
SENATE COMMITTEE ON ENVIRONMENTAL QUALITY

Senator Blakespear, Chair

2025 - 2026 Regular

Bill No: AB 1149
Author: Jackson
Version: 4/29/2026
Urgency: Yes
Consultant: Brynn Cook

Hearing Date: 6/17/2026
Fiscal: Yes

SUBJECT: Recycling: market development payments: polyethylene terephthalate plastic

DIGEST: This bill restructures, extends and expands the plastic market development payment (PMPD) for reclaimers, as specified.

ANALYSIS:

Existing law:

- 1) Establishes the Bottle bill administered by the Department of Resources Recycling and Recovery (CalRecycle). The Bottle bill requires beverage containers sold in-state to have a California redemption value (CRV) of 5 cents for containers that hold fewer than 24 ounces and 10 cents for containers that hold 24 ounces or more. The Bottle bill further sets a CRV of 25 cents for boxes, bladders, or pouches containing wine, distilled spirits, wine coolers, or distilled spirit coolers. (Public Resources Code (PRC) § 14500 et seq.)
- 2) Establishes the California Beverage Container Recycling Fund (BCRF) and continuously appropriates monies in the BCRF to CalRecycle for specified purposes for the Bottle bill, including paying operation costs, paying grants, and paying handling fees. (PRC § 14580)
- 3) Establishes market development payments for polyethylene terephthalate (PET) plastic beverage container manufacturers who purchase recycled PET plastic collected within the state for use in manufacturing new beverage containers in the state, as specified. (PRC § 14549.2)
- 4) Provides \$223.3 million for recycling programs and infrastructure; \$10 million for plastic market development payments; and loans of \$11.2 million to the Circular Economy Fund (Assembly Bill (AB) 179 (Ting, Chapter 249, Budget Act of 2022))

- 5) Redirects \$40 million from AB 179 (Ting, Chapter 249, Budget Act of 2022) for plastic market development payments through June 30, 2027. SB 101 (Skinner, Chapter 12, Budget Act of 2023)
- 6) SB 211 (Chapter 574, Statutes of 2022) allows CalRecycle to expend the funds appropriated for the plastic market development payments (PMDP) until June 30, 2026. (Public Resources Code Section § 14581 (a)(8)(A)).

This bill: Restructures, extends and expands the plastic market development payment (PMDP) for reclaimers in the following manner:

- 1) Extends the sunset on the PMD program from July 1st 2027 until July 1st 2029;
- 2) Specifies that there shall be a singular PMDP for California reclaimers, replacing the existing tiered payment structure where higher quality bales are eligible for higher payments;
- 3) Increases the PMPD payment from the existing \$150 per ton to \$300 per ton;
- 4) Authorizes CalRecycle to expend up to \$35 million annually for PMD payments; and
- 5) Authorizes CalRecycle to recommend to the Legislature further funding levels needed to sustain and expand in state processing and manufacturing of plastic bottles.

Background

- 1) *Bottle bill background.* The Bottle bill was established by the Legislature in 1986, with the twin goals of reducing litter and achieving a recycling rate of 80% for containers in the program. In 2023, the recycling rate for bottles in the program was 70%. This rate of recycling is only slightly higher than it was during the COVID-19 pandemic, where it dipped from higher than 75% in 2016-2019 down to 68% in 2021. In broad strokes, the program operates by adding a small CRV (between 5-25 cents per container) on beverages which consumers pay at check out, and it can then be redeemed when the bottles are brought to a collection site or recycling center in the program. The CRV incentivizes consumers and businesses to bring bottles back into the recycling system, reducing the likelihood of bottles ending up as litter or in a landfill.
- 2) *Funding in the Bottle bill.* The CRV is paid up-front by distributors who pay the CRV to CalRecycle for every beverage container sold in the state. In turn, retailers pay the CRV to distributors, and consumers pay the CRV to retailers.

CRV is paid into the California Beverage Container Recycling Fund (BCRF) and CalRecycle pays out of this Fund for CRV redemption (CRV-out). If beverages are not redeemed, however, that money stays in the BCRF as surplus. This surplus is used to operate the Bottle bill program; unredeemed CRV is the primary funding source for the Bottle bill, and is used to fund the administration of the program, grants that advance recycling, and various incentive payments that keep the program running. As the recycling rate increases, less funding is available to make all the budgeted payments prescribed in statute, including CRV-out, BCRF administration, local conservation corps grants, and other payments. A structural deficit occurs when program payments exceed program revenue for a given timeline. The structural deficit can exist even if there are still funds left over in the BCRF pot. When recycling rates were at their peak for the Bottle bill program, the BCRF was running at a structural deficit. Because the number of beverage containers in the Bottle bill in a given year is very large, small changes to the rate of CRV-in vs. CRV-out translate to large changes (and large sums of money) in the BCRF.

- 3) *PMDP*. The PMDP was established in 2006 to support markets for recycled empty plastic beverage containers in California. To support plastic recycling markets in state, CalRecycle can make payments from the bottle bill fund to PET plastic reclaimers that wash and produce plastic feedstock from empty plastic beverage containers collected in the state for recycling. The payments are also available to product manufacturers that use this plastic feedstock to manufacture plastic products with recycled content in the state. PMDP only applies to bales of plastic that comes from containers in the Bottle bill, and each entity that claims a payment is responsible for ensuring that they only claim payments for material that is in the Bottle bill.

To assist in determining the proper amount of CRV materials claimed for PMDP, CalRecycle determines a statewide average PMDP rate for polyethylene terephthalate (PET) and high-density polyethylene (HDPE) each year. The rates are used to determine the total eligible PMDP payments for certified entities and product manufacturers after excluding material that isn't eligible such as plastic from out of state or industrial scrap.

CalRecycle is authorized to make PMDP payments up to \$150.00 per ton. In 2023, SB 101 (Chapter 12, Budget Act of 2023) appropriated \$47 million for PMDP payments through June 30, 2027. Lawmakers budgeted \$10 million for market development payments during the current program year.

- 4) *Bale quality and tiering in the PMDP.* Reclaimed PET plastic bales can be of different quality. Higher quality bales, classified as “A” bales, are currently 94% or more PET by weight including caps and labels still attached. 6% of the bale may be contamination from lower quality thermoforms. ‘B’ bales are lower quality PET bales typically between 83 to 93% PET by weight.¹

Beginning January 1, 2024, CalRecycle established a tiered payment structure for PMDP. The intent behind this structuring is to incentivize participants who produce PET #1 or use PET #1 for new beverage containers, prioritizing higher quality bales that can be used for closed loop bottle-to-bottle recycling.

Under the tiered structure, CalRecycle currently expends BCRF funds to pay up to \$150 per ton to reclaimers processing A-grade bales of deposit PET containers, and \$75 per ton for lower quality bales: CalRecycle has changed these rates over time.²

- 5) *Recycling goals in California.* CalRecycle is tasked with diverting at least 75% of solid waste from landfills statewide by 2020. Local governments have been required to divert 50% of the waste generated within the jurisdiction from landfill disposal since 2000. California has also developed recycling goals which drive demand for post-consumer recycled plastic. Notably, beverage containers and the Bottle bill are required to meet certain post-consumer recycled content goals established under AB 793 (Ting, Chapter 115, Statutes of 2020) and single use plastics and food packaging other than beverage containers are required to meet recyclability goals under SB54.
- a) *AB 793.* AB 793 (Ting, Chapter 115, Statutes of 2020.) establishes recycled content standards for plastic beverage containers subject to the California Refund Value (CRV). The law requires a postconsumer plastic recycled content standard of:
- i) 15% beginning January 1, 2022;
 - ii) 25% on January 1, 2025; and
 - iii) 50% on January 1, 2030.
- b) *SB 54.* SB 54 (Allen, Chapter 75, Statutes of 2022) uses an extended producer responsibility approach to reach ambitious targets to reduce single-use serviceware and packaging through source reduction and recycling. These goals include:
- i) Requiring all covered material sold in the state to be recyclable or compostable by January 1, 2032;

¹ [BaleSpecs_PETBottle_NoThermos_FINAL_07-12-22](#)

²² [2023Dec08PmdPaymentTier \(3\).pdf](#)

- ii) Requiring that all plastic-covered material sold in the state meet a recycling rate of 65% by Jan 1, 2032, with interim goals beginning in 2028;
 - iii) Prohibiting producers of expanded polystyrene (EPS) from selling EPS food serviceware unless they meet a 65% recycling rate by January 1, 2032; and
 - iv) Requiring the produce responsibility organization (PRO) to pay \$500 million per year from January 1, 2027, through January 1, 2037 to fund the program, and authorizes the PRO to collect up to \$150 million from plastic manufacturers.
- 6) *State of plastic recycling of PET.* According to CalRecycle’s 2024 State of Disposal and Recycling report, the proportion of PET plastic sent to Mexico has increased, representing about 51 percent of all exports of scrap plastics 1 and 2 from California.

While recycled content requirements, such as those created in AB 793, have sought to establish robust recycling markets by requiring recyclability and post-consumer recycled content, these measures do not specifically set requirements for purchasing in-state recycled content. This is an important distinction for the in-state reclaimers that benefit from the PMD payments. Currently, there are only four reclaimers currently operating in the state that purchase PET bales³.

There are even fewer reclaimers of lower quality B bales. In the summer of 2025 rPlanet Earth which specialize in generating B bales (which typically denotes curbside-collected material). According the association of plastic reclaimers, this closure was due in part to: low demand for its products while competing against a surge of low cost imported material and cheap, oversupplied virgin plastic. These dynamics are driven by two factors: brands pulling away from recycled content commitments to instead buy more new virgin plastic, and by brands choosing to buy imported rPET to meet their U.S. recycled content requirements instead of buying from US recyclers like rPlanet⁴. The \$100 million plant, opened in 2018, had the capacity to manufacture 80 million pounds of packaging annually⁵.

Comments

³ [PET reclaimer rPlanet Earth closes in California | Waste Dive](#)

⁴ APR Statement on rPlanet Earth Closure: A Wake-Up Call for Domestic Recycling Policy

⁵ <https://www.wastedive.com/news/pet-reclaimer-rplanet-earth-closes-california-plastic-markets/760000/>

- 1) *Purpose of Bill.* According to the author, “It is clear that without immediate action in California, we risk losing critical infrastructure that communities and industries depend on. The reclaiming industry employs over 500 people jobs in disadvantaged communities. We have already seen the closure of a reclaimer facility with the loss of Evergreen in my district, and two more—Global Plastics and Indorama—are at serious risk. At a time when California has invested millions to build out its recycling and remanufacturing capacity, we cannot afford to allow that progress to unravel. We need to strengthen and extend the Plastic Market Development Program or we risk a broader collapse of the very infrastructure needed to meet our environmental and economic goals.

“For a truly closed loop system, we have to stop the bleeding and stabilize markets, support domestic processing, and ensuring that materials collected for recycling are actually remanufactured here in California, and not overseas. AB 1149 provides a common sense approach by creating certainty through an annual investment of \$35 million in plastic market development payments, which the beverage container program is able to support. Just as importantly, this effort brings together a broad and diverse coalition—including recyclers, environmental advocates, brand owners, and manufacturers—with bipartisan support.”

- 2) *Should the PM DP be extended?* The PMPD payment system has been in place since 2006; over the course of the 20 years that the payment program has been implemented, the payments have increased from the original \$5million per year allocation.

AB 1149 would not only extend the PMDP, it also proposes to increase the potential funds for PMD payments to \$35 million annually and further double the price per ton paid to reclaimers from \$150.00 per ton to \$300 per ton.

The increase in payment over the last 20 years reflects a continued struggle for in-state plastic recycling, despite establishing requirements for recycled content. After 20 years of increasing payments, it is reasonable to question whether PMDP is a short-term boost to recyclers as they reach market viability, or a long-term subsidy that supports an in-state market that is important to advancing California’s recycling goals.

While reclaimers may need more incentive payments to be economically viable and support California recycling goals, it is less clear whether or not doubling the payment per ton is both necessary and sufficient to support in state recycling. The flip side of this question is determining whether or not there are

sufficient funds available in the BCRF to cover a doubling of this payment for the next two years. In the May Revision, to the 2026-2027 Budget, the Governor has proposed to increase the PMDP rate to \$200 per ton, alongside additional significant investments in the bottle bill program, including \$100 million for bottle bill infrastructure.

- 3) *Flexibility in payments.* AB 1149 sets PMDP payments at \$300 per ton of PET plastic and specifies that CalRecycle can only lower that payment if there are insufficient funds in the BCRF. This will limit CalRecycle's ability to respond to changes in markets that drive up the value of PET, such as high price per barrel of oil. The state agency may need flexibility to decrease the PMDP if market conditions change in a way that drives up the value of PET plastic bales and reduces the need to subsidize reclaimers processing those bales. The author and committee may wish to take ***amendments to specify that CalRecycle can adjust the \$300 PMD payment in line with how PMDP is disbursed today.***
- 4) *Pros and cons of a tiered PMDP?* As described in the background section, CalRecycle has established tiered payments for the PMDP, where higher payments go to higher quality bales. This is meant to incentivize production of cleaner bales that are needed to establish a robust recycling stream for post-consumer recycled content in bottles and reach the goals of AB 793 with in-state post-consumer recycled content.

However, from the reclaimers' perspective, they are receiving a lower payment for a lower quality product that is more difficult to clean and harder to sell. Prioritizing higher-quality bales deprioritizes lower-quality bales which, without sufficient economic incentive, could simply be landfilled. Proponents of AB 1149 point to last year's closure of rPlanetEarth, a reclaimer which specialized in B bales, citing high costs of business and an inability to keep up with a competitive market as evidence of further need to incentivize reclamation of lower quality bales and remove the tiered payment structure at CalRecycle. AB 1149 achieves this through requiring a single PMDP payment to go to both high- and low-quality bales rather than splitting them up into different tiers based on quality.

- 5) *Committee amendments.* ***Staff recommends the committee adopt the bolded amendments in comment 3 above.***

Related/Prior Legislation

AB 899 (Ransom, Chapter 627, Statutes of 2025.) Authorizes CalRecycle to increase the cap on market development payments for glass beverage container manufacturers from \$50 to \$150 per ton and to expend \$20 million per year from BCRF for these payments.

SOURCE: Alliance of Plastic Reclaimers

SUPPORT:

Association of California Recycling Industries
Association of Plastic Recyclers
Californians Against Waste
Circular-crv Association
Container Recycling Institute
Cr&r, INC.
Global Plastics Recycling INC.
Global Plastics Recycling
Indorama
Indorama Ventures
International Bottled Water Association
Ming's Recycling
Napa Recycling & Waste Services
National Stewardship Action Council
Peninsula Plastics Recycling, INC.
Pet Recycling Corporation of California
Recology
Recycling Partnership; the
Repet INC.
Republic Services
Resource Recovery Coalition of California
Rplanet Earth
Tomra North America, INC.
Waste Connections, INC.
Zero Waste Sonoma

OPPOSITION:

None received

-- END --