

NOTICE OF PROPOSED ACTION

**SB 54 PLASTIC POLLUTION PREVENTION AND PACKAGING
PRODUCER RESPONSIBILITY ACT PERMANENT REGULATIONS
DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY
TITLE 14. NATURAL RESOURCES
DIVISION 7
CHAPTERS 11.1 AND 11.5.**

NOTICE IS HEREBY GIVEN that the Department of Resources Recycling and Recovery (CalRecycle) proposes to add to the California Code of Regulations, Title 14, Division 7, Chapter 11.1 (commencing with section 18980.1) and Chapter 11.5 (commencing with section 18981). The proposed regulations interpret, make specific, and implement the requirements of Senate Bill No. 54 (2021-2022 Reg. Sess.), the Plastic Pollution Prevention and Packaging Producer Responsibility Act (Stats. 2022, ch.75) (the Act), and establish various elements of CalRecycle's oversight and enforcement responsibilities under the Act. The proposed regulations will also establish the criteria and procedures necessary to implement the requirement established by Assembly Bill No. 1201 (2021-2022 Reg. Sess.) (Stats. 2021, ch.504) (AB 1201) that products labeled "compostable" must be certified by third-party entities according to certain technical standards.

After considering all comments, objections, and recommendations regarding the proposed action, CalRecycle may adopt the proposals substantially as described in the below Informative Digest or may modify such proposals if such modifications are sufficiently related to the original text.

PUBLIC HEARING

CalRecycle will hold a hybrid public hearing starting at 10:00 AM (PDT) on October 7, 2025 and concluding upon submission of any public hearing comments. The public hearing will be accessible in person in the Byron Sher Auditorium located on the 2nd floor of the CalRecycle headquarters at 1001 I Street, Sacramento, California. The Byron Sher Auditorium room is wheelchair accessible. The public hearing will also be accessible virtually via Zoom for direct participation and via Webcast for observation only. Instructions for how to access the Zoom public hearing (registration required) or Webcast (no registration required), can be found on CalRecycle's website at <https://calrecycle.ca.gov/Laws/Rulemaking/>.

Please note that Webcast participants will not be able to provide comments during the public hearing. To participate remotely and provide comments, it is recommended to join via Zoom, or to email any comments to regulations@calrecycle.ca.gov. No registration is necessary to view the Webcast.

At the public hearing, any person may present statements or arguments, orally or in writing, relevant to the proposed action. CalRecycle requests, but does not require, that any person who makes oral comments also submit a written copy of their testimony at the hearing. All comments at the public hearing will be collected and recorded.

INTERPRETATION SERVICES

Interpretación simultánea del inglés al español será disponible para todos los participantes al taller, sea en persona, o remotamente a través de Zoom, o por transmisión en vivo en línea. Para los participantes en persona que requieren servicios de interpretación del inglés al español, habrá audífonos disponibles que serán proporcionados por el personal de CalRecycle antes o durante el taller.

If interpretation services are needed in a language other than Spanish, contact CalRecycle at regulations@calrecycle.ca.gov by September 26, 2025, and CalRecycle staff will do their best to accommodate this request.

WRITTEN COMMENT PERIOD

The written comment period permits any interested person, or their authorized representative, to submit written comments addressing the proposed amendments to CalRecycle. Written comments, which offer a recommendation and/or objection, or support the proposed amendments, should indicate the amended section to which the comment or comments are directed. CalRecycle will only consider written comments sent to CalRecycle and received during the written comment period, which begins on August 22, 2025, and ends on October 7, 2025. Written comments received by CalRecycle after the close of the public comment period are considered untimely. CalRecycle may, but is not required to, respond to untimely comments, including those raising significant environmental issues. Comments submitted in writing must be addressed to one of the following:

Postal mail:

Csilla Richmond
SB 54 Plastic Pollution Prevention and Packaging Producer Responsibility Act
Permanent Regulations
Department of Resources Recycling and Recovery, Regulations Unit
1001 "I" St., MS-24B, Sacramento, CA 95814

Electronic submittal: [SB 54 Plastic Pollution Prevention & Packaging Producer Responsibility Act Regulations \(45-Day Comment Period\)](#)

Please note that under the California Public Records Act (Government Code section 7920.000 et seq.), your written and oral comments, attachments, and associated

contact information (e.g., your address, phone number, email address, etc.) become part of the public record and can be released to the public upon request.

AUTHORITY AND REFERENCES

Public Resources Code Sections 40401, 40502, 42041, 42052, 42053, 42057, 42060, 42061, 42061.5, 42063, 42064, 42080, 42081, and Government Code Sections 11415.10 and 11440.20 provide authority for this regulation. The purpose of the proposed actions is to implement, interpret, and make specific, and implement the requirements of Senate Bill No. 54 (2021-2022 Reg. Sess.), the Plastic Pollution Prevention and Packaging Producer Responsibility Act (Stats. 2022, ch.75), (the Act).

The following is a list of references cited in this proposed regulation: Public Resources Code Sections 40062, 40120.1, 40121, 40192, 41780.01, 42040, 42041, 42050, 42051, 42051.1, 42051.2, 42051.3, 42052, 42053, 42054, 42056, 42057, 42060, 42060.5, 42061, 42061.5, 42062, 42063, 42064, 42067, 42070, 42080, 42081, 42083, 42281.2, 42281.5, 42355, 42355.51, 42356, 42356.1, 42356.2, 42357, 42357.5, 42358, 42358.5, and 42649.8, Government Code Sections 7921.500, 7922.530, 11445.10, 11440.20, 11445.30, 11445.40, 11445.50, 11445.60, 11505, 11506, Health and Safety Code Section 25249.

INFORMATIVE DIGEST

Summary of Existing Laws

The California Integrated Waste Management Act of 1989 (Pub. Resources Code, section 40000 et seq.), administered by CalRecycle, regulates the disposal, management, and recycling of, among other solid waste, packaging and single-use food ware. It also imposes various reporting requirements on disposal facility operators, solid waste handlers, and transfer station operators regarding the types and quantities of materials disposed of, sold, or transferred to other entities.

Pursuant to Assembly Bill No. 341 (2011-2012 Reg. Sess.) (Stats. 2011, ch. 476), the state's policy goal was that at least 75 percent of solid waste generated would be source-reduced, recycled, or composted by 2020. That goal has not yet been met.

Senate Bill No. 1335 (2017-2018 Reg. Sess.), the Sustainable Packaging for the State of California Act of 2018 (Stats. 2018, ch. 510) (SB 1335), applies to food service packaging used by food service facilities located in a state-owned facility, operating on, or acting as a concessionaire on state property, or under contract to provide food service to a state agency. CalRecycle publishes a list of food service packaging items that, for purposes of SB 1335, it deems reusable, recyclable, or compostable, and facilities subject to the law are prohibited from using food service packaging items not identified on that list.

Senate Bill No. 343 (2021-2022 Reg.Sess.) (Stats. 2021, ch. 507) (SB 343), establishes specific standards for what constitutes deceptive labeling concerning recyclability.

Products can only be labeled “recyclable” or with the “chasing arrows” logo if they are regularly collected and processed for recycling and meet certain design and composition characteristics affecting recyclability, or if they satisfy other criteria related to recycling rates, alternative collection programs, or government programs governing recyclability. CalRecycle must conduct periodic material characterization studies examining the material types and forms that are collected, sorted, sold, or transferred by solid waste facilities in the state. Determinations of whether items can be considered recyclable in California must be based on the information that CalRecycle publishes.

Assembly Bill No. 1201 (2021-2022 Reg. Sess.) (Stats. 2021, ch. 504) (AB 1201) establishes requirements that products labeled “compostable” must meet. The requirements concern certification that material meets certain technical standards related to biodegradation and disintegration, whether material is an allowable organic input pursuant to the United States Department of Agriculture National Organic Program, presence of perfluoroalkyl or polyfluoroalkyl substances, clarity and conspicuousness of the labeling, and association with the recovery of desirable organic wastes.

Effect of the Proposed Action

By interpreting, making specific, and implementing the Act, the proposed regulations will establish the various substantive and procedural requirements applicable to the extended producer responsibility (EPR) program that the Act requires producers of single-use packaging and single-use plastic food service ware (covered materials) to administer. The proposed regulations will also establish how CalRecycle will exercise its oversight and enforcement responsibilities.

The proposed regulations will also implement the AB 1201 requirement that products must be certified by third parties to meet a technical standard established under chapter 5.7 of part 3 of division 30 of the Public Resources Code (commencing with section 42355). By implementing this requirement of AB 1201, the proposed regulations will cause the requirement to take effect generally, not just with respect to covered materials.

Policy Statement Overview and Anticipated Benefits of the Proposed Regulations

The broad objective of the proposed regulations is to implement the Act, ensuring that it achieves its goals: source reduction of plastic covered material, elimination of covered material that is not recyclable or compostable, and significant improvements in recycling rates for covered material. The proposed regulations also serve the objective of improving the integrity of product labeling by implementing a certification requirement for when any product (including those using covered materials) can lawfully be labeled “compostable.”

These objectives are consistent with the more general policy goals of shifting California to a circular economy and shifting responsibility for end-of-life management of various materials onto the producers of them, thereby lessening the materials’ effects on the

environment and public health and easing the burdens on local jurisdictions and consumers. Shifting responsibility through EPR statutes like the Act will benefit solid waste handling in the state by requiring producers to address the costs of such management and incentivizing the development of infrastructure, technological innovation, and increased usage of reusable and refillable products.

By giving effect to the certification requirement of AB 1201, the proposed regulations will reduce deception of consumers regarding whether products are compostable. Consumers will be able to make more informed purchasing choices and better understand what materials are appropriate to discard with materials collected for composting. In turn, this will enhance the technical and economic viability of composting programs statewide.

By implementing the Act, the proposed regulations will also spur improvements in recycling and composting infrastructure, which will lead to decreased pollution and environmental harm associated with disposal of covered materials. These effects will, in turn, have positive effects on human health. Decreased disposal of covered material will also decrease greenhouse gas emissions associated with such disposal.

Specific anticipated benefits of the proposed regulations' implementation and enforcement of the Act include:

- Reduction of plastic pollution and litter
- Reduction of greenhouse gas emissions
- Decreased material disposal burdens
- Decreased raw material extraction and virgin material usage
- Greater use of reusable and refillable items and expansion of reuse and refill systems
- Reduced presence of toxins and other chemicals that would render products non-compostable or interfere with recycling
- Increased access to recycling and composting
- Investments in communities disproportionately impacted by the effects of plastic pollution
- Supporting a stable circular economy
- Supporting consistent recycling systems state-wide
- Increased revenue for businesses from the sale of recycled material product
- Decreased public health concerns such as cancer, asthma, and birth defects
- Encouragement of packaging innovation
- Reduced exposure to chemicals and microplastics from shifts to plastic alternatives
- Ensuring that refillable or reusable materials can be used safely and hygienically
- Promoting openness and transparency in business and government through creation and implementation of Producer Responsibility Organization (PRO) plans and plans created by individual businesses
- Reduced deception of consumers and increased transparency in business by imposing certification requirements for labeling products as "compostable."

Consistency With State Regulations

Pursuant to Government Code Section 11346.5(a)(3)(D), CalRecycle conducted an evaluation of existing state regulations. CalRecycle determined that the proposed regulations are neither inconsistent nor incompatible with existing state regulations and that CalRecycle is the only agency that can implement this proposed regulation.

INCORPORATION BY REFERENCE

The following documents are incorporated by reference in the proposed regulation:

- ISO/IEC 17025:2017(E), “General requirements for the competence of testing and calibration laboratories,” International Organization for Standardization/ International Electrotechnical Commission, November 2017
- ISO/IEC 17065:2012(E), “Conformity assessment—Requirements for bodies certifying products, processes and services,” International Organization for standardization/International Electrotechnical Commission, September 2012.
- State Administrative Manual, section 9213.1, Allocation of Costs—Indirect Cost Rate Determination Methodology, California Department of General Services (as published on 01/2022).
- ISO 59014: 2024(en), “Environmental management and circular economy — Sustainability and traceability of the recovery of secondary materials — Principles, requirements and guidance,” International Organization for Standardization, October 2024.

EXISTING COMPARABLE FEDERAL REGULATION OR STATUTE

CalRecycle has determined that the proposed regulations do not significantly differ from federal law because there are no existing comparable federal statutes or regulations in this subject area.

OTHER STATUTORY REQUIREMENTS (GOVERNMENT CODE SECTION 11346.5(a)(4))

CalRecycle has determined that no other matters, as prescribed by statute, need to be addressed.

MANDATES ON LOCAL AGENCIES OR SCHOOL DISTRICTS

CalRecycle has made the following initial determinations:

Mandate Imposed on Local Agencies: Yes

Costs to any local agency which requires reimbursement in accordance with Part 7 of Division 4 of Title 2 of the Government Code: None

The statute mandates that local jurisdictions and recycling service providers (local agencies) include certain materials in their collection and recycling programs. Fulfilling that mandate involves collaboration with the producer responsibility organization (PRO) and certain producers to undertake various activities, such as education and outreach, material collection and processing, infrastructure improvement, and related investments. Local agencies' costs for fulfilling their mandate are influenced by local circumstances, including population density and market proximity. While certain costs may be initially borne by local agencies, they are not reimbursable by the State because, under the Act and the proposed regulations, the PRO and certain producers must pay local agencies to cover the expenses they incur to meet their statutory obligations.

Mandate Imposed on School Districts: None

FISCAL IMPACT

Costs to Any Local Agencies or School Districts Requiring Reimbursement

CalRecycle has determined that the proposed regulations do not result in costs to any local agency or school district that must be reimbursed by the State pursuant to Section 6 of Article XIII B of the California Constitution and Part 7 of Division 4 of Title 2 of the Government Code (Section 17500 et seq.).

Cost or Savings to Any State Agency

CalRecycle has determined that adoption of these proposed regulations does have a cost to state agencies.

The total annual cost to the state is estimated to total \$76.75 million which will be incurred by CalRecycle and funded by the PRO through the Circular Economy Fund. CalRecycle also anticipates a \$2 million reduction in revenue to the state from a decrease in disposal stream tipping fees.

Non-Discretionary Cost or Savings Imposed Upon Local Agencies

CalRecycle has determined that there are non-discretionary costs or savings imposed on local agencies. These costs are not required to be reimbursed by the State. Rather, the PRO and certain producers are responsible for fully paying local agencies to cover the expenses they incur to meet their statutory obligation. CalRecycle expects local agencies to improve and expand their recycling collection services in complying with the proposed regulations and estimates that the average cost per Fiscal Year for these activities is anticipated to be \$18.1 million through 2024-25, 2025-26, and 2026-2027. Local agencies will collaborate with the PRO and certain producers to undertake activities that may involve additional non-discretionary costs depending on local circumstances, including education and outreach, material processing, and additional

infrastructure improvements. Local agencies will be paid by the PRO or certain producers for any such non-discretionary costs.

Cost or Savings in Federal Funding to the State

CalRecycle has determined that adoption of these regulations will not have an impact on costs or savings in federal funding to the State.

HOUSING COSTS

CalRecycle has determined that adoption of these regulations will have no significant effect on housing cost.

SIGNIFICANT STATEWIDE ADVERSE ECONOMIC IMPACT DIRECTLY AFFECTING BUSINESS

CalRecycle has made an initial determination that the adoption of this regulation may have a significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

CalRecycle has considered proposed alternatives that would lessen any adverse economic impact on business and invites the public to submit proposals. Submissions may include the following considerations:

- (i) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to businesses.
- (ii) Consolidation or simplification of compliance and reporting requirements for businesses.
- (iii) The use of performance standards rather than prescriptive standards.
- (iv) Exemption or partial exemption from the regulatory requirements for businesses.

The businesses most directly affected by these proposed regulations are referred to in the Act as “producers” of single-use packaging and plastic single-use food service ware. Entities may be producers based on their ownership or licenses to use brands or trademarks or because they sell, offer for sale, or distribute such materials in the state.

As of 2032, the Act will require that all single-use packaging and plastic single-use food service ware be recyclable or compostable. It also requires that plastic single-use packaging and plastic single-use food service ware achieve source reduction targets and certain recycling rates.

These proposed regulations will require producers to maintain records and report data to CalRecycle that demonstrate their compliance with the Act’s requirements. Producers

will also be required to reduce, collectively, the overall amount of the regulated materials that are sold into the state.

The Act requires producers to participate in a program operated by a PRO pursuant to a plan approved by CalRecycle. Alternatively, producers that meet certain requirements can create and implement their own plan. Producers, either through the PRO or individually, will be required to prepare and submit plans addressing all requirements stated in the Act, submit annual budgets and reports concerning their plans, and maintain records documenting their compliance with the Act. The reporting and recordkeeping requirements encompass the following: the amount and types of single-use packaging and plastic single-use food service ware that producers sell, distribute, or import; the amount and types of such materials that producers collect for recycling; the basis asserted for certain materials to be considered recyclable; estimations of recycling rates for particular types of materials; calculations of source reduction with respect to plastic single-use packaging and food service ware; and records demonstrating that entities that collect and process materials subject to the Act do so in a manner that satisfies certain criteria.

These proposed regulations will also impose compliance requirements on businesses that assert they are not “producers” of covered material because some other entity is the producer or because the packaging or plastic food service ware is excluded from being considered “covered material.” Such businesses may be required to support their claim that they are not a producer, such as by demonstrating that such items satisfy specific criteria in the Act or proposed regulations.

Solid waste enterprises that provide solid waste handling services on behalf of a local jurisdiction will also be affected because the Act may require them to add certain types of materials to their collection and recycling programs.

RESULTS OF STANDARDIZED REGULATORY IMPACT ASSESSMENT

Creation or Elimination of Jobs within the State of California

CalRecycle has determined that the proposed action will not eliminate jobs within California. Over the course of implementation, it is projected that 219,950 jobs may be created in the manufacturing industries specializing in recyclable plastics, paper, glass, and metal products, as well as within the construction, wholesale, retail, and food service industries.

Creation of New Businesses or Elimination of Existing Businesses within California

CalRecycle has determined that the proposed action will create new businesses within California. It is anticipated that at least 15 businesses will be created statewide. These

businesses include at least one PRO (a non-profit organization), and several material recovery facilities (MRFs).

CalRecycle has determined that the proposed action will not eliminate existing businesses within California.

Competitive Advantages or Disadvantages for Businesses Currently Doing Business within the State

CalRecycle has determined that the proposed action will not have Competitive Advantages or Disadvantages for Businesses Currently Doing Business within California.

Increase or Decrease of Investment in the State

CalRecycle has determined that the proposed action will increase investment in California. Private investment will experience an initial increase of \$49 million in 2024 and peak in 2030 at \$952 million. There is no indication that there will be a net decrease in investment in the state because of the proposed regulations.

Incentives for Innovation in Products, Materials or Processes

CalRecycle has determined that the proposed action will provide incentives for innovation in products, materials, and manufacturing and waste management processes that ensure cost-effective approaches for producers to be in compliance with the Act. The proposed regulations establish material packaging standards that will incentivize manufacturers to develop innovative and new packaging with covered material, increase the utilization of reuse and refill infrastructure, and develop new processes for recycling in order to meet the requirements of the Act.

Benefits of the Regulation, Including But Not Limited To, Benefits to the Health, Safety, and Welfare of California Residents, Worker Safety, the State's Environment, and Quality of Life

CalRecycle has determined that the proposed action will have benefits, including but not limited to, benefits to health and welfare of California residents, the state's environment, and quality of life. In addition to generating less packaging waste through plastic source reduction and shifting to reusable and refillable material, reducing plastic pollution through the funds from the California Plastic Pollution Mitigation Fund will lead to a decrease in negative human health and environmental impacts especially in disadvantaged and low-income communities disproportionately affected by plastic pollution. Additionally, California residents will also benefit from greater accessibility to recycling and composting due to the increase in infrastructure for collection, sortation, and processing of such materials. Creating recyclable and compostable packaging will lead to harmonization with our recycling infrastructure that will lead to less disposal and

prolong our landfill capacity and use. It will also lead to a decrease in greenhouse gas (GHG) emissions, and a decrease of fossil fuels used in the production of virgin plastic. Because this regulation doesn't directly impact workers, CalRecycle does not anticipate any direct benefits to worker safety as a result of this regulation.

Summary of the Department of Finance's Comments on the Proposed Regulations and the Standardized Regulatory Impact Assessment

The Department received the following comments from the Department of Finance on the draft Standardized Regulatory Impact Assessment (SRIA). The Department's responses are stated below and do not materially alter the estimations reported in the SRIA.

DOF Comment #1:

First, the 42.1-percent downward revision to the total cost, from \$36.3 billion in the original SRIA to \$21 billion in this revised SRIA, is driven almost entirely by a lower estimate of annual plastic waste generated in California, decreasing from 5.5 million tons in the 2021 estimate to 2.9 million tons in 2023. Estimating plastic waste is difficult and subject to uncertainty and the SRIA must provide a detailed explanation for the significant difference between the two estimates as well as a justification for why the revised estimate is more appropriate.

CalRecycle Response:

Due to the lack of available data on plastic covered material generation in California at the time CalRecycle wrote the SRIA for the initial rulemaking in 2024, for that analysis CalRecycle estimated the amount of plastic covered material by adding together the amounts of plastic covered material disposed of and recycled. To estimate the amount of disposed plastic covered material, CalRecycle utilized the most recent waste characterization study, containing data from 2021 disposal surveys. To estimate the amount of recycled plastic covered material, CalRecycle utilized data in the Recycling and Disposal Reporting System (RDRS), which contains self-reported data from entities that recycle material. In both sources, material categories are broad and do not include information specific to the amounts of covered material present. This means that those source data included large quantities of materials that are not covered material. For example, the waste characterization study includes an estimate for "Other Film Bags and Plastic Mailing Pouches." This category may include both plastic bags that qualify as packaging under the Plastic Pollution Prevention and Packaging Producer Responsibility Act (the Act) and plastic bags purchased as consumer goods for home use, such as storing items, which would not qualify as packaging or food service ware. From these sources, CalRecycle estimated that approximately 5.5 million tons of plastic covered material was generated in California every year. However, due to the lack of specificity in the available data, this estimate included materials that would not be covered materials under the Act. Since the time of the first SRIA analysis, CalRecycle has worked on developing more specific data on covered material generation as

required by the Act.

Per Public Resources Code (PRC) section 42057(b), CalRecycle was required to establish a baseline for the 25 percent source reduction goal for plastic by January 1, 2025. This study was underway while CalRecycle was developing the first SRIA but it had not yet produced usable data. Since that time, updated data on plastic covered material generation became available when CalRecycle published its study in the Source Reduction Baseline (SRB) report at the end of 2024. This report estimated that nearly 2.9 million tons of plastic covered material were generated in California in 2023. The data in this report are specific to covered material and do not include non-covered materials, unlike the waste characterization study and RDRS data. As the data are specific to materials covered under the Act, this SRB report estimate for plastic covered material is more accurate and resulted in a number lower than CalRecycle's previous estimate. The majority of the costs identified in CalRecycle's economic impact analysis are costs to meet required source reduction and recycling rate goals, including costs to switch plastic covered materials to more recyclable forms and to set up infrastructure for collecting, sorting, and processing increased amounts of material. These cost calculations rely directly upon the plastic covered material estimate. Using the SRB estimate for plastic covered material enables CalRecycle to more accurately estimate the costs to meet the required source reduction and recycling rates for plastic covered material and provides a more accurate overall estimate of the Act's implementation cost.

DOF Comment #2:

The SRIA must also provide a detailed methodology for the change in revenues to the Integrated Waste Management Account due to less plastic waste entering landfills.

CalRecycle Response:

Landfill revenue is generated by tipping fees, and CalRecycle estimated the change to tipping fee revenue by calculating the difference between the baseline covered material disposal amount and the amount of covered material expected to be disposed in California at the end of the implementation period. CalRecycle's calculations for the baseline and end of implementation covered material disposal amounts are shown in the Capacity Needs Analysis worksheet in the Direct Impacts Model. Per PRC section 48000(b)(1), tipping fees shall not exceed \$1.40 per ton of solid waste disposed. CalRecycle estimated that covered material disposal would decrease by 1.4 million tons annually by the end of the implementation period. CalRecycle multiplied the maximum tipping fee (\$1.40) by the difference in covered material disposal amounts in the baseline and at the end of the implementation period to arrive at the conservative estimate of annual tipping fee loss of around \$2 million.

DOF Comment #3:

Second, the estimate in the SRIA must be based on the most recently available data, forecasts, and timelines. For instance, the revised SRIA's estimates are currently based

on Finance’s economic forecast released in May 2023 and population projections released in January 2021. However, the most up-to-date and published forecasts reflect lower economic growth and higher inflation due to tariffs as well as significantly lower population. Incorporating these recent forecasts would likely lead to lower baseline activity and thus smaller costs and benefits.

CalRecycle Response:

CalRecycle has revised the Direct Impacts Model to include the most recent population projections from DOF, published in April 2025. CalRecycle previously estimated the total direct cost of implementing the regulations to be \$21,019,959,079 in the estimate submitted to DOF. Updating the economic impact analysis increased the total direct cost estimate to \$21,071,298,874, an increase of approximately \$59 million, which represents a percentage increase of only 0.28% in the cost estimation. Using the most recent population projections resulted in an increase to the direct cost estimates for collection, sortation, and processing infrastructure, but did not impact any of the other direct cost categories. CalRecycle’s benefits estimate was also not impacted by using the most recent population projections. The revised calculations adjusted the net impact figure by only -0.18%. This change therefore does not materially alter the overall estimation of costs and benefits as projected by the economic analysis in the draft SRIA.

CalRecycle has also revised the analysis of the macroeconomic impacts of the proposed regulations to include the most recent economic forecast from DOF. In the SRIA, CalRecycle presents data for years when macroeconomic impacts are at their peak in order to show which year incurs the greatest impacts. In the previous version of the analysis, the peak year was 2030, in the current version of the analysis, the peak year is 2031. A summary of the changes to the macroeconomic impact analysis is described below. The new numbers suggest that the macroeconomic benefits may be higher than projected in the draft SRIA, which presents the more conservative estimate in the second column below.

	2023 SRIA (Peak year 2030)	2025 SRIA (Peak year 2031)
Employment	220,000 jobs (through 2034)	229,000 jobs (through 2034)
Output growth	\$8.3 billion	\$10.4 billion
Investment	\$952 million	\$1.1 billion
Personal income	\$3.1 billion	\$3.7 billion
Gross State Product	\$4.5 billion	\$5.5 billion

The adjustments to the macroeconomic benefits estimates do not affect the core analysis of the direct economic impacts in the SRIA.

DOF Comment #4:

Additionally, the revised SRIA's total costs and benefits include estimates for previous fiscal years even though the proposed regulations have not been adopted yet.

CalRecycle Response:

For Extended Producer Responsibility (EPR) programs, unlike other regulatory programs, costs incurred prior to regulation adoption are billed to the Producer Responsibility Organization (PRO) after the regulations are in place and program implementation has begun and are therefore ultimately borne by industry. CalRecycle includes estimates in previous fiscal years in the economic impact analysis for program set up costs to establish and develop the program at CalRecycle and develop the implementing regulations. These costs are incurred during FY 2023-25. Costs including CalRecycle staff, Needs Assessment and CEQA contracts, and administrative overhead are shown for these years because they were incurred in these years. PRC Section 42053.5(b) contemplates the need for pre-implementation funding via a loan. Through a BCP CalRecycle borrowed the pre-implementation costs from the Beverage Container Recycling Fund which will ultimately be reimbursed by the PRO. PRC Section 42053.5(a)(1) requires the PRO to cover CalRecycle's full costs of implementing and enforcing this chapter, including the actual and reasonable costs associated with regulatory activities pursuant to this chapter before submission of producer responsibility plan. None of these costs have yet been reimbursed by the PRO.

COST IMPACTS TO REPRESENTATIVE PRIVATE PERSON OR BUSINESS

Compliance with the proposed regulations will increase costs for producers because single-use packaging and plastic single-use food service ware will be required to use materials that are recyclable, compostable, or reusable and may be more expensive than the traditional, very inexpensive materials widely used currently. The need to avoid design characteristics, such as those related to component sizes, inks, or adhesives, that make sorting and recycling more difficult may also result in increased manufacturing costs.

Producers and non-producers may incur costs related to documenting that certain materials comply with the Act's requirements. For example, producers of covered material claimed to be recyclable or compostable may incur costs to establish that the material meets applicable technical standards. Manufacturers, distributors, and sellers of packaging or food service ware claimed to be reusable or refillable may incur costs to establish that their products satisfy the criteria for being considered not "single-use." Producers may incur costs related to source reduction, such as the cost of obtaining validation from a third party of postconsumer recycled content or the cost of shifting to non-plastic materials.

Producers, through a PRO or otherwise, may also incur costs related to establishing alternative collection systems, establishing, and expanding recycling infrastructure, developing new materials and technologies, and establishing infrastructure for the convenient and safe reuse and refill of packaging or food service ware.

Producers that participate in a PRO plan will pay fees directly to the PRO according to the fee schedule established by the PRO, and the PRO will pay the circular economy administrative fee to CalRecycle. Producers, through the PRO or otherwise, will also pay annual environmental mitigation surcharges to the California Department of Tax and Fee Administration. Producers and the PRO will also incur costs related to developing and maintaining plans, record keeping, and annual reporting.

Local jurisdictions or recycling service providers may incur costs related to expanding the types of covered material included in their collection and recycling programs.

CalRecycle estimates the direct cost per household after full implementation of these regulations could potentially reach \$190 annually, the direct cost for a large producer to potentially reach \$457,114 annually, and the direct cost for businesses that are not producers but sell covered material to potentially reach \$4,806 annually.¹ The estimated costs to individuals in this analysis includes many assumptions regarding factors that will affect the actual, realized impacts to individuals, most notably decisions by the PRO and producers regarding their compliance pathways, as well as individual consumer decisions. These decisions may result in the actual impacts on individuals potentially being different from the estimates presented here.

BUSINESS REPORT

The proposed regulations address reporting requirements under sections 42051.3, 42052, and 42057 of the PRC and implement a reporting system that producers and the PRO must use to report certain information to CalRecycle. The reporting requirements apply to businesses. The proposed regulations specify the data that the PRO, producers participating in the PRO, and producers complying independently of a PRO are required to report. By specifying the reporting requirements, the proposed regulations implement specific statutory requirements and enable CalRecycle to provide necessary program oversight and ensure progress towards meeting statutory goals. The proposed regulations satisfy the requirement stated in Government Code Section 11346.3(d) that it is necessary for the health, safety, and welfare of the people of the state that the regulations apply to businesses.

DETERMINATION OF EFFECT ON SMALL BUSINESS

¹ With the updated forecasts incorporated into the Direct Impacts Model (see response to DOF Comment #3), the estimates shift slightly to \$191 annually for the direct cost per household, \$458,396 annually for the direct cost for a large producer, and \$4,820 annually for the direct cost for businesses that are not producers. These represent adjustments to the estimates in the range of 0.3-0.5%.

CalRecycle has determined that the proposed regulations will affect small businesses. CalRecycle has estimated that 58% of businesses impacted by the proposed regulations are considered small businesses. Small businesses that meet the definition of producer pursuant to section 42041(w) of the PRC, may be considered small producers, wholesalers, or retailers by the Act if in the most recent calendar year they had gross sales of less than one million dollars (\$1,000,000) in the state. The Act authorizes CalRecycle to develop a process to exempt these entities from most requirements of the Act. Producers of covered material granted an exemption will be considered “small producers,” will be exempt from the requirements of the Act other than the restrictions in section 42050(b) of the PRC, and will incur an annual cost of approximately \$155 for record keeping and preparation of exemption applications.² Small businesses that meet the definition of producer per section 42041(w) of the PRC but are denied an exemption based on a determination by CalRecycle will need to join an approved PRO or satisfy their legal obligations independently.

CalRecycle expects small businesses to benefit from increased revenue from the sale of products made from recycled material. Additionally, less effort will be needed to review recyclability claims of packaging, and there will be an increased ease of providing product packaging to fit consumer demand. There will also be a reduction in the cost of disposal services as more recyclable material is generated. However, the reduction in disposal costs may shift to recycling services as materials shift to recycling and composting collection streams.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5(a)(13), CalRecycle must determine that no reasonable alternative considered by the agency or that has otherwise been identified and brought to the attention of the agency would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

CalRecycle invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations during the written comment period, or at the scheduled public hearing.

CONTACT PERSONS

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

² The updated forecasts incorporated into the Direct Impacts Model (see response to DOF Comment #3) do not change this number.

Csilla Richmond
SB 54 Plastic Pollution Prevention and Packaging Producer Responsibility Act
Permanent Regulations
Department of Resources Recycling and Recovery, Regulations Unit
1001 "I" St., MS-24B, Sacramento, CA 95814
Phone: (916) 327-0089
Email: regulations@calrecycle.ca.gov

The backup contact person is:

Craig Castleton
SB 54 Plastic Pollution Prevention and Packaging Producer Responsibility Act
Permanent Regulations
Department of Resources Recycling and Recovery, Regulations Unit
1001 "I" St., MS-24B, Sacramento, CA 95814
Phone: (916) 327-0089
Email: regulations@calrecycle.ca.gov

AVAILABILITY STATEMENTS

Availability of Initial Statement of Reasons, Text of Proposed Regulations, Information Upon Which this Proposal is Based, and Rulemaking File

CalRecycle will have the entire rulemaking file, the express terms of the proposed regulations, and all information that provides the basis for the proposed action, available for public inspection and copying during normal business hours at the address provided above and on <https://calrecycle.ca.gov/Laws/Rulemaking/>. As of the date this Notice is published in the Notice Register, the rulemaking file consists of this Notice, the text of the proposed regulations, the Initial Statement of Reasons (ISOR), the documents relied upon for the proposed action, the Standardized Regulatory Impact Assessment, and the Economic and Fiscal Impact Statement. Copies may be obtained by contacting the contact persons at the address, email, or phone number listed above.

Availability of Modified Text

CalRecycle may adopt the proposed regulations substantially as described in this Notice. If CalRecycle makes substantial changes to the originally proposed text, it will make the modified text, with the changes clearly indicated, available to the public for at least fifteen (15) days before CalRecycle adopts the regulations as revised. Requests for the modified text should be made to the contact persons named above. CalRecycle will transmit any modified text to all persons who testify at the scheduled public hearing, all persons who submit a written comment at the scheduled public hearing, all persons whose comments are received during the comment period, and all persons who request notification of the availability of such changes. CalRecycle will accept written comments on the modified regulations for fifteen (15) days after the date on which they are made available.

Availability of the Final Statement of Reasons

Upon its completion, copies of the Final Statement of Reasons may be obtained by request from the contact persons identified in this Notice or accessed through CalRecycle's website at <https://calrecycle.ca.gov/Laws/Rulemaking/>.

INTERNET ACCESS

For more timely access to the rulemaking file, and in the interest of waste prevention, interested parties are encouraged to access CalRecycle's Internet webpage for the rulemaking at <https://calrecycle.ca.gov/Laws/Rulemaking/>. All rulemaking files can be downloaded directly from the website.