

Dealer Cooperatives Under SB 1013 Informational Session

SB 1013 (Atkins, Ch. 610, Statutes of 2022)

Department of Resources Recycling and Recovery (CalRecycle)

August 10, 2023



Agenda

Policy Overview SB 1013 Dealer Cooperatives

Erin Rodriguez, Deputy Director for Legislation

Dealer Cooperatives Model Under SB 1013

Karen Kayfetz, Product Stewardship Branch Chief

Questions and Public Comments

Karen Kayfetz, Product Stewardship Branch Chief

Erin Rodriguez, Deputy Director for Legislation

Amy Cameron, Assistant Director, Division of Recycling

SB 1013 Policy Overview

**Department of Resources Recycling and Recovery
Legislative Affairs**

Erin Rodriguez

*Deputy Director of
Legislative Affairs*

AB 2020 (Margolin, Chapter 1290, Statutes of 1986) enacted the California Beverage Container Recycling and Litter Reduction Act

This bill established redemption values on beverage containers and required at least one certified recycling center in a convenience zone to redeem the California Redemption Value (CRV) for consumers and collect empty beverage containers.

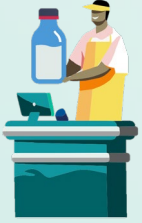
- **Dealer:** Retail establishment (excluding bars and restaurants) that offers the sale of beverages in beverage containers to consumers
- **Convenience zone:** Generally, a 1-mile radius around a dealer

SB 1013 (Atkins, Ch. 610, Statutes of 2022)

is a law that amends the California Beverage Container Recycling and Litter Reduction Act

The law establishes:

- Revised definitions of “beverage” to include distilled spirits, wine
- Wine direct shipper permit holders to register as beverage manufacturers and distributors
- Expansions of convenience zone radius
- The Recycled Glass Processing Incentive Grant Program
- Dealer cooperatives as a replacement for prior Option B: \$100/daily fee



Dealer Roles under the California Beverage Container Recycling and Litter Reduction Act

Dealers currently...



Collect 5-10¢ (CRV) every time consumers buy beverages



Transfer CRV to operators to cover recycling costs



Consumers redeem CRV when they bring containers to recycling centers

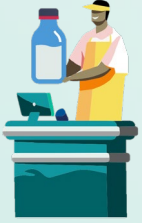
Dealers in an unserved convenience zone choose in-store redemption or fee:



Option A: The dealer takes back beverage containers



Option B: The dealer pays a \$100 daily fee



Dealer Roles under SB 1013

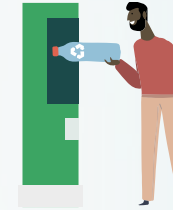
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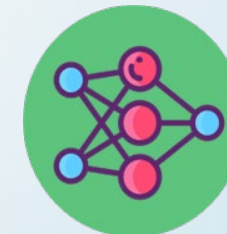


Consumers redeem CRV when they bring containers to recycling centers

Dealers in an unserved convenience zone choose in-store redemption or join a dealer cooperative:



Option A: The dealer takes back beverage containers



Option B: The dealer joins a Dealer Cooperative

Statutory Changes to Public Resources Code

Added Section 14578 effective January 1, 2025

Requires dealers in unserved convenience zones to either:

- 1) Redeem empty beverage containers for consumers or
- 2) Join a dealer cooperative

Exempts certain dealers from these requirements.

- 1) Has gross annual sales of less than \$1,500,000 (excluding fuel sales) or
- 2) Is less than 5,000 square feet

Statutory Changes to Public Resources Code

Added Section 14578.5

- Allows CalRecycle to provide model cooperative plans by January 1, 2024
- Requires CalRecycle to adopt regulations
- Authorizes CalRecycle to register dealers and Dealer Cooperatives
- Establishes Dealer Cooperative standards and requirements
- Provides authority for CalRecycle to revoke a Dealer Cooperative's registration
- Requires CalRecycle to audit Dealer Cooperatives
- Provides enforcement authority to CalRecycle over the Dealer Cooperative
- Authorizes dealer cooperatives to receive certain program payments

Statutory Changes to Public Resources Code

Added Section 14510.2, defining “dealer cooperative”

- Non-Profit tax-exempt organization under IRC Section 501(c)(3)
- Consists of dealers who operate under an approved Redemption Plan
- Dealer members provide CA Redemption Opportunities to consumers (stewardship)
- Membership is voluntary

SB 1013 Dealer Cooperatives Model

**Department of Resources Recycling and Recovery
Product Stewardship Branch**

Karen Kayfetz

*Branch Chief of
Product Stewardship*



Product Stewardship Programs

Product stewardship means businesses support end-of-life management of products by:



Fostering innovation



Collecting material



Ensuring recycling

Goals of product stewardship programs:



Reduce trash pollution

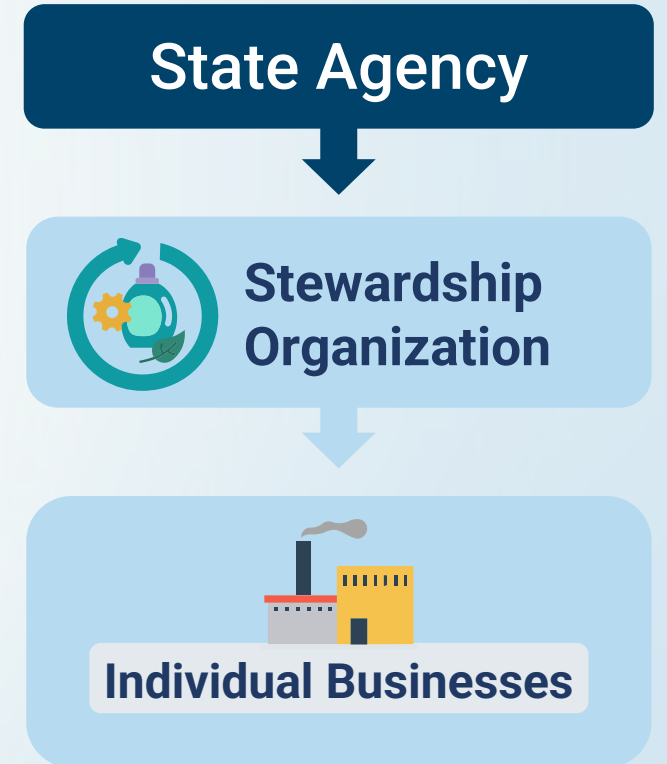


Make recycling convenient



Cover costs of recycling

Typical Structure



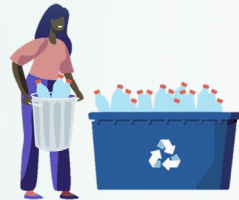


Dealer Cooperatives Model

Dealer Cooperatives support end-of-life management of beverage containers by:



Fueling innovation in redemption methods



Collecting beverage containers



Ensuring recycling

Goals of the Dealer Cooperatives program:



Reduce trash pollution



Make redemption convenient



Cover costs through cooperative



CalRecycle



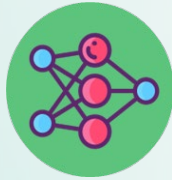
Dealer Cooperatives



Individual Dealers

Dealer Cooperatives

Nonprofit Organizations Established by Beverage Dealers



Dealers join together



Create plan

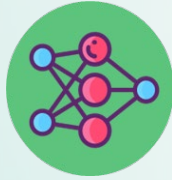


Increase convenience

-
- **“Dealers”** are retail establishments (excluding bars and restaurants) selling beverages in beverage containers to consumers
 - **Dealer cooperatives must:**
 - Create a redemption plan
 - Assess fees on dealers
 - Redeem beverage containers
 - Report to CalRecycle
 - **Dealer cooperatives are eligible for:**
 - Reimbursement of CRV funds paid to consumers
 - Processing payments
 - Handling fees
 - **A dealer cooperative is voluntary for a dealer to join**
 - Dealers may alternatively choose to redeem beverage containers in-store

Redemption Plans

Created by the Dealer Cooperatives



Dealers join
together



Create plan



Increase
convenience

-
- **Budget** including dealer member fees and anticipated administration costs
 - **Ways of redeeming** each beverage container material type
 - **Transportation plans** to processors or recycling centers
 - **Education and outreach program plan** to increase public awareness of redemption opportunities
 - **Strategies** for addressing unique challenges in the served zones
 - Description of how the program will incorporate **innovative redemption methods**

Reporting and Performance Standards

Ensuring Consumer Convenience



Dealers join
together



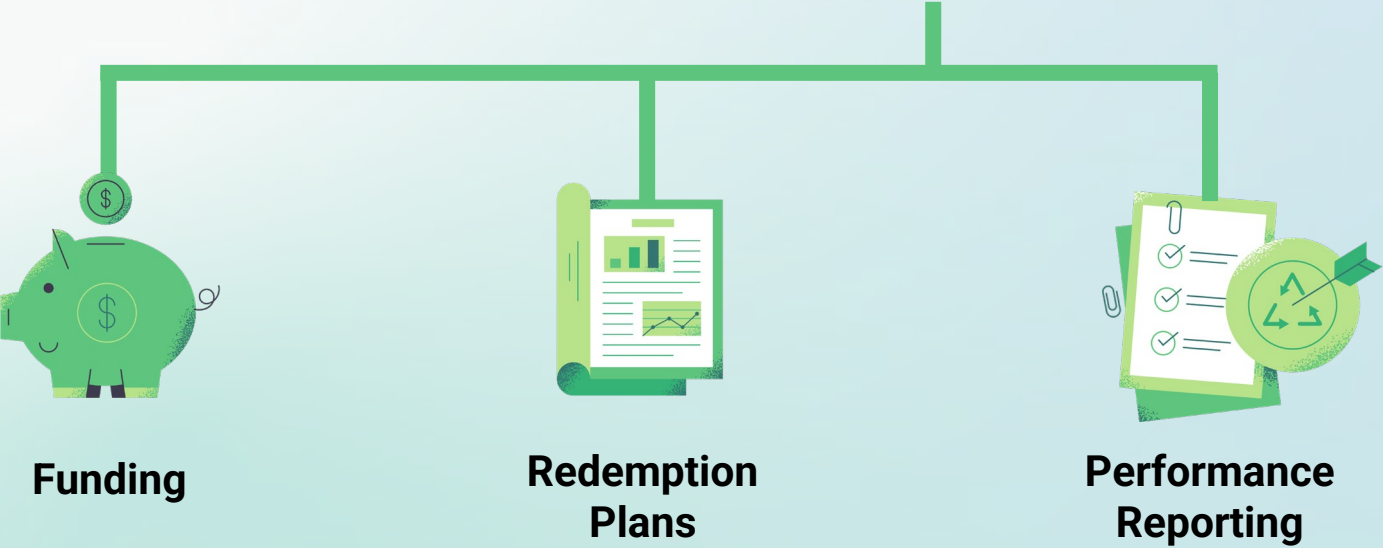
Create plan



**Increase
convenience**

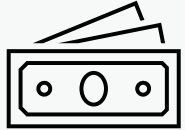
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- **Dealer Cooperatives report to CalRecycle** on information, including:
 - Beverage containers processed
 - Outreach activities
 - Complaints
 - Revenues and expenses
 - Performance standards
 - **Performance standards are defined by each Dealer Cooperative** in their Redemption Plan, and are unique to the needs of the convenience zones served, such as:
 - Locations and numbers of redemption sites
 - Transaction capacity
 - Average wait time for consumers

Key Elements of the Dealer Cooperative Program



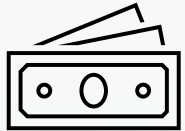
Regulations,
Plan Approvals,
Enforcement

Funding to Support Beverage Container Recycling



Handling Fees & Processing Payments

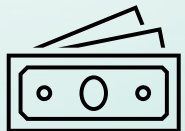
- Incentive payments for program participants as described in PRC Sections 14575 & 14585



Recycling Innovation Grant Program

Mobile Recycling, Reverse-Vending Machines, Bag Drop Programs

- Criteria Presentation at Public Meeting – September 2023
- Application Release – December 2023



Startup Loans for Processors and Recyclers

- Criteria Presentation at Public Meeting – Winter 2023-2024

What's next?

August Informal Regulatory Workshop

August 31, 2023 at 10:00 AM

In-person: Byron Sher Auditorium, CalEPA Building

Online: Webcast and Zoom

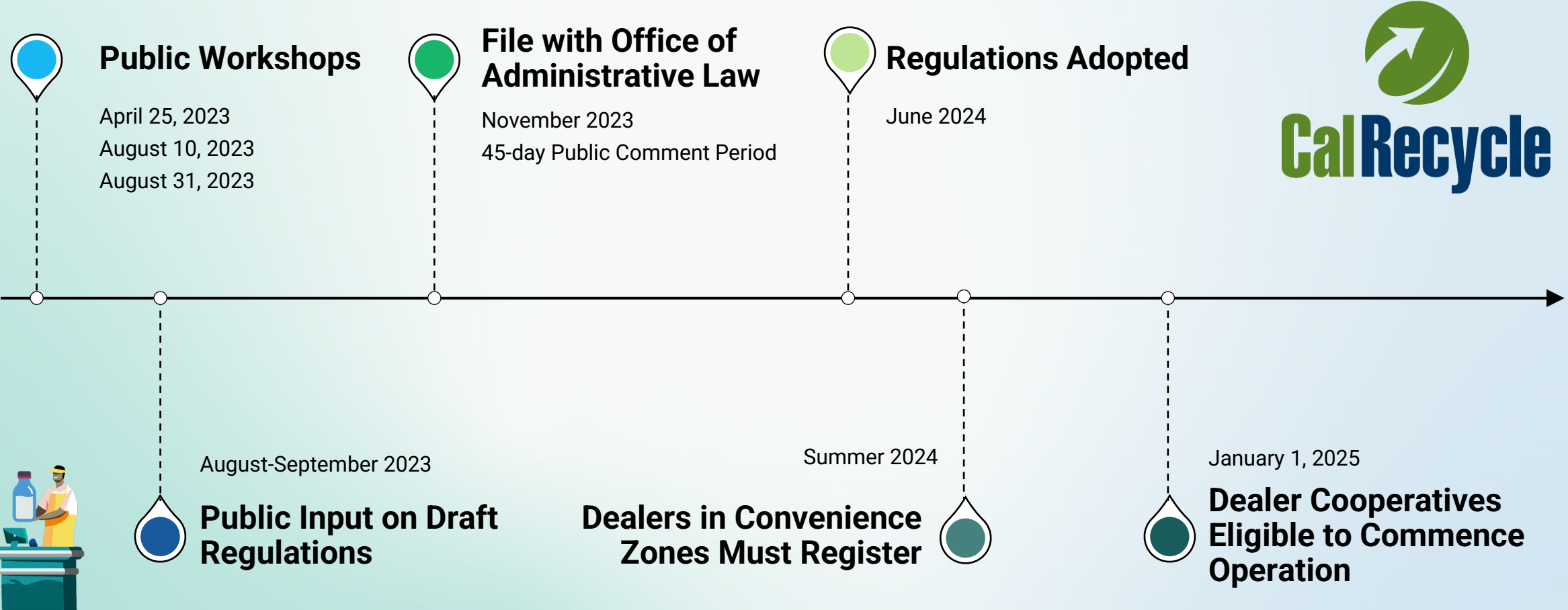
Public Notice and Zoom Registration Links on our Events Calendar:

<https://calrecycle.ca.gov/events/>

Stay Informed: <https://www2.calrecycle.ca.gov/Listservs/Subscribe/183>

Contact: regulations@calrecycle.ca.gov

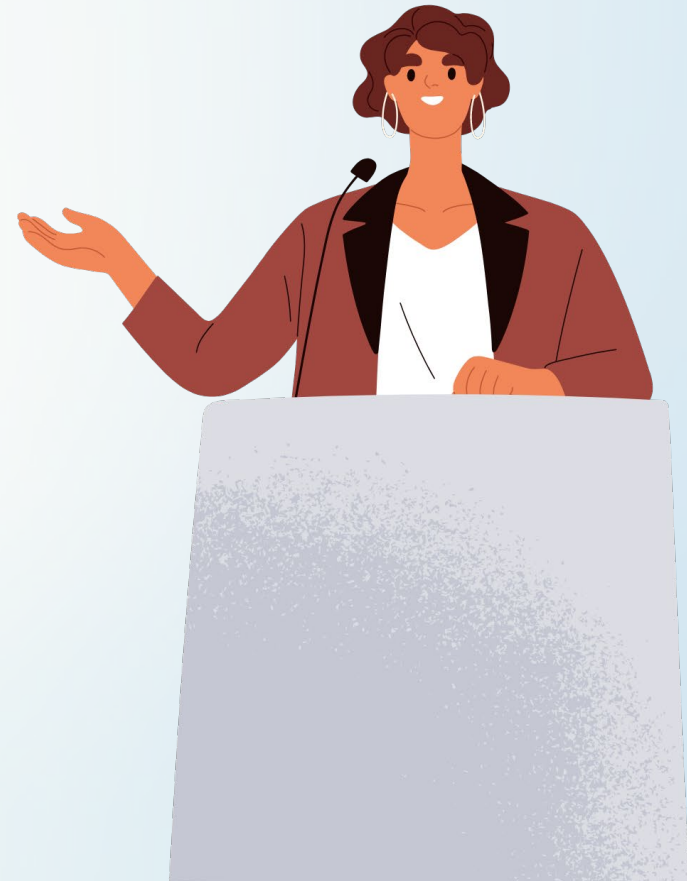
Timeline



Dealers

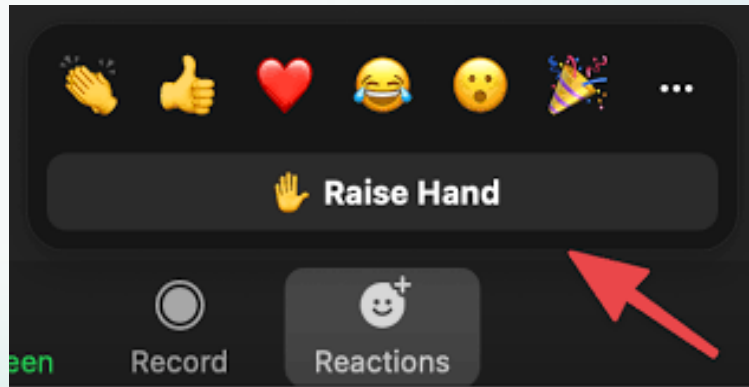
CalRecycle Welcomes Input from Interested Parties

- CalRecycle welcomes questions and feedback
- CalRecycle staff reads every comment
- CalRecycle wants to hear how potential regulations impact industry
- Public comments influence regulations

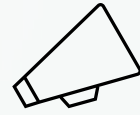


Submitting Questions and Feedback

- To make a comment in-person, please line up at the microphone.
- To make an oral comment via Zoom, please raise your hand and the host will unmute you.

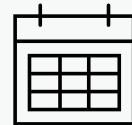


- To make a written comment via Zoom, please use the chat box.



Sign up for information related to all CalRecycle Proposed Regulations: **[CalRecycle Proposed Regulations Listserv](#)**

Sign-up for information related to regulations specific to the Beverage Container Recycling Program: **[Beverage Container Recycling Program General Listserv](#)**



August Informal Regulatory Workshop

- August 31, 2023 at 10:00 AM
- Byron Sher Auditorium, CalEPA Building, Sacramento

Submit Comments by Email:
Regulations@CalRecycle.ca.gov