

SB 1013 Addition of New Beverage Containers

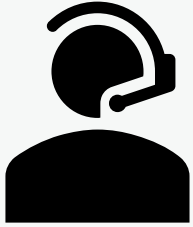


Informal Workshop

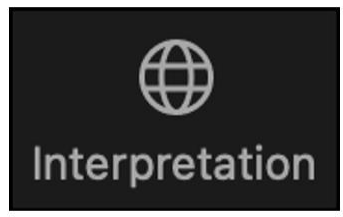
SB 1013 (Atkins, Chapter 610, Statutes of 2022)
Department of Resources Recycling and Recovery
(CalRecycle)
October 29, 2024



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Agenda

Introduction

Amy Cameron, Assistant Director, Beverage Container Recycling Program

Changes to Draft Regulation Text Following Informal Public Workshop #1

Jeanette Barnard, Attorney IV, CalRecycle Legal Office

Questions

Moderated by:

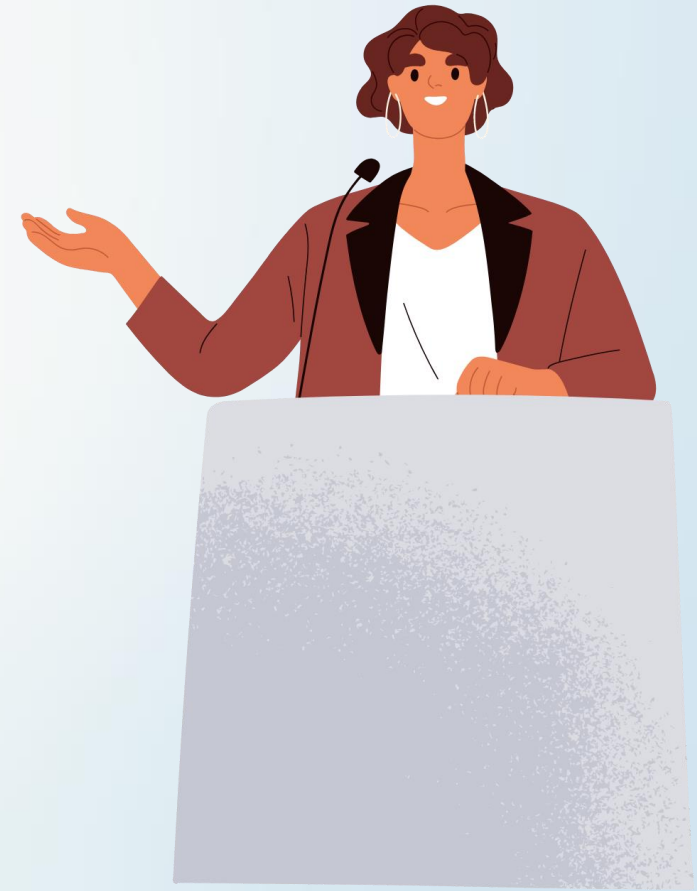
Claire Derksen, Regulatory Analyst, Regulations Unit/Legal Office

Director's Remarks

Department of Resources Recycling and Recovery

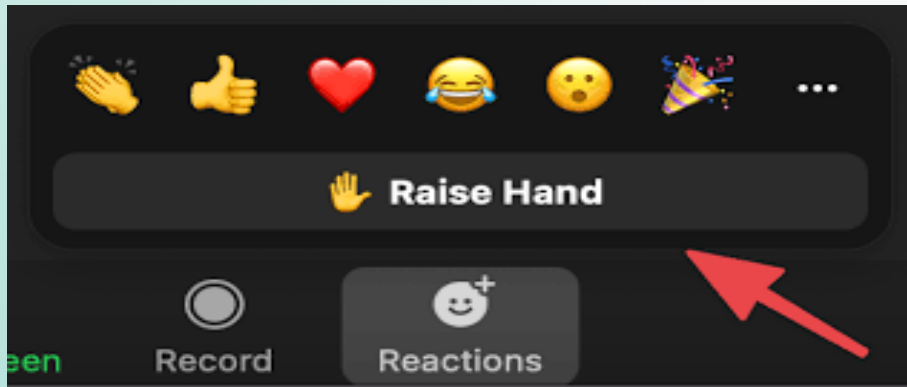
CalRecycle Welcomes Input from Interested Parties

- 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 podium.
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SB 1013 Overview

**Department of Resources Recycling and Recovery,
Beverage Container Recycling Program**

Amy Cameron

Assistant Director for the Beverage Container Recycling Program

Background

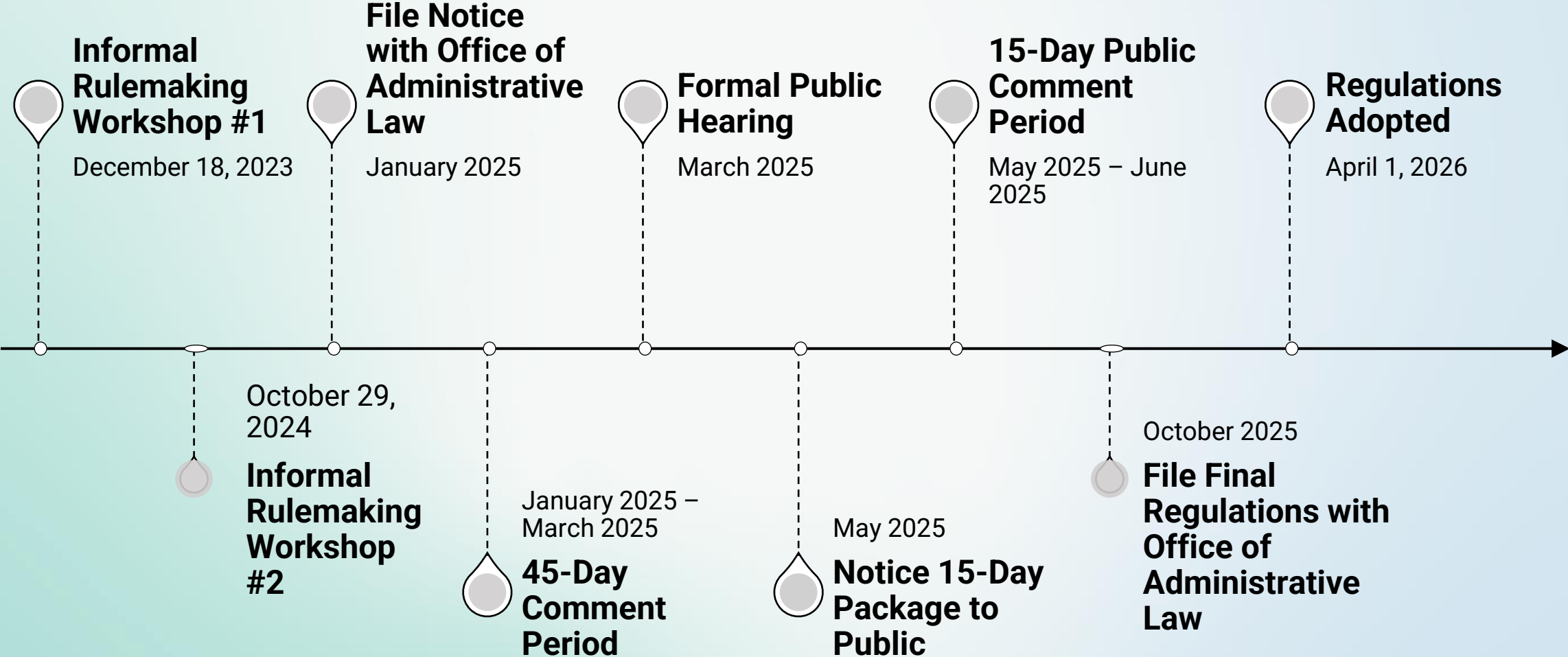
CalRecycle administers the California Beverage Container Recycling and Litter Reduction Act commonly known as the "Bottle Bill." The Bottle Bill created the bottle and can deposit and return program in 1986: Consumers pay a deposit when they purchase a beverage container and may later redeem that deposit for the California Refund Value (CRV) when they take it to a recycling center.

The law was amended by SB 1013 in 2022 to add new beverages and new containers to the CRV program, effective on January 1, 2024. The focus of this workshop is to share the updates to the draft regulations we initially presented in our December 18, 2023, workshop and hear your feedback.

SB 1013 (Atkins, Chapter 610, Statutes of 2022)

- Adds additional beverage types: Wine and Distilled Spirits
- Adds new container types (for Wine and Distilled Spirits only)
 - Multi-Layer Pouch
 - Bag-in-a-box
 - Paperboard Carton
- Establishes a 25 cent CRV rate for wine and distilled spirits sold in bags, bladders, pouches or similar containers.
- Delays CRV labeling for wine and distilled spirits until July 1, 2025.
- SB 1013 and SB 353 set the processing fee and payment equivalent to HDPE for new container types until January 1, 2026.

Rulemaking Timeline



SB 1013 Addition of New Beverage Containers

Department of Resources Recycling and Recovery

Jeanette Barnard

Senior Staff Attorney, CalRecycle Legal Office

Scope of Today's Workshop

- The focus of today's workshop is the changes made to the proposed regulation text following the December 18, 2023, informal public workshop.
- Today's workshop is not exhaustive of every comment received or revision made to the regulations following the December 18, 2023, informal public workshop.
- Each comment received following today's workshop will be considered and the regulation text revised as necessary before filing the proposed regulation text with the Office of Administrative Law.
- Please limit your feedback to the content of today's presentation and the proposed regulatory text.

Comment Categories from Informal Rulemaking Workshop #1

Operating Standards

- Intact Bag in Box - received 15 comments
- Payment by Count - received 21 comments
- Load Limits - received 16 comments
- Recycling Center Recordkeeping Requirements - received 6 comments

Processors

- Received 17 comments

QR Code Labeling

- Received 22 comments

Pay on Behalf Agreements

- Received 3 comments

Minimum Content Reporting

- Received 3 comments

Intact Bag in Box: Requirements for Recycling Centers and Processors

14 CCR sections 2401 and 2501

- Each bag in box in a load of bags in boxes shall be **intact** for the load to be eligible for the refund value, when delivered to a recycling center or a processor.
- “Intact” means that the interior flexible bag is connected to the dispensing valve and inside of the exterior box.



Intact Bag in Box: Select Public Feedback

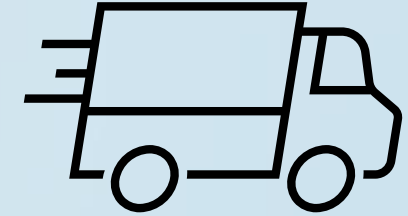
14 CCR sections 2401 and 2501

Public suggestion to delete requirement that internal bag stay within exterior box (intact) when (1) bag in box is redeemed and (2) bag in box is shipped by the recycling center to the processor.

No change for the following reasons:

- The components of the bag in box have a segregated rate per pound based on its full weight. It would cause inaccurate weighing if the bag is not inside the box because it could not be verified that a separated bag belonged inside a particular box.
- A bag in box has a single CRV of 25 cents. Keeping the bag inside the box ensures only a single CRV payment of 25 cents is made.

Load Limits for Recycling Centers



14 CCR section 2535(f))

A certified recycler shall not pay the refund value to, or claim refund value for any material received from, any entity who is not certified and delivering a load of material in excess of the following, per day:

- 50 pounds of bag in box beverage containers
- 25 pounds of multi-layer pouch beverage containers
- 25 pounds of paperboard carton beverage containers
- 100 pounds of aluminum or plastic beverage containers
- 2,000 pounds of glass beverage containers

Load Limits: Select Public Feedback

14 CCR section 2535

Public suggestions to both increase and decrease the proposed daily load limits for new container types and existing load limits for existing containers.

Public suggestion to incorporate tiered load limits, such as reduced load limits in a rural area, or based on the number of employees or size of facility (EX: small recycling center load limit of 1,500 pounds of glass, whereas large recycling centers must accept 2,000 pounds)

No change for the following reason:

- The proposed daily load limits are tailored to new containers and beverages added to the Act based on analysis undertaken by the department

Load Limits: Select Public Feedback (cont.)

14 CCR sections 2400 and 2410

Public suggestion to revise request for disposal provisions (section 2410) to provide funding for disposal of new container types.

No change for the following reason:

- The department does not have authority to provide funding for disposal of new container types as part of this rulemaking package.

Public suggestion to delete requirement for plastic processors to take new container types (section 2400)

No change for the following reasons:

- These new containers are added by statute, and if the regulations don't require a processor to accept them, recycling centers won't be reimbursed for CRV.
- Accepting and canceling containers is the role of processors in the program.

Report and Pay on Behalf Agreement Updates

14 CCR sections 2230, 2235, 2240, 2300, 2305, and 2310

The proposed regulations require distributors and beverage manufacturers to report to CalRecycle and maintain records regarding report and pay on behalf agreements for redemption payments and processing fees.



Report and Pay on Behalf Agreements: Changes to the Proposed Regulation Text

14 CCR sections 2230, 2240, 2300, and 2310

- For submitting reporting and pay on behalf agreements to the department for processing fees and redemption payments, the delayed operative date of January 1, 2028, was changed to January 1, 2030, to allow time for the new CalRecycle Integrated Information System (CRIIS) to be developed and implemented.
- For maintaining records of reporting and pay on behalf agreements, the delayed operative date of January 1, 2028, was removed.

Report and Pay on Behalf Agreements: Changes to the Proposed Regulation Text (cont.)

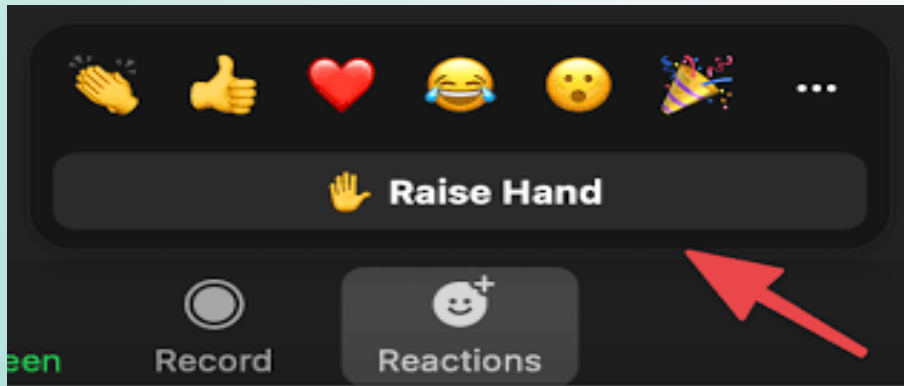
14 CCR sections 2230(c) and 2240(b)

Clarifies that reporting on behalf agreements may also be used for reporting plastic beverage container virgin and postconsumer resin (AB 793).

However, if a beverage manufacturer is submitting a consolidated report under section 14549.9 of the Act (SB 551), the beverage manufacturer is not eligible to participate in these report-on-behalf agreements for virgin and postconsumer recycled plastic minimum content.

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Postconsumer Plastic Minimum Content: Changes to the Proposed Regulation Text

14 CCR section 2240(b)

AB 793 minimum content standards for boxes, bladders, pouches

Proposed revisions to section 2240(b) clarify that the plastic portions of the new container types are subject to the postconsumer plastic minimum content and reporting requirements even if the bag in box, paperboard carton, or multi-layer pouch containing plastic is not classified as a "plastic beverage container"



Postconsumer Plastic Minimum Content: Changes to the Proposed Regulation Text (cont.)

AB 793 minimum content standards for boxes, bladders, pouches

- Clarifies that a beverage manufacturer that sells or transfers 16,000,000 or fewer of any combination of the following is exempt from AB 793 postconsumer plastic minimum content requirements under PRC section 14547(i):
 - Plastic beverage containers
 - Bags in boxes containing plastic
 - Multi-layer pouches containing plastic
 - Paperboard cartons containing plastic
- **Note:** These beverage manufacturers must still report their postconsumer plastic minimum content under PRC section 14549.3.

Annual Reporting for Small Beverage Manufacturers: Changes to the Proposed Regulation Text

14 CCR section 2241

Eligibility criteria has been added to the regulations for annual reporting and payment of processing fees by beverage manufacturers:

- Submits 12 accurate monthly reports and payments to the department by the required due dates and projects to owe less than \$15,000 in processing fees in the calendar year, or
- 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.

Payment by Count

14 CCR section 2535(a)(1)



"The consumer has the option of being paid based on count for **up to 25** of each of the following: empty bag in box, multi-layer pouch, or paperboard carton beverage containers."

This differs from other beverage containers, for which the consumer has the option of being paid based on count for **up to 50** empty beverage containers of each material type.

Payment by Count: Changes to the Proposed Regulation Text

14 CCR section 2535(a)(1)

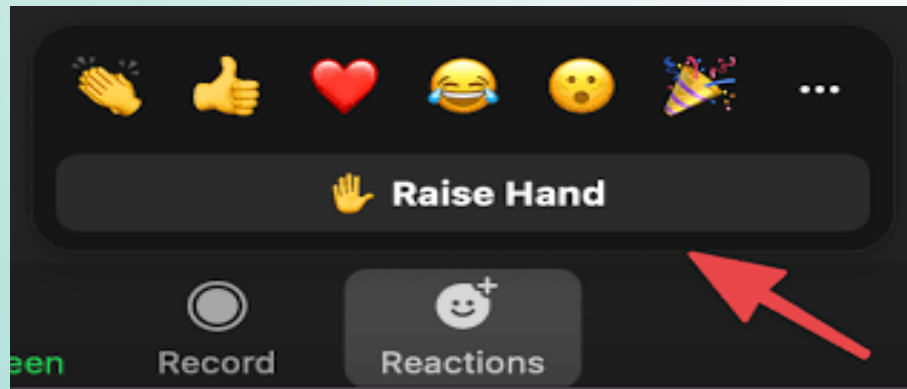
Public suggestion to clarify whether consumer payment by count option is "per day" or "per transaction"

Changes to the Proposed Regulation Text

- Regulation text revised to specify consumer ability to redeem is **per transaction**, with the following caveat:
 - "A recycling center is not required to process more than one consecutive transaction for an individual consumer **[redeeming by count]** if there is one or more other consumers waiting to redeem empty beverage containers at the recycling center."

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Traditional Labeling of Beverage Containers

14 CCR section 2200

Metal Cans (Aluminum or Bimetal)

The updated proposed regulations add the bottom of a metal can as an eligible place for the traditional CA CRV labeling. Under these regulations, the CRV may now be marked either on the top or bottom of a metal can (14 CCR section 2200(b)(1)).

Glass and Plastic Beverage Containers, Metal Bottles, and New Container Types

The updated proposed regulations are more flexible and allow the traditional CA CRV labeling to be on the container body or on the label.



Machine-Readable Labeling

Proposed 14 CCR section 2205

In response to public comments received at and following informal public workshop #1, Section 2205 of the proposed regulations relating to machine-readable labeling on beverage containers has been substantially revised.

A discussion of the public comments and changes to the regulation text is contained on the following slides.



Machine-Readable Labeling: Select Public Feedback

Proposed 14 CCR section 2205

The proposed regulations explicitly allow a quick response (QR) code, universal product code, or similar machine-readable indicia to be marked on a beverage container to indicate the CRV redemption eligibility **instead of** the traditional labeling specified in section 2200 of these Regulations. (14 CCR section 2205(a).)

Select Public Feedback

Make QR code labeling in addition to traditional labeling rather than an alternative.

No Change for the Following Reason

The purpose of the machine-readable labeling is to allow beverage manufacturers to use a standardized label across states. This entails using the machine-readable indicia and not using the state-specific CA CRV mark.

Machine-Readable Labeling: Changes to Proposed Regulation Text

14 CCR sections 2205, 2401, and 2501

Public concerns: Recycling center staff must scan each QR code, give each employee a smart phone, and internet connectivity issues in rural areas

Changes to the Regulation Text

- Delete provision that a container with a broken machine-readable indicia is ineligible for the refund value.
- Instead, specify that recycling center or processor inspection only includes visual inspection that the machine-readable indicia is on the container, paired with the “DEPOSIT” message, and not scanning the machine-readable indicia



Note: A failure of the machine-readable indicia to link to the required information when scanned would still be a violation of law by the beverage manufacturer and subject to penalties available under the Act and the Regulations.

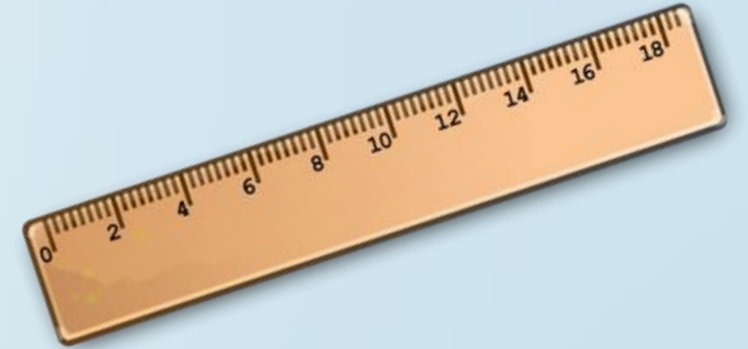
Machine-Readable Labeling: Changes to the Regulation Text (cont.)

Proposed 14 CCR section 2205

- The proposed regulations have been revised to allow the word “DEPOSIT” adjacent to or within the machine-readable indicia to be used to indicate CA CRV eligibility for all beverage containers.
- This replaces prior language that allowed the chasing arrows symbol to indicate CA CRV eligibility for certain beverage containers deemed recyclable and that routinely become feedstock used in the production of new products or packaging.

Machine-Readable Labeling

Proposed 14 CCR section 2205



Metal Cans (Aluminum and Bimetal)

- The proposed regulations allow the machine-readable indicia to be marked on the top or bottom of a metal can.
- This replaces previous, less specific language that allowed the machine-readable indicia to be “marked in such a way that ensures the machine-readable indicia is still able to be scanned if the metal container is dented or flattened”.

Glass and Plastic Beverage Containers, Metal Bottles, and New Container Types

The updated proposed regulations are more flexible and allow the machine-readable labeling to be on the container body or the label.

Minimum Size of Machine-Readable Indicia

For all beverage containers, the minimum permitted size for a machine-readable indicia to indicate CRV eligibility has been increased from $\frac{1}{2}$ inch to $\frac{3}{4}$ inch.

Machine-Readable Labeling: Changes to the Regulation Text

Proposed 14 CCR section 2205

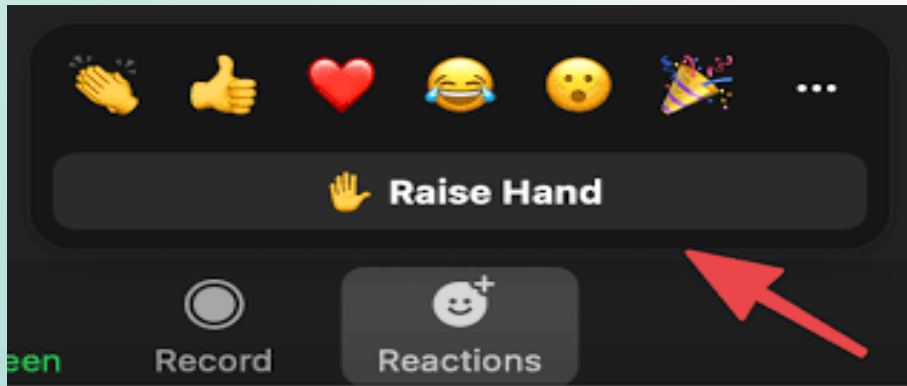
Public suggestion to remove the requirement for a container with a QR code to have a website or phone number “for customer assistance to address technical or security issues related to scanning the machine-readable indicia.” (proposed 2205(d)).

Changes to the regulation text

- Delete “**or security**”
- The main purpose of this contact information is for the beverage manufacturer to provide a consumer with technical assistance if they are unable to read the QR code.

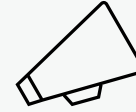
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[Beverage Container Recycling Program: General Information](#)

[Beverage Container Recycling Notices: Certified Recyclers/Processors](#)

[Beverage Container Recycling Notices: Manufacturers/Distributors](#)

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