



supplemental payments such as plastic market development payments and quality incentive payments – resulting in a cost to BCRF.

CalRecycle reports BCRF had an ending balance of about \$822 million in fiscal year (FY) 2024-25 and is projected to have an ending balance of about \$718 million at the end of this FY – although this figure could change based on actuals provided at the end of the FY. According to CalRecycle, in FY 2024-25, the department collected about \$1.6 billion in redemption payments and paid about \$1.1 billion in CRV refunds.

#### COMMENTS:

1) **Purpose.** According to the author:

The Public Resources Code governing CRV clearly applies to beverage containers that are sold in California. Charitable donations are not sales. The Legislature did not intend for emergency relief donations to be treated as retail transactions. AB 1780 provides needed statutory clarification to ensure that charitable donations of bottled water are expressly exempt from CRV requirements.

2) **Background.** The Bottle Bill was established in 1986 to be a self-funded program to prevent littering and achieve an 80% recycling rate for eligible containers. The program requires consumers to pay a deposit for each eligible container purchased. The program then guarantees consumers repayment of that deposit, known as the CRV, for each eligible container returned to a certified recycler. CalRecycle administers the program and handles all program payments, including CRV, through the BCRF. Despite paying the CRV deposit, not all consumers recycle their CRV-eligible containers. The BCRF retains unredeemed deposits, and state law requires that much of the unredeemed CRV be spent on specified recycling related programs. Only certain containers containing certain beverages are part of the CRV program.

The CRV is paid up-front by distributors to CalRecycle for every covered beverage container sold in the state. Next, distributors are paid by retailers for the CRV collected on beverages sold, and retailers collect the CRV from consumers at the time of retail sale. CRV is paid into the BCRF, which is used to fund CRV redemption when consumers return beverage containers for recycling. Unredeemed CRV funds are used to fund the administration of the Bottle Bill, grants that advance recycling, and various payments that keep the program running.

When the recycling rate increases, less funding is available to make all the budgeted payments prescribed in statute, including funding CRV redemptions, administration, local grants, and other payments. A structural deficit occurs when funding needs exceed revenue. When recycling rates are high, BCRF operates in a structural deficit. If a structural deficit persists long enough to threaten funding sufficiency, CalRecycle is required to proportionally reduce spending equally across nearly all funding expenditures to preserve sufficient funding to refund CRV to consumers.

According to supporters of the bill, CalRecycle has recently determined that beverage manufacturers and distributors must remit redemption payments and processing fees for bottled water donated to charitable organizations, including those bottles donated at the

direction of the Governor's Office of Emergency Services. Supporters argue this determination may unnecessarily jeopardize and complicate ongoing donations in the state.

Writing in a "concern unless amended" position, the American Beverage Association notes it appreciates the author's effort to clarify that distributors are not required to remit CRV on certain donated beverages. ABA argues, however, that the bill as currently drafted "limits that clarification to donated water and juice, creating uncertainty and potential liability for other nonalcoholic beverages commonly donated during emergencies." ABA requests that this clarification be extended to all nonalcoholic beverages to ensure consistent treatment across product categories.

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