SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1780 (Michelle Rodriguez) - Beverage containers: redemption payments: exemption

Version: July 2, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: E.Q. 7 - 0
Mandate: Yes
Consultant: Ashley Ames

Bill Summary: This bill would exempt distributors of beverages subject to the California Beverage Container and Litter Reduction Act (BCRP) from California Redemption Value (CRV) payments and processing fees for water or juice beverages donated to California-based nonprofit organizations, public schools, or first responders.

Fiscal Impact:

- Unknown but likely significant forgone revenue to the Beverage Container Recycling Fund (BCRF) due to exempting certain donated beverage containers from CRV payments and processing fees. (See staff comments for details.)

- To the extent that the California Department of Resources Recycling and Recovery (CalRecycle) elects to adopt emergency regulations in order to implement the provisions of this bill, unknown but potentially significant limited-term costs (BCRF) to the department for the associated activities and workload.

Background: The BCRP 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 BCRP, 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.

Proposed Law: This bill would:

1. Exempt distributors of beverages subject to the California Beverage Container and Litter Reduction Act (BCRP) from redemption payments for water or juice beverages donated to any of the following:

    a. An organization that is located in California and exempt from federal income taxation under Section 501(c)(3) of the federal Internal Revenue Code of 1986.

    b. A school belonging to the public school system, as defined in Section 6 of Article IX of the California Constitution.

    c. A first responder, as defined in subdivision (a) of Section 8562 of the Government Code.

2. Require distributors to keep records of these donations for at least 5 years and provide them to CalRecycle upon request.

    a. Disqualify from the exemption any donations for which a distributor does not have or provide these records as specified.

3. Allow CalRecycle to adopt emergency regulations to implement these provisions.

    a. State that the emergency regulations, if adopted, shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and for the purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of these regulations shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare.

    b. Require emergency regulations adopted under the provisions of this bill to be filed with, but not repealed by, the Office of Administrative Law and to remain in effect until revised by the CalRecycle Director.

Related Legislation:

SB 746 (Alvarado-Gil) established in the department the Urban Water Community Drought Relief program and the Small Community Drought Relief program to provide grants for similar interim or immediate drought relief including for projects providing bottled water. This bill was held on suspense in this committee.

Staff Comments: Currently, CalRecycle expects payment on all beverages in the BCRP, including donations. The number of beverage containers donated in the state every year is not currently known. Based on the latest "Biannual Report of Beverage Container Sales, Returns, Redemption, and Recycling Rates," about 30 billion beverage containers were sold in the state from July 2024 to June 2025. If, for example, three million bottles (with a $0.05 CRV) are donated in one year and are exempt from making redemption payments, the BCRF would forego $150,000 in revenue.

In addition, if the same donated beverage container is later redeemed at a recycling center, BCRF must cover the redemption payment on behalf of the distributor. This may also include other CRV payments for empty beverage containers such as comingled rate payments to other types of recyclers (like curbside programs). In addition, these beverage containers may be eligible for 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.

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