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SB 1215 Covered Battery-Embedded Products Emergency Regulations  
Department of Resources Recycling and Recovery, Regulations Unit  
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Submitted via email

## **Subject: ITI Comments on SB 1215 Covered Battery-Embedded Waste Recycling Fee Workshop**

The Information Technology Industry Council (ITI) welcomes the opportunity to provide feedback to CalRecycle's Recycling Fee Workshop on SB 1215, Covered Battery-Embedded Products.

ITI is the premier global advocate for technology, representing the world's most innovative companies. Founded in 1916, ITI is an international trade association with a team of professionals on four continents. We promote public policies and industry standards that advance competition and innovation worldwide. Our diverse membership and expert staff provide policymakers with the broadest perspective and thought leadership from technology, hardware, software, services, and related Industries. ITI members have a long history of reducing or eliminating harmful chemicals in electronics. We respectfully submit the following comments for CalRecycle's consideration in determining a revised fee cap under SB 1215.

### **Background**

When the program's initial fee structure was established, CalRecycle necessarily relied on estimated assumptions regarding producer compliance rates and anticipated program costs. As the program matures, more precise data on both variables is now available. CalRecycle bears a corresponding responsibility to adjust the fee accordingly — ensuring the program remains adequately funded while avoiding the accumulation of excessive surplus.

### **Revised Program Cost Estimate**

Based on CalRecycle's webinar held on June 17, 2026, anticipated program costs have been revised to approximately \$40.7 million — a reduction of approximately 61% from the original estimate of \$104,639,000. This revision is the single most significant driver of downward pressure on the appropriate fee cap and warrants a commensurate recalibration.

## Updated Smartphone Compliance Rate

The compliance landscape has also changed materially since the program's inception. The original fee structure assumed that smartphones would represent 65% of program revenue at an 80% compliance rate, based on retailer estimates at the time. Compliance data now available through CalRecycle's public producer registration notices tells a different story: registered producers — including Apple, Samsung, Motorola/Lenovo, Google, and TCL — collectively account for approximately 98.6% of U.S. smartphone sales, as derived from IDC 2025 U.S. smartphone shipment data.

This higher participation rate expands the program's revenue base by approximately 16.4%, from an adjusted smartphone spend of roughly \$6.71 billion to approximately \$7.89 billion, bringing the total revenue base to an estimated \$8.49 billion. Because more of the market is now generating fee revenue than originally modeled, a lower cap is sufficient to meet the same funding target — and setting the cap based on original compliance assumptions would result in over-collection.

## Existing Fund Surplus

Any fund surplus accumulated to date presents an additional consideration. The fee cap should be set at a level that ensures long-term program sustainability while providing a commensurate cost reprieve to consumers when surplus accumulation exceeds program needs. The appropriate fee cap is therefore a function not only of revised cost estimates and compliance rates, but also of the program's existing fund balance.

## Recommended Fee Cap Range

Applying the revised cost estimate and updated compliance data to the original fee-setting methodology — and adjusting for the expanded revenue base — yields a recommended fee cap in the range of \$1 to \$5, depending on the program's current fund surplus. Specifically:

- If no surplus exists, the data supports a cap of approximately \$5
- With a modest surplus of \$5 million, the appropriate cap falls to approximately \$4
- With a moderate surplus of \$10 million, a cap of \$4 remains supportable
- With a high surplus of \$20 million, the cap should be reduced to approximately \$3
- With a very high surplus of \$30 million, a cap as low as \$1 would be appropriate.

These figures are derived by scaling the original \$15 cap downward in proportion to the reduced cost target, then applying a further adjustment to reflect the 16.4% expansion of the revenue base resulting from higher compliance. The unchanged assumptions underlying this analysis include: approximately \$8 billion in smartphone adjusted spend at a 98.6% compliance rate; approximately \$4 billion in other product spend at a 15% compliance rate; a 1.5% fee rate; a 3% retailer fee deduction; and a 65% smartphone share of total program revenue.

## Conclusion

In light of the significantly revised program cost estimate, the materially higher-than-anticipated smartphone compliance rate, and the program's existing fund balance, we respectfully urge CalRecycle to set the revised fee cap at a level that reflects current data rather than the original estimates. Continuing to apply a fee cap calibrated to outdated assumptions would result in the collection of fees well in excess of program needs — an outcome that is neither required by the statute nor in the interest of consumers.

We appreciate CalRecycle's consideration of these comments and welcome any opportunity to provide additional information.

If you have any questions, please do not hesitate to contact Chris Cleet at [ccleet@itic.org](mailto:ccleet@itic.org).

Regards,



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