.

**Subsection (e)**

The purpose of this subdivision is to require a distributor to maintain records of any report and pay on behalf of agreements.

This is necessary to address the addition of wine and distilled spirits to the BCRP. It is common in the wine and distilled spirits industry for another entity to report and make payments for beverage containers of another distributor, such as when one large distribution company distributes for many smaller beverage distributors. It is anticipated that because of this common arrangement there will be many agreements to report and pay on behalf of other distributors. With the addition of numerous new distributors of wine and distilled spirits to the BCRP as a result of SB 1013, CalRecycle needs to be able to verify the details of the report and pay on behalf of agreements. Therefore, it is necessary to require distributors to keep records of those agreements so that CalRecycle can audit the records if necessary to verify compliance with the Act and regulations. It is necessary to apply this provision to all beverages, not just wine and distilled spirits, because distributors of other types of beverages such as soda, water, and beer, also utilize report and pay on behalf of agreements.

**Subsection (e)(1)**

The purpose of this paragraph is to require a distributor to maintain records of the signed agreement for each distributor for any report and pay on behalf of agreements.

It is necessary to require distributors to keep records of the signed agreement for each distributor for any report and pay on behalf of agreements so that CalRecycle can audit the records if necessary to verify compliance with the Act and regulations. It is necessary that the agreement be signed to enable CalRecycle to verify that each distributor that is the party to the agreement has agreed to the terms of the agreement, as represented by a signature.

**Subsection (e)(2)**

The purpose of this paragraph is to require, for distributors that are reporting and paying on behalf of other distributors, the distributors to maintain specified records.

It is necessary to require distributors to keep records when they are reporting and paying on behalf of other beverage manufacturers so that CalRecycle can audit the records if necessary to verify compliance with the Act and regulations.

**Subsection (e)(2)(A)**

The purpose of this subparagraph is to require, for distributors that are reporting on behalf of other distributors, the distributors to maintain records of the number of containers reported for each distributor by each distributor’s department-issued identification number by month.



It is necessary to require distributors to keep records of the number of containers reported for each distributor by each distributor's department-issued identification number by month so that CalRecycle can audit the records if necessary to verify compliance with the Act and regulations.

Specifically, it is necessary for the records to include the department-issued identification number for each distributor so that CalRecycle can cross-reference the number of reported containers with identification numbers to verify compliance and payment of redemption payments. It is necessary that the information be maintained on a monthly basis to enable CalRecycle to cross-reference the information with redemption payments that are required to be reported and paid on a monthly basis pursuant to PRC section 14574(a)(2) and 14 CCR sections 2310 and 2320.

#### **Subsection (e)(2)(B)**

The purpose of this subparagraph is to require, for distributors that are reporting on behalf of other distributors, the distributors to maintain records of redemption payments paid by container material type reported for each distributor by each distributor's department-issued identification number by month.

It is necessary to require distributors to keep records of redemption payments paid by container material type reported for each distributor by each distributor's department-issued identification number by month so that CalRecycle can audit the records if necessary to verify compliance with the Act and regulations.

Specifically, it is necessary for the records to include the department-issued identification number for each distributor so that CalRecycle can cross-reference the amount of redemption payments paid with identification numbers to verify compliance and payment of redemption payments. It is necessary that the information be maintained on a monthly basis to enable CalRecycle to verify compliance with the monthly reporting and payment requirements for redemption payments established in PRC section 14574(a)(2) and 14 CCR sections 2310 and 2320.

### **SECTION 2310. REPORTING**

#### **Subsection (a)**

The purpose of this amendment is to make the non-substantial, technical change of replacing "Division" with "department". The purpose of this amendment is also to delete the phrase "these regulations" and replace it with "this chapter". The purpose of the amendment is also to revise "Section" beginning with a capital letter to "section" in all lowercase.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the

remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

It is necessary to delete the phrase “these regulations” after the numerical citation because it is redundant. However, it is necessary to replace “these regulations” with “this chapter” to distinguish the citation from the citation to the Act that immediately follows.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

#### **Subsection (a)(1)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The purpose of the amendment is also to revise “Section” beginning with a capital letter to “section” in all lowercase.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

#### **Subsection (a)(2)(D)**

The purpose of this amendment is to revise the provision that requires a Distributor Report to contain the total number of all beverage containers sold or transferred to delete the statement that all beverage containers sold or transferred includes all containers which bear the message as required in Section 14561 of the Act.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to delete the statement that all beverage containers sold or transferred includes all containers which bear the message as required in Section 14561 of the Act.

#### **Subsection (a)(2)(E)1-4**

The purpose of this amendment is to replace “1.”, “2.”, and “3.” with clause (i), (ii), and (iii).

The amendment is necessary to correct incorrect subsection numbering. “1.”, “2.”, and “3.” are not correct subsection numbering because it could easily be confused with “(1)”, “(2)”, and “(3)”.

**Subsection (a)(2)(E)4.**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The purpose of this amendment is also to replace “4.” with clause (iv).

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified. The amendment is necessary to correct incorrect subsection numbering. “4.” is not correct subsection numbering because it could easily be confused with “(4)”.

**Subsection (b)(1)**

The purpose of this paragraph is to require, for a distributor with a pay on behalf of agreement and reporting on behalf of other distributors, the distributor to include specified information in the Distributor Report submitted to CalRecycle.

This is necessary to address the addition of wine and distilled spirits to the BCRP. It is common in the wine and distilled spirits industry for another entity to report and make payments for beverage containers of another distributor, such as when one large distribution company distributes for many smaller beverage distributors. It is anticipated that because of this common arrangement there will be many agreements to report and pay on behalf of other distributors. With the addition of numerous new distributors of wine and distilled spirits to the BCRP as a result of SB 1013, CalRecycle needs to be certain which distributors are reporting and paying on behalf of other distributors so that CalRecycle can verify that the correct redemption payments are being paid for those beverages. Therefore, it is necessary to require distributors to report as part of their Distributor Reports specified information relating to reporting and paying on behalf of other distributors. It is necessary to apply this provision to all beverages, not just wine and distilled spirits, because distributors of other types of beverages such as soda, water, and beer, also utilize report and pay on behalf of agreements.

**Subsection (b)(1)(A)**

The purpose of this subparagraph is to require, for a distributor with a pay on behalf of agreement and reporting on behalf of other distributors, the distributor to separately identify in the Distributor Report submitted to CalRecycle the number of containers by material type and size for each distributor by each distributor’s department-issued identification number by month.

It is necessary to require distributors to submit as part of their monthly Distributor Report the number of containers by material type for each distributor by each distributor's department-issued identification number by month so that CalRecycle can verify whether the correct redemption payments were paid for beverage containers sold in the state.

Specifically, it is necessary for the report to include the department-issued identification number for each distributor so that the CalRecycle can verify distributor compliance and payment of redemption payments. It is necessary that the information be reported on a monthly basis to enable CalRecycle to cross-reference the information with redemption payments that are required to be paid on a monthly basis pursuant to PRC section 14574(a)(2) and 14 CCR section 2320. It is necessary for the containers to be reported by material type to enable CalRecycle to cross-reference the information reported by material type for redemption payments pursuant to 14 CCR section 2320(b)-(d). It is necessary for the containers to be reported by size because the amount of the redemption payment can vary depending on whether a beverage container has a capacity of more or less than 24 ounces (PRC section 14560).

#### **Subsection (b)(1)(B)**

The purpose of this subparagraph is to require, for a distributor with a pay on behalf of agreement and reporting on behalf of other distributors, the distributor to separately identify in the Distributor Report submitted to CalRecycle the redemption payment by container material type and size for each distributor by each distributor's department-issued identification number by month.

It is necessary to require distributors to submit as part of their monthly Distributor Report the redemption payment by container material type for each distributor by each distributor's department-issued identification number by month so that CalRecycle can verify whether the correct redemption payments were paid for beverage containers sold in the state.

Specifically, it is necessary for the report to include the department-issued identification number for each distributor so that the CalRecycle can verify distributor compliance and payment of redemption payments. It is necessary for the containers to be reported by material type to enable CalRecycle to cross-reference the information reported by material type for redemption payments pursuant to 14 CCR section 2320(b)-(d). It is necessary for the containers to be reported by size because the amount of the redemption payment can vary depending on whether a beverage container has a capacity of more or less than 24 ounces (PRC section 14560).

#### **Subsection (b)(1)(C)**

The purpose of this subparagraph is to require, for a distributor with a pay on behalf of agreement and reporting on behalf of other distributors, the distributor to include in the Distributor Report submitted to CalRecycle the total of all containers and redemption payments to be paid for the reporting period by material type and size.

It is necessary to require distributors to submit as part of their monthly Distributor Report the total of all containers and redemption payments to be paid for the reporting period by material type and size so that CalRecycle can verify whether the correct redemption payments were paid for beverage containers sold in the state. It is necessary for a distributor to report the totals in addition to separately identifying the information to inform CalRecycle of the total liability and amount owed by a single distributor that may be paying on behalf of many other distributors. It is necessary for the containers to be reported by material type to enable CalRecycle to cross-reference the information reported by material type for redemption payments pursuant to 14 CCR section 2320(b)-(d). It is necessary for the containers to be reported by size because the amount of the redemption payment can vary depending on whether a beverage container has a capacity of more or less than 24 ounces (PRC section 14560).

#### **Subsection (b)(2)**

The purpose of this subparagraph is to delay the operation of the new reporting requirements regarding agreements to report and pay on behalf of a distributor to January 1, 2030.

This is necessary because CalRecycle's new digital information database, CRIIS, is not scheduled to go into operation until 2030. BCRP's current digital information database, DORIIS, is not currently capable of processing the submittal of this new information. Therefore, in order to put distributors on notice that they will have to submit this new information as part of their Distributor Report commencing in 2030, it is necessary to include these requirements with a delayed operation date in the regulations.

### **SECTION 2311. ANNUAL REPORTING**

#### **Subsection (a)**

The purpose of this regulatory language is to allow a distributor to report on an annual basis, and make a single annual payment of redemption payments, on or before February 1 of each year, instead of reporting and paying monthly.

This regulatory language is necessary due to the direction from Governor Newsom included in the veto message of AB 457 (2023-24 Regular Session) to include in this regulatory package more flexible annual reporting of processing fees by beverage manufacturers. In order to maintain consistency of reporting between beverage manufacturers and distributors, which is important because many BCRP participants are simultaneously both beverage manufacturers and distributors, more flexible annual reporting must be added for distributors in addition to beverage manufacturers. The February 1 date specifically is necessary to be consistent with existing annual reporting of redemption payments in PRC section 14574(b)(2). This section was added to implement feedback from the public at the October 29, 2024, informal public workshop.

#### **Subsection (a)(1)**

The purpose of this regulatory language is to require, in order for a distributor to report and pay redemption payments on an annual basis, the distributor to notify the

department of its intent to report annually either within 10 working days of registration or by January 31 of the calendar year and every year thereafter for which the monthly reports and payments would be due. The purpose of this regulatory language is also to require the notification to be submitted electronically in writing in the format provided by the department.

It is necessary to require notification to be submitted either within 10 working days of registration or by January 31 of the calendar year and every year thereafter for which the monthly reports and payments would be due, which is one year in advance of the February 1 deadline specified in PRC section 14574(b)(2), because the department must be made aware before the first monthly report would be due that the distributor will be reporting on an annual instead of monthly basis so that the department does not cite the distributor for not reporting and paying on a monthly basis. This January 31 deadline is consistent with the deadline specified in PRC section 14574(b)(3). It is necessary for the notice to alternatively be submitted within 10 working days of registration because this is a reasonable division of the first month of registration between the distributor and department – the distributor has about two weeks to submit the request to the department then the department has the remaining two weeks of the month to process the request. It is necessary to require the notification to be submitted electronically in writing in the format provided by the department because electronically is more efficient and reliable than postal mail, and specifying “in writing” clarifies the notification cannot be submitted electronically in another format, such as a voicemail.

#### **Subsection (a)(2)**

The purpose of this subsection is to provide an introductory clause to the two following alternative criteria for annual reporting.

It is necessary for the criteria to be alternative to increase flexibility for distributors so that they may qualify for annual reporting and payment of redemption payments in two different ways.

#### **Subsection (a)(2)(A)**

The purpose of this subsection is to allow a distributor to report and pay redemption payments on an annual rather than monthly basis if it submits the notice discussed above, submits 12 accurate monthly reports and payments by the required due dates, and projects to owe less than \$75,000 in redemption payments in the calendar year.

It is necessary to require notice to be submitted before reporting and payment of redemption payments on an annual basis is allowed because the department must be made aware before the first monthly report would be due that the distributor will be reporting on an annual instead of monthly basis so that the department does not cite the distributor for failing to report and pay on a monthly basis. The \$75,000 threshold for redemption payments is necessary to be consistent with the \$75,000 threshold in PRC section 14574(b)(1). For this option for annual reporting, it is necessary for a distributor to first submit 12 accurate monthly reports and payments by the required due dates so

that the department has a general idea of the volume of containers the distributor sells and that it will not exceed that \$75,000 threshold. The 12 accurate monthly reports is also necessary for the distributor to demonstrate that it is able to comply with monthly reporting, which reduces the potential financial risk to the California Beverage Container Recycling Fund if a distributor fails to report and pay an entire year's worth of redemption payments.

#### **Subsection (a)(2)(B)**

The purpose of this subsection is to allow a distributor to report and pay redemption payments on an annual rather than monthly basis, without a history of reporting and payments required under subsection (a)(2)(A), if it submits the notice discussed above and projects to owe less than \$37,500 in redemption payments in the calendar year.

It is necessary to require notice to be submitted before reporting and payment of redemption payments on an annual basis is allowed because the department must be made aware before the first monthly report would be due that the distributor will be reporting on an annual instead of monthly basis so that the department does not cite the distributor for not reporting and paying on a monthly basis. For this option for annual reporting, it is not necessary for a distributor to first submit 12 accurate monthly reports and payments by the required due dates to enable new small distributors to report and pay redemption payments annually. This flexibility must be provided because there are many new small wineries and other distributors newly subject to the Act due to SB 1013's addition of new containers that do not have 12 months of prior monthly reporting experience.

However, because these new small wineries and other distributors don't have 12 months of prior monthly reporting experience that demonstrates they are able to comply with monthly reporting, the dollar amount threshold for distributors to report annually must be lowered in this option in order to reduce the potential financial risk to the California Beverage Container Recycling Fund if a distributor fails to report and pay an entire year's worth of redemption payments. Specifically, the \$37,500 threshold for redemption payments was chosen because the department selected the median redemption rate, 10 cents, and multiplied it by 375,000 containers being sold by the distributor annually. The 375,000 container threshold is necessary in order to be consistent with the 375,000 container threshold proposed for annual reporting of processing fees for beverage manufacturers in section 2241(a)(2)(B), and also to be consistent with the 375,000 container threshold that was proposed for annual reporting of redemption payments by distributors in AB 457 (2023-24 Regular Session).

#### **Subsection (b)**

The purpose of this subsection is to specify that a distributor that is not in compliance with the Act or 14 CCR who otherwise meets the criteria for annual reporting of redemption payments constitutes grounds for the department to deny or revoke the distributor's option to make a single annual payment of redemption payments.

This subsection is necessary to put distributors on notice that, once they are approved for annual reporting and payment of redemption payments, violating the Act or 14 CCR is grounds for that annual reporting and payment status to be revoked by the department. It is also necessary to put distributors on notice that when they are applying for annual reporting and payment of redemption payments, violating the Act or 14 CCR is grounds for that annual reporting and payment request to be denied by the department. This is consistent with PRC section 14574(b)(1) conditioning reporting and paying on an annual basis on “if a distributor displays a pattern of operation in compliance with this division and the regulations adopted pursuant to this division, to the satisfaction of the department.” The department must have this authority to deny or revoke annual reporting and payment status to reduce the potential financial risk to the California Beverage Container Recycling Fund if a distributor fails to report and pay an entire year’s worth of redemption payments, which is more likely if they’ve already violated the Act and Regulations.

## **SECTION 2320. PAYMENTS**

### **Subsection (a)**

The purpose of this amendment is to revise the provision that requires a distributor to pay to the department the total redemption payment for all beverage containers sold or transferred to delete the statement that all beverage containers sold or transferred includes all containers which bear the message as required in Section 14561 of the Act.

The purpose of this amendment is also to make the non-substantial, technical change of replacing “Division” with “department”. The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to delete the statement that all beverage containers sold or transferred includes all containers which bear the message as required in Section 14561 of the Act.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.



**Subsection (b)**

The purpose of this amendment is to revise the provision that requires a distributor to compute the total redemption payment for all reported beverage containers, and to revise the provision that states the redemption payment is applicable to all containers, to delete the statement that all beverage containers includes all containers which bear the message as required in Section 14561 of the Act. This amendment also revises “containers” to “beverage containers”.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is necessary to revise “containers” to “beverage containers” because “beverage containers” is the correct term, and to ensure the meaning is understandable without the context of the cross-reference to PRC section 14561.

**Subsection (c)**

The purpose of this amendment is to delete the phrase “of subchapter 12 of these regulations”. The purpose of this amendment is also to make the non-substantial, technical change of replacing “Division” with “department”.

It is necessary to delete the phrase “of subchapter 12 of these regulations” after the numerical citation because it is redundant.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

**Subsection (d)**

The purpose of this amendment is to replace the word “subsection” with the word “subdivision”.

Replacing “subsection” with “subdivision” is necessary to standardize the citation format throughout the regulations.

**Subsection (e)**

The purpose of this amendment is to replace the word “subsection” with the word “subdivision”. The purpose of this amendment is also to make the non-substantial, technical change of replacing “Division” with “department”. The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Replacing “subsection” with “subdivision” is necessary to standardize the citation format throughout the regulations. Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

#### **Subsection (g)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

### **SUBCHAPTER 5. PROCESSORS**

#### **SECTION 2400. OPERATION STANDARDS**

##### **Subsection (a)(2)(A)**

The purpose of this amendment is to make the non-substantial, technical change of amending this subsection with subparagraph “(A)” to allow for the addition of subparagraph (B).

The amendment is necessary because correct numbering of subparagraphs does not permit a subparagraph (A) to be inserted by itself without a corresponding subparagraph (B). Therefore, subsection (a)(2) must be changed to subsection (a)(2)(A) in order to add subparagraph (B) following subsection (a)(2)(A). Subsection (a)(2)(B) is being added as part of paragraph (2) rather than a new paragraph (3) to avoid renumbering all of the remaining paragraphs in the subdivision. Also, subsection (a)(2)(B) is closely related in subject matter to subsection (a)(2)(A), and therefore to ensure readability and clarity it is necessary to include these subparagraphs within the same paragraph.

##### **Subsection (a)(2)(B)**

The purpose of this amendment is to require a processor that accepts plastic beverage containers to accept bags in boxes, multi-layer pouches, and paperboard cartons.

This is necessary to address the addition of bags in boxes, multi-layer pouches, and paperboard cartons to the BCRP. In order for a recycling center to receive payments for beverage containers it receives from consumers, a processor must accept the beverage containers from the recycling center and make the program payments to the recycling center for the beverage containers. If a recycling center was not able to receive program payments for the new types of beverage containers because there was no processor that would accept and make the program payments for the new beverage containers, recycling centers would go out of business and consumers would not have the ability to redeem their new beverage containers for CRV. Therefore, it is necessary to require a processor that accepts plastic beverage containers to accept bags in boxes, multi-layer pouches, and paperboard cartons to ensure a recycling center has a processor from which to receive program payments for beverage containers the recycling center accepts from consumers. This is consistent with the justification for the existing regulatory requirement in 14 CCR section 2400(a)(2) and statutory requirement in PRC section 14539(d)(3) for a processor that accepts plastic beverage containers to accept all types of plastic beverage containers, including plastic #1-7. Even though plastic #7 may not necessarily be profitable due to its low recyclability and current lack of available markets, a processor that accepts plastic beverage containers is required to accept all plastic beverage containers, including plastic #7, to ensure recycling centers have a processor to which to transfer beverage containers received from consumers and receive the corresponding program payments. While bags in boxes, paperboard cartons, and multi-layer pouches are not plastic beverage containers as defined in PRC section 14517, they generally do contain some amount of plastic, and therefore it logically follows that processors that accept plastic are best situated to handle the new container types.

## **SECTION 2401. LOAD INSPECTION REQUIREMENTS**

### **Subsection (a)(2)**

The purpose of this paragraph is to specify, for a beverage container marked with a machine-readable indicia to indicate CRV redemption eligibility, inspection by a processor of the machine-readable indicia is only required to include visually verifying the machine-readable indicia is marked on the beverage container paired with the indicator required pursuant to proposed 14 CCR section 2205(b). The purpose is also to provide that a processor is not required to verify that the machine-readable indicia links to a website with the CRV information as described in section 2205(e).

This is necessary to ensure that a processor verifies the CRV eligibility of a container marked with a machine-readable indicia before accepting and making program payments for the beverage container. This visual inspection prevents a processor from accepting and making program payments for a container that is not CRV eligible, which would be unlawful. It is necessary to provide that a processor is not required to verify

that the machine-readable indicia links to a website with the CRV information as described in section 2205(e) because electronically scanning each beverage container would be time prohibitive and may increase a processor's labor costs and costs to purchase smart phones or QR code scanners for its employees.

#### **Subsection (b)(1)**

The purpose of this amendment is to make the non-substantial, technical change of amending this subsection with paragraph "(1)" to allow for the addition of paragraph (2).

The amendment is necessary because correct numbering of paragraphs does not permit a paragraph (1) to be inserted by itself without a corresponding paragraph (2). Therefore, subdivision (b) must be changed to subsection (b)(1) in order to add paragraph (2) following subsection (b)(1). Subsection (b)(2) is being added as part of subdivision (b) rather than a new subdivision (c) to avoid renumbering all of the remaining subdivisions in the section. Also, subsection (b)(2) is closely related in subject matter to subsection (b)(1), and therefore to ensure readability and clarity it is necessary to include these paragraphs within the same subdivision.

#### **Subsection (b)(2)**

The purpose of this subsection is to require each bag in box in a load of bags in boxes to be intact for the load to be eligible for the refund value. "Intact" is defined to mean that the interior flexible bag is connected to the dispensing valve and inside of the exterior box. The purpose is also to specify that a load of bags in boxes shall be deemed not eligible for any refund value if the load contains any individual interior flexible bag, dispensing valve, or exterior box that is separated from the other bag in box components.

It is necessary to require a bag in box to be intact to be eligible for the refund value because the bag in box has a single 25 cent CRV. The interior flexible bag within the box may resemble a pouch beverage container. Therefore, it is necessary to require the flexible bag to be returned to a processor within the exterior box with the dispensing valve still attached so that the different components of a beverage container are not returned and redeemed separately for more than a single 25 cent CRV. A processor paying out more CRV for components of a beverage container than was paid into the California Beverage Container Recycling Fund (BCRF) for the beverage container would be unlawful and deplete the funds available in the BCRF. Allowing the interior flexible bag and exterior box to be returned together yet separate would increase the opportunity for fraudulent redemption of components of a bag in box which were not originally bought together and for which a single 25 cent CRV was paid. To ensure that the bag in box is returned to a processor intact, it is necessary to make a load ineligible for any refund value if the load contains any individual interior flexible bag, dispensing valve, or exterior box that is separated from the other bag in box components.

#### **Subsection (d)**

The purpose of this amendment is to delete the word “required” and replace it with the word “specified”.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to replace the word “required” with “specified” to avoid misstating the law.

#### **Subsection (f)**

The purpose of this amendment is to delete the word “required” and replace it with the word “specified”.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to replace the word “required” with “specified” to avoid misstating the law.

### **SUBCHAPTER 6. RECYCLING CENTERS**

#### **SECTION 2500. OPERATION STANDARDS**

##### **Subsection (e)(2)**

The purpose of this amendment is to expand a list of material types that includes aluminum, glass, plastic, and bimetal to also include bag in box, multi-layer pouch, and paperboard carton. The amendment also replaces “i.e.” with “such as”.

This is necessary to address the addition of bags in boxes, multi-layer pouches, and paperboard cartons to the BCRP. Because SB 1013 added more types of beverage containers to the BCRP, the regulations must incorporate those new types of beverage containers in existing lists of material types to ensure the lists of material types are complete. It is necessary to replace “i.e.” with “such as” to ensure clarity and that persons directly affected by the regulation understand the meaning of the words used in the regulatory text. The abbreviation “i.e.” is in Latin whereas the phrase “such as” is in English and clearer to persons directly affected by the regulation.

##### **Subsection (e)(2)(B)**

The purpose of this amendment is to replace the word “subsection” with the word “subdivision”.

Replacing “subsection” with “subdivision” is necessary to standardize the citation format throughout the regulations.

### **Subsection (f)(3)**

The purpose of this amendment is to delete the phrase “odd-sized, made of materials other than aluminum, glass or plastic, or otherwise” from a sign that a recycling center utilizing a reverse vending machine must post.

This amendment is necessary because “odd-sized” is unclear and not easily understood by the public, who will be reading the sign posted by the recycling center. The ultimate purpose of the sign is to communicate to the public how they can redeem containers that are not accepted by the reverse vending machine, and this is much more clearly communicated by just stating that, rather than reference to “odd-sized” or what material the container is constructed of.

### **Subsection (g)**

The purpose of this amendment is to revise “Article” beginning with a capital letter to “article” in all lowercase.

Revising “Article” beginning with a capital letter to “article” in all lowercase is necessary to standardize the citation format throughout the regulations.

## **SECTION 2501. LOAD INSPECTION REQUIREMENTS**

### **Subsection (a)(3)**

The purpose of this paragraph is to specify, for a beverage container marked with a machine-readable indicia to indicate CRV redemption eligibility, inspection by a recycling center of the machine-readable indicia is only required to include visually verifying the machine-readable indicia is marked on the beverage container paired with the indicator required pursuant to proposed 14 CCR section 2205(b). The purpose is also to provide that a recycling center is not required to verify that the machine-readable indicia links to a website with the CRV information as described in section 2205(e).

This is necessary to ensure that a recycling center verifies the CRV eligibility of a container marked with a machine-readable indicia before accepting and making program payments for the beverage container. This visual inspection prevents a recycling center from accepting and making program payments for a container that is not CRV eligible, which would be unlawful. It is necessary to provide that a recycling center is not required to verify that the machine-readable indicia links to a website with the CRV information as described in section 2205(e) because electronically scanning each beverage container would be time prohibitive and may increase a recycling center’s labor costs and costs to purchase smart phones or QR code scanners for its employees. Additionally, recycling centers in rural areas may not have internet or cellular service, making it impossible to scan a machine-readable indicia to verify that it links to a website with the required information.

**Subsection (b)(4)**

The purpose of this paragraph is to require each bag in box in a load of bags in boxes to be intact for the load to be eligible for the refund value. "Intact" is defined to mean that the interior flexible bag is connected to the dispensing valve and inside of the exterior box. The purpose is also to specify that a load of bags in boxes shall be deemed not eligible for any refund value if the load contains any individual interior flexible bag, dispensing valve, or exterior box that is separated from the other bag in box components.

It is necessary to require a bag in box to be intact to be eligible for the refund value because the bag in box has a single 25 cent CRV. The interior flexible bag within the box may resemble a pouch beverage container. Therefore, it is necessary to require the flexible bag to be returned within the exterior box with the dispensing valve still attached during redemption so that the different components of a beverage container are not returned and redeemed separately for more than a single 25 cent CRV. Paying out more CRV for components of a beverage container during redemption than was paid into the BCRF for the beverage container would be unlawful and deplete the funds available in the BCRF. Allowing the interior flexible bag and exterior box to be returned together yet separate would increase the opportunity for fraudulent redemption of components of a bag in box which were not originally bought together and for which a single 25 cent CRV was paid. To ensure that the bag in box is redeemed intact, it is necessary to make a load ineligible for any refund value if the load contains any individual interior flexible bag, dispensing valve, or exterior box that is separated from the other bag in box components.

**Subsection (b)(5)**

The purpose of this paragraph is to require recycling centers to ship bags in boxes, multi-layer pouches, and paperboard cartons separately from other container types and to prohibit bags in boxes, multi-layer pouches, and paperboard cartons from being combined.

This is necessary because the 25 cent CRV for bags in boxes, multi-layer pouches, and paperboard cartons increases the risk of fraudulent redemption of these container types due to the increased financial incentive compared to the 5 and 10 cent CRV for other types of containers. Because of the increased risk of fraudulent redemption and also the larger CRV paid for bags in boxes, multi-layer pouches, and paperboard cartons, they must be shipped separately from other container types to ensure the larger 25 cent CRV is not mistakenly or fraudulently paid for a traditional beverage container for which only a 5 or 10 cent CRV was paid into the BCRF. Additionally, unlike traditional beverage containers, bags in boxes, multi-layer pouches, and paperboard cartons are not required to consist of a majority of a single beverage container material (PRC section 14504(a)(12)). To ensure that a new beverage container type with mixed materials is not combined with other beverage container material types resulting in the

incorrect CRV being paid out, it is necessary to prohibit the commingling of the new beverage container types.

#### **Subsection (d) through (f)**

The purpose of this amendment is to delete the word “required” and replace it with the word “specified”.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to replace the word “required” with “specified” to avoid misstating the law.

### **SECTION 2525. RECORDKEEPING**

#### **Section 2525**

The purpose of this amendment is to delete the phrase “of these regulations”.

It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant.

#### **Subsection (a)**

The purpose of this amendment is to replace the word “subsection” with the word “section”. The purpose of this amendment is also to reduce the existing refund value threshold of \$100 or more for any purchase or donation of empty beverage containers that triggers additional recycling center recordkeeping requirements to \$15 or more in refund value for any combination of empty bag in box, multi-layer pouch, or paperboard carton beverage containers.

Replacing “subsection” with “section” is necessary to standardize the citation format throughout the regulations. It is necessary to include an additional threshold of refund value that triggers additional recycling center recordkeeping requirements of \$15 or more for the new beverage container types because bags in boxes, multi-layer pouches, and paperboard cartons constitute a smaller market share than traditional beverage container material types. The purpose of these additional recordkeeping requirements for recycling centers when they accept large loads of beverage containers from consumers is to prevent fraud and allow any potential fraud to be traced to the violator, such as through recording the driver license number of the person redeeming the material (14 CCR section 2525(a)(7)). Because the new beverage container types added by SB 1013 constitute a smaller market share, consumers will redeem fewer of these containers and what is considered a large load for the new beverage container types (\$15 or more in refund value) will be smaller than what is considered a large load for traditional material types (\$100 or more in refund value). This \$15 refund value



threshold for the additional recycling center recordkeeping requirements for new beverage container types was workshopped with the public on December 18, 2023, and October 29, 2024.

#### **Subsection (b)**

The purpose of this amendment is to replace the word “subsection” with the word “section”. The purpose of this amendment is also to add a new refund value threshold of \$15 for any purchase or donation of empty beverage containers for which additional recycling center recordkeeping is not required for any combination of empty bag in box, multi-layer pouch, or paperboard carton beverage containers.

Replacing “subsection” with “section” is necessary to standardize the citation format throughout the regulations. To reflect the change in subsection (a), the reciprocal threshold of less than \$15 of refund value for any combination of empty bag in box, multi-layer pouch, or paperboard carton beverage containers is incorporated here to ensure that the recycling center documents this consumer transaction in the same manner as already required for preexisting empty beverage containers. Documentation of a consumer transaction is required by PRC section 14538(d)(7).

### **SECTION 2535. PAYMENTS TO CONSUMERS, CURBSIDE PROGRAMS, COMMUNITY SERVICE PROGRAMS AND DROPOFF OR COLLECTION PROGRAMS**

#### **Subsection (b)(1)(A)**

The purpose of this amendment is to provide that, except for the new beverage container types, the consumer has the option of being paid from a recycling center based on count for up to 50 empty beverage containers of each material type per transaction. The purpose of this amendment is also to make the non-substantial, technical change of amending this subsection with subparagraph “(A)” to allow for the addition of subparagraphs (B) and (C).

It is necessary to clarify that the option to be paid based on count for 50 beverage containers does not apply to the new beverage container types to provide clarity when the 50-container count is and is not applicable. It is necessary to specify that the ability to be paid based on container count is per transaction to provide clarity that the option does not apply in some other manner, such as limiting consumers to payment of 50 containers based on count per day. Because a recycling center may otherwise pay the consumer by weight without this payment based on count provision, it is necessary to specify the payment based on count provision is per transaction to ensure standard practice among recycling centers. The amendment of adding subparagraph “(A)” is necessary to ensure the correct numbering of the subparagraphs within the paragraph.

#### **Subsection (b)(1)(B)**

The purpose of this amendment is to provide that the consumer has the option of being paid from a recycling center based on count for up to 25 of each of the following per

transaction: empty bag in box, multi-layer pouch, or paperboard carton beverage containers.

It is necessary to establish the allowance to be paid based on count for the new beverage containers at 25, a lower number than the 50-per-count allowance for traditional beverage containers, because bags in boxes, multi-layer pouches, and paperboard cartons constitute a smaller market share than traditional beverage container material types. Consumers will redeem fewer of the new beverage container types per transaction and therefore a number lower than 50 is a reasonable limit to deter fraud. It is necessary to specify that the ability to be paid by container count is per transaction to provide clarity that the option does not apply in some other manner, such as 25 containers based on count per day. Because a recycling center may otherwise pay the consumer by weight without this payment by count provision, it is necessary to specify the payment based on count provision is per transaction to ensure standard practice among recycling centers. Establishing the allowance to be paid based on count at 25 containers for the new beverage container types was workshopped with the public on December 18, 2023, and October 29, 2024.

#### **Subsection (b)(1)(C)**

The purpose of this amendment is to provide that a recycling center is not required to process more than one consecutive transaction for an individual consumer opting to be paid based on count if there is one or more other consumers waiting to redeem empty beverage containers at the recycling center.

This is necessary to address the provision allowing a consumer to be paid for 25 or 50 containers based on count, per transaction, depending on the material type. To avoid a consumer repeatedly requesting consecutive transactions indefinitely to be paid based on count rather than by weight for more than 25 or 50 containers, it is necessary to restrict the ability to be paid based on count. By specifying that a recycling center is not required to process more than one consecutive transaction for an individual consumer opting to be paid based on count if there is one or more other consumers waiting to redeem empty beverage containers at the recycling center, this ensures the recycling center will not spend all day providing service to a single consumer if other consumers are waiting to redeem beverage containers.

#### **Subsection (f)**

The purpose of this amendment is to prohibit a recycler from paying the refund value to any uncertified person delivering a load of material in excess of 25 pounds of multi-layer pouch or paperboard carton beverage containers, 50 pounds of bag in box beverage containers, or 2,000 pounds of glass beverage containers, per day.

The purpose of this amendment is also to make the non-substantial, technical change of replacing “Division” with “department”. The purpose of this amendment is to delete the phrase “of these regulations”.

It is necessary to establish maximum daily load limits for recycling centers because certain persons intent on defrauding the BCRF have been importing large loads of beverage containers not sold in California and unlawfully redeeming them for CRV. While the existing daily load limit for plastic and aluminum beverage containers is 100 pounds per day, the new beverage container types constitute a smaller market share and therefore the daily load limit needs to be smaller than 100 pounds per day in order to deter fraud. CalRecycle has weighed the new beverage container types and determined that empty bags in boxes are heavier than empty multi-layer pouches and paperboard cartons. Therefore, it is necessary to establish the bag in box daily load limit at 50 pounds per day, higher than the 25 pound per day daily load limit for multi-layer pouches and paperboard cartons. It is necessary to increase the existing 1,000-pound daily load limit for glass beverage containers to 2,000 pounds because wine and distilled spirit glass bottles, which were also added pursuant to SB 1013, are generally larger and heavier than glass beverage containers previously in the BCRP. These daily load limit numerical amounts were workshopped with the public on December 18, 2023, and October 29, 2024.

It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

#### **Subsection (f)(1)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

## **SUBCHAPTER 11.1. OUT-OF-STATE IMPORTATION**

### **SECTION 2830. DEFINITIONS**

#### **Subsection (a)**

The purpose of this amendment is to delete the phrase “of these regulations”. The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase.

It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant. Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

#### **Subsection (a)(1)**

The purpose of this amendment is to expand a list of empty beverage container material types that includes glass, plastic, aluminum, and bimetal to also include bag in box, multi-layer pouch, and paperboard carton beverage containers. The purpose of this amendment is also to delete the word “required” and replace it with the word “specified,” and to revise “Section” beginning with a capital letter to “section” in all lowercase.

This is necessary to address the addition of bags in boxes, multi-layer pouches, and paperboard cartons to the BCRP. Because SB 1013 added more types of beverage containers to the BCRP, the regulations must incorporate those new types of beverage containers in existing lists of material types to ensure the lists of material types are complete.

The term “beverage container” as defined in PRC section 14505 and modified by the definition of “beverage” in PRC section 14504 is sufficient to convey that the container is subject to CRV. This change is necessary to accommodate CRV labeling exemptions under SB 1013 and SB 353 and the provisions of these regulations in proposed 14 CCR section 2205 that implement SB 1013’s revisions to PRC section 14561(d) by allowing for labeling with a machine-readable indicia rather than traditional CRV labeling. It is therefore necessary to replace the word “required” with “specified” to avoid misstating the law.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

#### **Subsection (a)(2)**

The purpose of this amendment is to delete the phrase “of these regulations”. The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase.

It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant. Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

#### **Subsection (a)(5)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

## **SECTION 2831. OPERATING STANDARDS**

### **Subsection (a)**

The purpose of this amendment is to require persons importing more than 10 pounds of bag in box empty beverage container material or 5 pounds of multi-layer pouch or paperboard carton empty beverage container material to comply with specific requirements, such as completing an Imported Material Report (IMR). The purpose is also to add a serial comma.

It is necessary to establish the threshold of imported empty beverage containers that triggers IMR and other requirements at a lower number than the 25-pound threshold for traditional beverage containers because bags in boxes, multi-layer pouches, and paperboard cartons constitute a smaller market share than traditional beverage container material types. CalRecycle has weighed the new beverage container types and determined that empty bags in boxes are heavier than empty multi-layer pouches and paperboard cartons, therefore it is necessary to establish the bag in box threshold that triggers IMR and other requirements at 10 pounds, higher than the 5-pound threshold for multi-layer pouches and paperboard cartons. These thresholds that trigger IMR and other requirements are necessary because it is unlawful for out-of-state empty beverage containers to be imported and redeemed for CRV. An IMR is required pursuant to PRC section 14596 for CalRecycle to trace the origin, destination, vehicle, shipper, and other relevant information relating to the imported empty beverage containers, which deters fraud and facilitates enforcement cases. These 5- and 10-pound thresholds were workshopped with the public on December 18, 2023, and October 29, 2024. It is necessary to add the serial comma for grammatical correctness.

## **SECTION 2831.1. LOAD INSPECTIONS UPON ENTERING CALIFORNIA IN A MOTOR VEHICLE**

### **Subsection (a)**

The purpose of this amendment is to require persons importing more than 10 pounds of bag in box empty beverage container material or 5 pounds of multi-layer pouch or paperboard carton empty beverage container material to comply with specific requirements, such as passing through the nearest open and staffed plant quarantine inspection station. The purpose of this amendment is also to revise “Section” beginning with a capital letter to “section” in all lowercase. The purpose is also to add two commas.

It is necessary to establish the threshold of imported empty beverage containers that triggers the requirement to pass through the nearest open and staffed plant quarantine inspection station and other requirements at a lower number than the 25-pound threshold for traditional beverage containers because bags in boxes, multi-layer pouches, and paperboard cartons constitute a smaller market share than traditional beverage container material types. CalRecycle has weighed the new beverage container types and determined that empty bags in boxes are heavier than empty multi-layer pouches and paperboard cartons, therefore it is necessary to establish the bag in box threshold that triggers the requirement in PRC section 14596 to pass through the nearest open and staffed plant quarantine inspection station and other requirements at 10 pounds, higher than the 5-pound threshold for multi-layer pouches and paperboard cartons. These thresholds that trigger the requirement to pass through the nearest open and staffed plant quarantine inspection station and other requirements are necessary because it is unlawful for out-of-state empty beverage containers to be imported and redeemed for CRV. Passing through the nearest open and staffed plant quarantine inspection station is necessary to facilitate the inspection of the imported out-of-state beverage container material, which deters fraud and facilitates enforcement cases. These 5- and 10-pound thresholds were workshopped with the public on December 18, 2023, and October 29, 2024.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations. It is necessary to add the two commas for grammatical correctness.

#### **Subsection (a)(1)**

The purpose of this amendment is to revise “Section” beginning with a capital letter to “section” in all lowercase.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

#### **Subsection (a)(3) through (a)(6)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

#### **Subsection (b)**

The purpose of this amendment is to replace the word “subsection” with the word “subdivision”.

Replacing “subsection” with “subdivision” is necessary to standardize the citation format throughout the regulations.

## **SECTION 2831.5. PROHIBITION AGAINST ENTERING STATE WITHOUT PASSING THROUGH INSPECTION STATION, PROVIDING AND MAINTAINING PROPER DOCUMENTATION, AND PASSING INSPECTION**

### **Section 2831.5**

The purpose of this amendment is to prohibit persons importing more than 10 pounds of bag in box empty beverage container material or 5 pounds of multi-layer pouch or paperboard carton empty beverage container material from entering the state without passing through the nearest open and staffed plant quarantine inspection station. The purpose of this amendment is also to revise “Section” beginning with a capital letter to “section” in all lowercase. The purpose is also to add two commas.

It is necessary to establish the threshold of importing empty beverage containers that triggers a prohibition on entering the state without passing through the nearest open and staffed plant quarantine inspection station at a lower number than the 25-pound threshold for traditional beverage containers because bags in boxes, multi-layer pouches, and paperboard cartons constitute a smaller market share than traditional beverage container material types. CalRecycle has weighed the new beverage container types and determined that empty bags in boxes are heavier than empty multi-layer pouches and paperboard cartons, therefore it is necessary to establish the bag in box threshold that triggers the PRC section 14596 prohibition on entering the state without passing through the nearest open and staffed plant quarantine inspection station at 10 pounds, higher than the 5-pound threshold for multi-layer pouches and paperboard cartons. These thresholds that trigger a prohibition on entering the state without passing through the nearest open and staffed plant quarantine inspection station are necessary because it is unlawful for out-of-state empty beverage containers to be imported and redeemed for CRV. Passing through the nearest open and staffed plant quarantine inspection station is necessary to facilitate the inspection of the imported out-of-state beverage container material, which deters fraud and facilitates enforcement cases. These 5- and 10-pound thresholds were workshopped with the public on December 18, 2023, and October 29, 2024.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations. It is necessary to add the two commas for grammatical correctness.

## **SECTION 2834. RECORDKEEPING**

### **Section 2834**

The purpose of this amendment is to require persons importing more than 10 pounds of bag in box empty beverage container material or 5 pounds of multi-layer pouch or paperboard carton empty beverage container material to comply with specific

recordkeeping requirements, such as retaining copies of all IMRs prepared, submitted, or received.

The purpose of this amendment is to delete the phrase “of these regulations”. The amendment also revises “Sections”, “Section”, and “Article” beginning with a capital letter to “sections”, “section”, and “article” in all lowercase. The purpose is also to add a serial comma.

It is necessary to establish the threshold of imported empty beverage containers that triggers IMR recordkeeping requirements at a lower number than the 25-pound threshold for traditional beverage containers because bags in boxes, multi-layer pouches, and paperboard cartons constitute a smaller market share than traditional beverage container material types. CalRecycle has weighed the new beverage container types and determined that empty bags in boxes are heavier than empty multi-layer pouches and paperboard cartons, therefore it is necessary to establish the bag in box threshold that triggers IMR recordkeeping requirements at 10 pounds, higher than the 5-pound threshold for multi-layer pouches and paperboard cartons. These thresholds that trigger IMR recordkeeping requirements are necessary because it is unlawful for out-of-state empty beverage containers to be imported and redeemed for CRV. Retaining copies of an IMR is necessary in case CalRecycle needs to review the origin, destination, vehicle, shipper, and other relevant information relating to the imported empty beverage containers, which deters fraud and facilitates enforcement cases. These 5- and 10-pound thresholds were workshopped with the public on December 18, 2023, and October 29, 2024.

It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant. Revising “Sections”, “Section”, and “Article” beginning with a capital letter to “sections”, “section”, and “article” in all lowercase is necessary to standardize the citation format throughout the regulations. It is necessary to add the serial comma for grammatical correctness.

#### **Subsection (a)**

The purpose of this amendment is to delete the phrase “these regulations” and replace it with “this chapter”.

It is necessary to replace the phrase “these regulations” because it is imprecise and unclear and to instead insert “this chapter” to provide a more precise citation to the regulations pertaining to the BCRP.

#### **Subsection (b)**

The purpose of this amendment is to delete the phrase “of these regulations”. The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase.



It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant. Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

#### **Subsection (d)**

The purpose of this amendment is to delete the phrase “of these regulations”. The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase. The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”.

It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant. Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

### **SECTION 2835. REPORTING**

#### **Section 2835**

The purpose of this amendment is to require persons importing and receiving imported empty beverage container material in excess of 10 pounds of bag in box, or 5 pounds of multi-layer pouch or paperboard carton, of empty beverage container material, to prepare an IMR.

The purpose of this amendment is also to delete the phrase “of these regulations”. The amendment also revises “Sections”, “Section”, and “Article” beginning with a capital letter to “sections”, “section”, and “article” in all lowercase. The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”.

The purpose of requiring persons importing and receiving imported empty beverage container material in excess of 10 pounds of bag in box, or 5 pounds of multi-layer pouch or paperboard carton, of empty beverage container material, to prepare an IMR is to incorporate the new out-of-state importation limits for the new beverage container types specified in 14 CCR section 2831 et seq.

It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant. Revising “Sections”, “Section”, and “Article” beginning with a capital letter to “sections”, “section”, and “article” in all lowercase is necessary to standardize the citation format throughout the regulations.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

#### **Subsection (a)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

#### **Subsection (a)(1)(A)**

The purpose of this amendment is to expand a list of material types that includes aluminum, glass, plastic, and bimetal to also include bag in box, multi-layer pouch, and paperboard carton. The purpose is also to delete a comma.

This is necessary to address the addition of bags in boxes, multi-layer pouches, and paperboard cartons to the BCRP. Because SB 1013 added more types of beverage containers to the BCRP, the regulations must incorporate those new types of beverage containers in existing lists of material types to ensure the lists of material types are complete. It is necessary to delete the comma for grammatical correctness.

### **SUBCHAPTER 12. DOR REQUIREMENTS**

#### **SECTION 2900. TWENTY-FIVE CENT REDEMPTION PAYMENT AND REFUND VALUE**

##### **Subsection (b)(1)**

The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”. The amendment also revises “Section” beginning with a capital letter to “section” in all lowercase. The purpose of this amendment is to make the non-substantial, technical change of amending this subdivision with paragraph “(1)” to allow for the addition of paragraphs (2).

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

Revising “Section” beginning with a capital letter to “section” in all lowercase is necessary to standardize the citation format throughout the regulations.

The amendment of adding paragraph “(1)” is necessary to ensure the correct numbering of the paragraphs within the subdivision.

**Subsection (b)(1)(A)**

The purpose of this amendment is to renumber paragraph “(1)” to subparagraph “(A)” to address the addition of paragraph (1) to subdivision (b). This renumbering change is a non-substantive change without regulatory effect.

The renumbering change is necessary to ensure that the subparagraphs remain in alphabetical order.

**Subsection (b)(1)(B)**

The purpose of this amendment is to renumber paragraph “(2)” to subparagraph “(B)” to address the addition of paragraph (1) to subdivision (b). This renumbering change is a non-substantive change without regulatory effect.

The renumbering change is necessary to ensure that the subparagraphs remain in alphabetical order.

**Subsection (b)(1)(B)(i)**

The purpose of this amendment is to renumber subparagraph “(A)” to clause “(i)” to address the addition of paragraph (1) to subdivision (b). This renumbering change is a non-substantive change without regulatory effect. The purpose of this amendment is also to delete the phrase “of these regulations”.

The renumbering change is necessary to ensure that the clauses remain in numerical order. It is necessary to delete the phrase “of these regulations” after the numerical citation because it is redundant.

**Subsection (b)(1)(B)(ii)**

The purpose of this amendment is to renumber subparagraph “(B)” to clause “(ii)” to address the addition of paragraph (1) to subdivision (b). This renumbering change is a non-substantive change without regulatory effect. The purpose of this amendment is to make the non-substantial, technical change of replacing “Division” with “department”.

The renumbering change is necessary to ensure that the clauses remain in numerical order.

The amendment is necessary because SB 353 amended PRC section 40401(a)(2) to reflect that it is CalRecycle that is vested with the authority to enforce PRC Division 12.1 and is not limited to the Division of Recycling within CalRecycle. To effectuate this statutory change, this particular regulatory amendment will be made over time to the remainder of this chapter as more regulation sections are added, amended, or otherwise modified.

**Subsection (b)(1)(B)(iii)**

The purpose of this amendment is to renumber subparagraph “(C)” to clause “(iii)” to address the addition of paragraph (1) to subdivision (b). This renumbering change is a non-substantive change without regulatory effect.

The renumbering change is necessary to ensure that the clauses remain in numerical order.

**Subsection (b)(1)(C)**

The purpose of this amendment is to renumber paragraph “(3)” to subparagraph “(C)” to address the addition of paragraph (1) to subdivision (b). This renumbering change is a non-substantive change without regulatory effect.

The renumbering change is necessary to ensure that the subparagraphs remain in alphabetical order.

**Subsection (b)(2)**

The purpose of this paragraph is to clarify which beverage containers are subject to a redemption payment and refund value in the amount of twenty-five cents (\$0.25).

This is necessary to interpret PRC section 14560(c). The statutory language in that section is ambiguous regarding which beverage containers are subject to the 25 cent CRV and redemption payment, therefore it is necessary to explicitly state which beverage containers are subject to the 25 cent CRV and redemption payment in the regulations to enable the public and regulated entities to know the amount of CRV and redemption payments applicable for a particular beverage container.

**Subsection (b)(2)(A)**

The purpose of this subparagraph is to clarify that bag in box beverage containers are subject to a redemption payment and refund value in the amount of twenty-five cents (\$0.25).

This is necessary to interpret PRC section 14560(c). The statutory language in that section is ambiguous regarding which beverage containers are subject to the 25 cent CRV and redemption payment. Therefore, it is necessary to explicitly state bag in box beverage containers are subject to the 25 cent CRV and redemption payment in the regulations to enable the public and regulated entities to know they must pay 25 cents refund value and redemption payment for a bag in box beverage container. Bag in box beverage containers are specifically necessary to be included in this list due to being established as one of the new types of beverage containers in proposed 14 CCR section 2000(a)(3.05).

**Subsection (b)(2)(B)**

The purpose of this amendment is to clarify that multi-layer pouch beverage containers are subject to a redemption payment and refund value in the amount of twenty-five cents (\$0.25).

This is necessary to interpret PRC section 14560(c). The statutory language in that section is ambiguous regarding which beverage containers are subject to the 25 cent CRV and redemption payment. Therefore, it is necessary to explicitly state multi-layer pouch beverage containers are subject to the 25 cent CRV and redemption payment in the regulations to enable the public and regulated entities to know they must pay 25 cents refund value and redemption payment for a multi-layer pouch beverage container. Multi-layer pouch beverage containers are specifically necessary to be included in this list due to being established as one of the new types of beverage containers in proposed 14 CCR section 2000(a)(31.7).

#### **Subsection (b)(2)(C)**

The purpose of this amendment is to clarify that plastic #1-7 pouches containing wine, distilled spirits, or wine and distilled spirit cooler are subject to a redemption payment and refund value in the amount of twenty-five cents (\$0.25).

This is necessary to implement and make more specific PRC section 14560(c). The statutory language in that section states pouches containing wine or distilled spirits are subject to the 25 cent CRV and redemption payment. It is necessary to make this statutory provision more specific in the context of the regulations by clarifying it applies to a plastic #1-7 pouch (containing wine or distilled spirits), which are the types of pouches that were already in the BCRP preceding SB 1013 due to falling under the definition of “plastic beverage container” in PRC section 14517. It is necessary to explicitly state plastic #1-7 pouches are subject to the 25 cent CRV and redemption payment in the regulations to enable the public and regulated entities to know they must pay 25 cents refund value and redemption payment for plastic #1-7 pouches.

#### **Subsection (b)(2)(D)**

The purpose of this amendment is to clarify that paperboard carton beverage containers are subject to a redemption payment and refund value in the amount of twenty-five cents (\$0.25).

This is necessary to interpret PRC section 14560(c). The statutory language in that section is ambiguous regarding which beverage containers are subject to the 25 cent CRV and redemption payment. Therefore, it is necessary to explicitly state paperboard carton beverage containers are subject to the 25 cent CRV and redemption payment in the regulations to enable the public and regulated entities to know they must pay 25 cents refund value and redemption payment for a paperboard carton beverage container. Paperboard carton beverage containers are specifically necessary to be included in this list due to being established as one of the new types of beverage containers in proposed 14 CCR section 2000(a)(33.5).

#### **ECONOMIC IMPACT FOR “MAJOR REGULATIONS” EXCEEDING \$50 MILLION (GOVERNMENT CODE SECTION 11342.548)**

These proposed regulations do not meet the criteria for major regulations specified in Government Code section 11342.548 and do not need a Standardized Regulatory

Impact Analysis. The estimated economic impact amount is below the \$50 million threshold for major regulations specified in Government Code section 11342.548.

CalRecycle estimates the economic impact of this regulation for private sector and state costs totals approximately \$15.1 million due to costs associated with processor handling and beverage manufacturer reporting of plastic minimum content for bags in boxes, multi-layer pouches, and paperboard cartons containing wine, distilled spirits, or wine and distilled spirit coolers; handling costs for processors; as well as Beverage Container Recycling Program payments required to be paid into the California Beverage Container Recycling Fund associated with the inclusion of wine and distilled spirit coolers sold in those types of containers.

### **ECONOMIC IMPACT FOR “MAJOR REGULATIONS” EXCEEDING \$10 MILLION (HEALTH AND SAFETY CODE SECTION 57005)**

These proposed regulations do meet the criteria for major regulations specified in Health and Safety Code section 57005(b) for the California Environmental Protection Agency due to the economic impact amount exceeding \$10 million.

The Economic and Fiscal Impact Statement (STD 399) Supplemental Information includes a discussion of alternatives as required to be provided by the California Environmental Protection Agency pursuant to Health and Safety Code section 57005. The alternatives are also discussed in this document below.

### **ECONOMIC IMPACT ASSESSMENT**

#### **1. Creation or Elimination of Jobs Within the State**

No jobs are anticipated to be created nor eliminated statewide as overall, the sales and returns of bags in boxes, multi-layer pouches, and paperboard cartons comprise less than 0.2 percent of sales and returns of all other beverage containers. For additional details of CalRecycle’s analysis on the creation or elimination of jobs within the state, see the STD. 399 Supplemental Information section A, items 4-6).

#### **2. Creation of New Businesses or Elimination of Existing Businesses Within the State**

No businesses are anticipated to be created nor eliminated statewide as overall, the sales and returns of bags in boxes, multi-layer pouches, and paperboard cartons comprise less than 0.2 percent of sales and returns of all other beverage containers. For additional details of CalRecycle’s analysis on the creation of new businesses or elimination of existing businesses within the state, see the STD. 399 Supplemental Information section A, items 4-6.

#### **3. Expansion of Businesses Currently Doing Business Within the State**

No expansion of businesses currently doing business within the state is anticipated as overall, the sales and returns of bags in boxes, multi-layer pouches, and paperboard

cartons comprise less than 0.2 percent of sales and returns of all other beverage containers. For additional details of CalRecycle's analysis on the expansion of businesses currently doing business within the state, see the STD. 399 Supplemental Information section A, items 4-6.

#### **4. Anticipated Benefits of the Regulation**

These proposed regulations will implement, interpret, and make specific SB 1013 by integrating the new types of beverage containers and beverages into the regulatory framework of the Beverage Container Recycling Program. 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. The value of this benefit is not included in this analysis because it is intangible and unquantifiable.

These proposed regulations specify that wine and distilled spirit coolers sold in bags in boxes, multi-layer pouches, and paperboard cartons will have a refund value of 25 cents. The benefits consist of a set of BCRP payments that facilitate the collection and handling of wine and distilled spirit coolers sold in bags in boxes, multi-layer pouches, and paperboard cartons. 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. The associated program payments providing a benefit consist of the following: refund value, paid to consumers and recyclers; administrative fees, paid to processors and recyclers for administrative costs; handling fees (recycling centers operating at supermarket sites in convenience zones generally designated within one mile of supermarkets); and processing payments (a payment paid to recycling centers and other recyclers for handling material types having a scrap value less than the cost of recycling). The total statewide benefits from these proposed regulation over their lifetime is approximately \$2.8 million.

#### **TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORT OR DOCUMENTS RELIED UPON**

CalRecycle utilized the following sources in the development of the proposed regulations:

- Attachment 1: *California Beverage Container Recycling and Litter Reduction Study*, December 2, 2002, University of California, Berkeley: (see documents relied upon)
- Attachment 2: *Landfill Tipping Fees in California*, February 2015, CalRecycle: <https://www2.calrecycle.ca.gov/Publications/Download/1145>
- Attachment 3: *California Recycling Program Rates*, January 1, 2025, CalRecycle: <https://www2.calrecycle.ca.gov/Docs/Web/129219>
- Attachment 4: *California Consumer Price Index for All Urban Consumers (1955-2024)*, Department of Industrial Relations: <http://www.dir.ca.gov/DLSR/CPI/EntireCCPI.PDF>.

- Attachment 5: *Biannual Report of Beverage Container Sales, Returns, Redemption, and Recycling Rates*, May 2, 2024, CalRecycle: <https://www2.calrecycle.ca.gov/Docs/Web/119868>
- Attachment 6: *2025 Processing Fees for Beverage Manufacturers*, December 16, 2024, CalRecycle: <https://www2.calrecycle.ca.gov/Docs/Web/129486>
- Attachment 7: *Handling Fee Revised, Effective July 1, 2024*, July 8, 2024, CalRecycle: <https://www2.calrecycle.ca.gov/Docs/Web/128208>
- Attachment 8: *Participant Shares Analysis 2024*, March 18, 2025, CalRecycle: (see documents relied upon)
- Attachment 9: Economic and Fiscal Impact Statement (STD 399)
- Attachment 10: STD 399 Appendix

## **ANTICIPATED BENEFITS**

These proposed regulations will implement, interpret, and make specific SB 1013 by integrating the new types of beverage containers and beverages into the regulatory framework of the Beverage Container Recycling Program. 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. The value of this benefit is not included in this analysis because it is intangible and unquantifiable.

These proposed regulations specify that wine and distilled spirit coolers sold in bags in boxes, multi-layer pouches, and paperboard cartons will have a refund value of 25 cents. The benefits consist of a set of BCRP payments that facilitate the collection and handling of wine and distilled spirit coolers sold in bags in boxes, multi-layer pouches, and paperboard cartons. The associated program payments providing a benefit consist of the following: refund value, paid to consumers and recyclers; administrative fees, paid to processors and recyclers for administrative costs; handling fees, a subsidy paid to certain recyclers such as recycling centers operating at supermarket sites in convenience zones generally designated within one mile of supermarkets; and processing payments, a payment paid to recycling centers and other recyclers for handling material types having a scrap value less than the cost of recycling. The total statewide benefits from this regulation over its lifetime is about \$2.8 million.

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 container types 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.

## **REASONABLE ALTERNATIVES TO THE REGULATION AND CALRECYCLE'S REASON FOR REJECTING THOSE ALTERNATIVES**



Set forth below are the reasonable alternatives which were considered and the reasons the alternatives were rejected:

### **ALTERNATIVE 1**

Alternative 1: Exclude paperboard cartons.

Reason for Rejecting Alternative 1: A paperboard carton has similar physical properties to and can be considered a type of box. Both bags in boxes and paperboard cartons consist of about 75 percent paperboard by weight. For wine, paperboard cartons are sold alongside bags in boxes in stores. Because of the frequency in which both paperboard cartons and bags in boxes are used to sell wine, it is the most logical approach to include both types of containers in these proposed regulations as the exclusion of paperboard cartons is difficult to justify due to their prominence and similarity. Subjecting paperboard cartons containing wine, distilled spirits, or wine and distilled spirit coolers to CRV promotes the purposes of the Act by incentivizing consumers to redeem those containers to be refunded the deposit that they paid on the containers at the point of sale. Specifically, subjecting paperboard cartons containing wine, distilled spirits, or wine and distilled spirit coolers to CRV reduces environmental litter and the associated negative effects on health and society, which has an unquantifiable yet profound value. 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 container types 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.

### **ALTERNATIVE 2**

Alternative: Exempt processors accepting plastic beverage containers from accepting bag in boxes, multi-layer pouches, and paperboard cartons.

Reason for Rejecting Alternative 2: Processors would likely not opt to handle bags in boxes, multi-layer pouches, and paperboard cartons due to limited end user markets at present and low scrap value for those containers. PRC section 14572(a)(1) requires recycling centers to redeem all types of beverage containers. . If processors do not accept bags in boxes, multi-layer pouches, and paperboard cartons from recycling centers, recycling centers would not receive reimbursement for CRV paid to customers or receive administrative fees and processing payments for redeeming these containers. This would hinder the intent of the Act for empty beverage containers to be recycled and undermine the established flow of payments and containers between program participants in the BCRP. While processors would likely not opt to handle these containers in the absence of this regulation, processors will receive administrative fees from CalRecycle for doing so, which reduces the financial burden on processors.

### **ALTERNATIVES STATEMENT**

No reasonable alternative has been identified to the regulatory proposal within this Initial Statement of Reasons that would be less burdensome and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the authorizing statute or other law being implemented or made specific by the proposed regulation.

### **SPECIFIC TECHNOLOGIES OR EQUIPMENT, OR SPECIFIC ACTIONS OR PROCEDURES**

The proposed regulations do not mandate the use of specific technologies or equipment, nor specific actions or procedures. The scope of the proposed regulations is limited. Overall, the sales and returns of bags in boxes, multi-layer pouches, and paperboard cartons comprise less than 0.2 percent of sales and returns of all other beverage containers.

### **INITIAL DETERMINATION THAT THE ACTION WILL NOT HAVE A SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS**

Based on the Economic Impact Assessment discussed above, CalRecycle anticipates that these proposed regulations will not have a significant adverse economic impact on businesses. The scope of the proposed regulations is limited. Overall, the sales and returns of bags in boxes, multi-layer pouches, and paperboard cartons comprise less than 0.2 percent of sales and returns of all other beverage containers.

### **DUPLICATION OR CONFLICT WITH THE CODE OF FEDERAL REGULATIONS**

Pursuant to Government Code section 11346.2(b)(6), CalRecycle has evaluated this regulatory proposal and has determined that there are no federal laws or regulations addressing the same issues as the proposed regulations. The proposed regulations will not be duplicative of other existing regulations as the BCRP is unique to the state of California and there are no federal regulations that are comparable to it nor any other agency outside of CalRecycle that prescribes the handling of CRV beverage containers for beverage manufacturers, distributors, recyclers, and processors that participate in the BCRP. Therefore, these proposed regulations do not duplicate or conflict with any existing federal law or regulation.