

Date of Hearing: April 6, 2026

ASSEMBLY COMMITTEE ON NATURAL RESOURCES

Isaac G. Bryan, Chair

AB 2559 (Ward) – As Introduced February 20, 2026

SUBJECT: Solid waste: construction debris: diversion: deposits

SUMMARY: Requires local governments that collect deposits to incentivize compliance with local waste diversion requirements for construction and demolition (C&D) projects to refund the deposit if, within five years, the entity that paid the deposit submits documentation that demonstrates compliance with the terms of the deposit.

EXISTING LAW:

- 1) Pursuant to the Integrated Waste Management Act (Public Resources Code (PRC) 40000 *et seq.*):
 - a) Establishes a statewide goal that 75% of solid waste be diverted from landfill disposal by 2020 through source reduction, recycling, and composting.
 - b) Requires jurisdictions, defined as cities, counties, and regional agencies, to divert at least 50% of solid waste generated from landfill disposal through source reduction, recycling, reuse, and composting activities. The amount diverted is known as a jurisdiction's "diversion rate." Since 2008, this requirement has shifted to a 50% disposal rate based on per capital disposal.
 - c) Requires CalRecycle and local agencies to maximize the use of all feasible source reduction, recycling, and composting options to reduce the amount of solid waste disposed.
 - d) Requires CalRecycle to adopt one or more model ordinances that local agencies may adopt that require diversion of C&D waste, as specified.
- 2) Requires that at least 65% of nonhazardous C&D waste generated by residential and non-residential construction and demolition projects be diverted from landfill disposal, as specified. Requires the submission of a construction waste management plan, as specified. (California Green Building Standards Code (CalGreen) 4.408 and 5.408)

THIS BILL:

- 1) Defines "deposit" as a refundable deposit, performance security or similar financial guarantee as a condition of a construction, demolition, or building permit for the purpose of ensuring compliance with a construction or demolition debris diversion requirement.
- 2) Requires a city or county that collects a deposit to return the full amount to the person or entity that paid the deposit if, within five years of the final inspection of the work or project that was subject to the deposit, the person or entity submits documentation that demonstrates compliance with the terms of the deposit.

- 3) Specifies that the bill does not prohibit a city or county from denying a refund if the submitted documentation demonstrates noncompliance with applicable diversion requirements.
- 4) States related findings and declarations relating to the use of refundable deposits to ensure compliance with local solid waste diversion requirements.

FISCAL EFFECT: Unknown

COMMENTS:

- 1) **California's recycling goals.** An estimated 35 million tons of waste are disposed of in California's landfills annually. 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. AB 341 (Chesbro), Chapter 476, Statutes of 2011, requires commercial waste generators to arrange for recycling services for the material they generate and requires local governments to implement commercial solid waste recycling programs designed to divert solid waste generated by businesses out of the landfill. Commercial waste includes all solid waste generated by businesses, including C&D waste. C&D waste generally includes lumber, drywall, concrete, metals, and other wastes generated by construction and demolition activities. A follow up bill, AB 1826 (Chesbro), Chapter 727, Statutes of 2014, requires generators of organic waste (i.e., food waste and yard waste) to arrange for recycling services for that material to keep the material out of the landfill. California's recycling rate, which reached 50% in 2014, has dropped to 42% as of 2024.
- 2) **C&D management.** California established stringent recycling requirements for solid waste generated by construction projects. CalGreen, the state's green building standards, generally require that 65% of the waste generated by C&D projects must be diverted from landfill disposal. Additionally, local jurisdictions are required to ensure that at least 50% of the waste generated by the jurisdiction is diverted. In order to facilitate compliance with these requirements, the Legislature enacted SB 1374 (Kuehl), Chapter 501, Statutes of 2002, which required CalRecycle to establish one or more model ordinances to assist local jurisdictions with adopting C&D policies.

Most, if not all, local governments in the state have adopted an ordinance relating to C&D waste management. A number of these include a security deposit that is collected prior to the issuance of a permit, which are refundable after proof of compliance is submitted. The amounts vary but are generally based on the square footage of the project or the project valuation.

- 3) **This bill.** According to the author, some jurisdictions require permit holders to submit the necessary documentation to redeem the deposit within a specified time frame. For example, the City of San Diego's ordinance requires documentation to be submitted 180 days from the final inspection of the project to request the return of the deposit. However, the author states that final inspection may be completed before the project is finished, making it impossible for some permit holders to recoup the cost of the deposit. This bill specifies that permit holders have up to five years to submit proof of compliance.

It is not clear that this concern warrants a change in statute that limits the ability of local

governments to establish timelines they deem appropriate, or that five years is the appropriate timeline. The author has identified one instance of a homeowner in San Diego who was unable to redeem their deposit due to the 180 day timeline established by the city. The author notes that the homeowner did not receive the necessary documentation until completion of the project, which was several months after the final inspection. The author's office may wish to consider working with the city to adjust the ordinance to allow permit holders additional time to submit documentation rather than pursuing a legislative solution. Additionally, *the committee may wish to consider amending the bill* to reduce the timeline established by the bill from five years to three years.

4) **Author's statement:**

Local governments across California have adopted construction and demolition waste diversion programs that require refundable deposits as a condition of issuing building permits. However, cities have developed inconsistent timelines in which to refund deposits. Additionally, a request for refund is often tied to the project's final inspection, which can occur well before construction is fully complete. As a result, permit holders—who often rely on contractors to manage projects and paperwork—may miss the refund deadline even when they ultimately comply with recycling requirements, losing deposits worth hundreds or thousands of dollars. Assembly Bill 2559 addresses this issue by requiring local governments to return the full deposit if the permit holder submits documentation demonstrating compliance within five years of final inspection. This bill preserves local waste diversion programs while ensuring consumers who follow the rules are not unfairly penalized by premature or confusing refund deadlines.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

Analysis Prepared by: Elizabeth MacMillan / NAT. RES. /