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THIRD READING

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Bill No: AB 2559  
Author: Ward (D)  
Amended: 4/8/26 in Assembly  
Vote: 21

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SENATE ENVIRONMENTAL QUALITY COMMITTEE: 7-0, 6/17/26  
AYES: Blakespear, Valladares, Allen, Dahle, Gonzalez, Hurtado, Menjivar

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 65-0, 4/27/26 - See last page for vote

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**SUBJECT:** Solid waste: construction debris: diversion: deposits

**SOURCE:** Author

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**DIGEST:** This bill requires local governments to reimburse persons' or entities' construction demolition deposits up to three years after the final inspection of the project has been completed.

**ANALYSIS:**

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 jurisdictions "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; and
  - d) Requires CalRecycle to adopt one or more model ordinances that local agencies may adopt that require diversion of construction and demolition (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) Requires a city or county that collects a deposit as a condition of a construction, demolition, or building permit for the purpose of ensuring compliance with a construction or demolition debris diversion requirement, to return the full amount within three years of the final inspection, if the applicant submits documentation demonstrating compliance.
- 2) Specifies that this bill does not prohibit a city or county from denying a refund if the submitted documentation demonstrates noncompliance with applicable diversion requirements.
- 3) States related findings and declarations relating to the use of refundable deposits to ensure compliance with local solid waste diversion requirements.

## **Background**

*California's recycling goals.* 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. 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.

An estimated 35 million tons of waste are disposed of in California's landfills annually. In 2014, CalRecycle reported in its report on facility-based characterization of solid waste in California that construction and demolition (C&D) materials are estimated to account for between 21.7 to 25.5 percent of the disposed waste stream.

*C&D waste and management.* Commercial waste encompasses all solid waste generated by businesses, including C&D debris. C&D waste typically consists of materials such as lumber, drywall, concrete, metals, and other byproducts generated during construction, renovation, and demolition activities. Many of these materials can be reused or recycled: metals are the most commonly-recycled material while lumber makes up the majority of debris that still goes to a landfill.

California has adopted stringent statutory and regulatory requirements governing the diversion of C&D materials from landfills. Under the California Green Building Standards Code (CALGreen), most covered construction and demolition projects must divert at least 65% of nonhazardous C&D debris through recycling, reuse, or salvage. Facilities can obtain third-party certification to demonstrate they are achieving at least 65% diversion.

Local governments enforce CalGREEN requirements, and some have additional local C&D requirements. To facilitate local implementation, the Legislature enacted SB 1374 (Kuehl, Chapter 501, Statutes of 2002) directing CalRecycle to develop model ordinances for C&D waste management programs. Accordingly, most California local governments have adopted C&D waste management ordinances.

Many jurisdictions require applicants to submit waste management plans and impose refundable security deposits or administrative fees prior to permit issuance. These amounts are commonly calculated based on project valuation or square footage and are refunded upon demonstration of compliance with applicable diversion requirements.

## Comments

*Purpose of Bill.* According to the author, “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.”

*Timelines for reimbursement.* According to the author, some jurisdictions require permit holders to submit the necessary documentation to redeem the deposit within a specified time frame, which may be inadequate for the permit holder. 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. To solve this problem, this bill specifies that permitholders have up to three years to submit proof of compliance.

Requiring permitholders to apply for C&D deposit reimbursements before all the work is completed is a real procedural problem. It is less clear whether statewide legislation is necessary to address this problem or whether it could be resolved at the local level.

## Related/Prior Legislation

SB 1374 (Kuehl, Chapter 501, Statutes of 2002) tasks CalRecycle with adopting a countywide integrated waste management plan to adopt a model ordinance by March 1, 2004, for diverting 50 to 75 percent of C&D waste materials from landfills.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee, the fiscal effects of this bill include:

- 1) The Department of Resources Recycling and Recovery (CalRecycle) does not anticipate any costs as a result of this bill.
- 2) Any costs to local government are likely to be minor and absorbable and, in any case, are not reimbursable by the state. The state does not require a local government to collect a refundable deposit to ensure compliance with C&D waste management and diversion ordinances; therefore, it is not a state-mandated local program.

**SUPPORT:** (Verified 6/30/26)

California Apartment Association  
California Yimby  
Habitat for Humanity California  
Los Angeles County

**OPPOSITION:** (Verified 6/30/26)

None received

**ASSEMBLY FLOOR:** 65-0, 4/27/26

**AYES:** Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Berman, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Fong, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Solache, Soria, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

**NO VOTE RECORDED:** Bains, Bauer-Kahan, Bennett, Boerner, Bonta, Bryan, Ellis, Flora, Gabriel, Macedo, Pellerin, Petrie-Norris, Celeste Rodriguez, Sharp-Collins, Stefani

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7/1/26 16:55:17

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