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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### AB 80 (Aguiar-Curry) - Carpet recycling

**Version:** July 9, 2025

**Urgency:** No

**Hearing Date:** August 18, 2025

**Policy Vote:** E.Q. 8 - 0

**Mandate:** No

**Consultant:** Ashley Ames

**Bill Summary:** This bill would make a number of changes to the state's carpet stewardship law.

#### **Fiscal Impact:**

- The Department of Resources Recycling and Recovery (CalRecycle) estimates ongoing costs of about \$964,000 annually (Integrated Waste Management Act Fund) for four positions to develop regulations, enforcement, and compliance procedures; increase legal support and oversight; and conduct inspections, among other tasks. These costs would eventually be offset by reimbursements from regulated entities.

**Background:** Last year, the state's original carpet stewardship program was overhauled by AB 863 (Aguiar-Curry, Chapter 675, Statutes of 2024), but for reasons explained below, the changes will likely not take effect until January 1, 2027, at the earliest. AB 863:

- a) Moved the program under a single PRO and eliminated use of the term CSO, or carpet stewardship organization;
- b) Set explicit goals that must be accomplished in the PRP;
- c) Precluded plastic from beverage containers in the state's bottle bill recycling program from being used to meet the requirement to use post-consumer waste in carpets;
- d) Increased reporting requirements and enforcement;
- e) Required 8% of all assessments collected be spent on union apprenticeship programs;
- f) Increased penalties for program violations from up to \$5,000 per day to up to \$10,000 per day for most violations, and from up to \$10,000 per day to up to \$25,000 per day for knowing, intentional, and negligent violations; and
- g) Established a three-strikes-and-you're-out rule, meaning if the PRO (or a manufacturer) violates the provisions of the program three times, it can no longer operate the program.

Overhauling the 2010 carpet stewardship law was intended to create a fresh start for a program that has somewhat of a checkered history. However, it's important to note the changes mandated by AB 863 – even though the bill became law on January 1, 2025 – will not take effect until CalRecycle:

- a) Adopts new regulations, which AB 863 required CalRecycle to complete by December 31, 2026;
- b) Approves a new PRP submitted by the PRO;

- c) Notifies the PRO 90 days before notifying the Legislature that it is prepared to implement the new requirements of AB 863; and
- d) Submits to the relevant committees of the Legislature a letter indicating the conditions in a), b), and c) above have been met, that CalRecycle is prepared to implement the new law, and that the PRO is prepared to implement the new PRP.

AB 80 proposes to amend nine pieces of the “new law” – which, again, won’t take effect until the conditions noted above are met – and one piece of the “old/existing law” that will, for the most part, be replaced by AB 863 once the conditions described above are met.

The goal is to, essentially, have one piece of AB 863 take effect to reduce the penalty for negligent violations from \$25,000 to \$10,000 – if this bill is signed – on January 1, 2026, without having to wait for CalRecycle to meet the conditions described above to trigger implementation of AB 863.

At the same time, the bill proposes to create a new governing board with a new membership as part of the old/existing law.

*Follow The Money.* Unlike the tire recycling program, where CalRecycle is tasked with apportioning grant funding out to applicants, the money from California’s carpet stewardship program goes directly to CARE, which then apportions the funding. Loosely speaking, the money flows like this:

- CARE decides on the amount of money it wants to raise to spend on subsidies, grants, etc.
- CARE calculates a per-square-yard charge for four types of carpet – a) recycled content broadloom; b) non-recycled content broadloom; c) recycled content carpet squares; and d) non-recycled content carpet squares – and submits the request to CalRecycle.
- Once the fee is approved by CalRecycle, CARE uses a formula in state statute (based on the volume of sales by manufacturer) to assess the fee on the carpet manufacturers.
- After the carpet manufacturers pay this “external fee,” they pass it along in the same “external fee” fashion – to carpet retailers, who in turn pass it along to California carpet buyers who see the external fee on their bills.

Under the program, when carpet is removed from a building, it’s supposed to be taken to authorized collection facilities overseen by CARE. From there, the carpets are sorted and shipped to a recycling facility, where they can be recycled into other products, generally building products, such as insulation.

*Where Does The Money Go?* According to CARE’s 2023 annual report, it spent \$30.4 collected from California carpet buyers in the following fashion:

- \$23.2 million in subsidies:

- \$10 million to seven Tier 1 Processors that essentially take apart collected carpets so the materials can be used to make other products;
- \$9.8 million to ten Tier 2 Manufacturers that take the recycled output generated by Tier 1 Processors and turn it into other projects; and
- \$3.4 million to 10 carpet collectors and sorters that provide the materials to Tier 1 Processors.
- \$4 million in expenses, which includes collecting carpet (\$2.1 million), education & outreach (\$1.1 million) and grants (\$601,000); and
- \$3.1 million in administrative costs, which includes \$2.4 million to CARE and \$688,000 in fees paid to CalRecycle.

CARE's new assessments fees – which were increased by 37%-54% on February 1, 2025 – are:

- Broadloom carpet: \$1.05/square yard (sy) (up from \$0.70/sy) for carpet with less than 10% recycled content, and \$0.96/sy (up from \$0.62/sy) for carpet with 10% or more recycled content.
- Carpet tile: \$1.49/sy (up from \$0.99) for carpet with less than 10% recycled content, and \$1.40/sy (up from \$0.91) for carpet with 10% or more recycled content.

*CARE Has Repeatedly Violated The Law & Been Fined.* The program – which now collects an estimated \$30 million each year from Californians – has been fraught with setbacks since its inception.

CARE failed four consecutive times to produce an approved stewardship plan and CalRecycle has rejected numerous plans because it determined CARE failed to provide suitable and quantifiable five-year and annual goals to expand and incentivize markets for postconsumer carpet.

In March 2021, CARE and CalRecycle entered into a settlement agreement for \$1.175 million for CARE's program violation in 2013, 2014, 2015, and 2016. The agreement required CARE to deliver a check for \$1.175 million to CalRecycle by June 15, 2021.

More recently, in October 2024, CARE and CalRecycle entered into a settlement agreement valued at \$1.7 million for CARE's violations from 2019, 2020, 2021, and 2022. The agreement required CARE to deliver a check for \$1.7 million to CalRecycle by December 2, 2024.

**Proposed Law:** This bill would:

1. Expand the definition of an approved carpet collection site to include a carpet recycling center, a municipal facility that accepts carpet, a retailer that sells carpet, and a producer's regional distribution center.
2. Eliminate the definition of "circular economy environmental nongovernmental organization" and replaces it with a definition of an "environmental

nongovernmental organization” that is a “nonprofit organization established to address environmental issues related to waste and recycling.”

3. Eliminate the requirement for carpet manufacturers and distributors to publish on their internet websites an environmental product declaration identifying all of the components and the percentage of each component used in the carpet. Instead, this bill would require them to only publish the components that constitute more than 1% of the carpet by weight and any intentionally added component listed by the Department of Toxic Substances Control as a Candidate Chemical pursuant to Section 69502.2 of Title 22 of the California Code of Regulations.
4. Replace the current PRO/CSO funding mechanism based proportionally on the California sales volumes of participating producers with one that leaves it up to the PRO/CSO to decide how to fund the organization.
5. Eliminate the requirement for the PRO/CSO to submit amendments to its PRP to conform the plan to California law by July 1, 2025.
6. Eliminate a requirement that the PRP include an explanation of how the PRO/CSO will be funded based on an assessment tied to each participating producer's California sales volume.
7. Replace the requirement that a PRP explain how carpet makers will provide a visual mark on the back of carpet that is a synthetic material to allow carpet to be sorted quickly with a requirement to provide the name of the carpet maker, the date of manufacture, and a listing of the carpet's face fibers and backing materials.
8. Create an exemption from the requirement for anyone who removes carpet from a home or business to ensure the old carpet is taken to an approved collection site in cases where:
9. The carpet is returned to the manufacturer;
  - a) The manufacturer's return process and guidelines are included in the PRO's/CSO's approved PRP;
  - b) The manufacturer collects, maintains, and provides to the PRO/CSO the information necessary for the collection to be included in the PRO's/CSO's performance metrics; and
  - c) The manufacturer's return process is subject to audit by the PRO/CSO and CalRecycle.
10. Change from July 1 to September 1 the date each year by which the PRO/CSO is required to submit an annual report to CalRecycle and make it available on the PRO's/CSO's internet website.
11. Make changes to the PRO/CSO board, as specified.
12. Reduce the maximum civil penalty CalRecycle can impose for negligent violations of the statute from \$25,000 per day to \$10,000 per day.

**Related Legislation:**

AB 1478 (Hoover) deals with a similar fee that is attached to the state's mattress stewardship program. Under that program, the fee – like the fee in the carpet stewardship program – is added to a mattress buyer's bill as a separate line item. AB 1478 gives retailers the option of eliminating that separate line item and rolling whatever portion of the fee they want to pass on to mattress buyers into the price of the product.

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