
SENATE COMMITTEE ON ENVIRONMENTAL QUALITY

Senator Blakespear, Chair

2025 - 2026 Regular

Bill No: AB 904
Author: Aguiar-Curry
Version: 9/3/2025
Urgency: No
Consultant: Brynn Cook

Hearing Date: 7/1/2026
Fiscal: Yes

SUBJECT: Childcare services: workday

DIGEST: This bill makes numerous substantive changes to the carpet extended producer responsibility program, including adding reporting requirements to grants allocated to apprenticeship programs, requiring \$1million be allocated, and requiring that the carpet assessment be external.

ANALYSIS:

Existing law:

Establishes the Carpet Producer Responsibility Program (Public Resources Code (PRC) §42968 et seq.) and the Product Stewardship for Carpets Program (PRC §42970 et seq.) to promote the collection and recycling of carpet. The programs:

- 1) Establish the Carpet America Recovery Effort (CARE) as the producer responsibility organization (PRO) used in California (PRC §42971).
- 2) Limit approved carpet collection sites to solid waste facilities that have agreed to accept carpet from the PRO (PRC §42968).
- 3) Require carpet manufacturers and distributors to publish on their internet websites an environmental product declaration identifying the components and the percentage of each component used in the carpet (PRC §42968.4).
- 4) Require the PRO to create a funding mechanism that equitably distributes the PRO's costs among participating producers, based proportionally on their California sales volumes (PRC §42968.23).
- 5) Require a producer responsibility plan (PRP) to, among other things, explain how carpet makers will, beginning January 1, 2027, provide a visual mark on the back of carpet that is a synthetic material to allow carpet to be sorted quickly (PRC §42968.32).

- 6) Require that by January 1, 2029, anyone who removes carpet from a home or business as part of a carpet installation project to have that old carpet taken to an approved collection site (PRC §42968.40).
- 7) Require the PRO to submit an annual report to the Department of Resources Recycling and Recovery (CalRecycle) and make it available on the PRO's internet website by July 1 of each year (PRC §42968.62).
- 8) Require carpet to contain 5% of postconsumer recycled carpet content by 2028. The department may, for the year 2029 and any year thereafter, set the rate for postconsumer recycled carpet to be required in carpet.
- 9) Require a PRO organization formed under (a) above to include nonvoting board members with representatives from:
 - a) A circular economy environmental nongovernmental organization;
 - b) A retailer that sells carpet;
 - c) A labor representative from a floor covering joint apprenticeship program in northern California approved by the Division of Apprenticeship Standards; and
 - d) A labor representative from a floor covering joint apprenticeship program in southern California approved by the Division of Apprenticeship Standards (PRC §42973.7, PRC §42968.21).
- 10) Allow CalRecycle to impose a civil penalty of up to \$25,000 per day for any violation that is intentional, knowing, or negligent or a civil penalty of up to \$10,000 for other violations (PRC §42978).
- 11) Beginning July 1, 2025, requires that the program allocate 8 percent of assessments on covered products per year, as determined by CalRecycle, to grants for apprenticeship programs

This bill:

- 1) Expands 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) Eliminates 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) Eliminates 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 requires 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) Replaces the current PRO funding mechanism based proportionally on the California sales volumes of participating producers with one that leaves it up to the PRO to decide how to fund the organization.
- 5) Eliminates the requirement for the PRO to submit amendments to its PRP to conform the plan to California law by July 1, 2026.
- 6) Eliminates a requirement that the PRP include an explanation of how the PRO will be funded based on an assessment tied to each participating producer's California sales volume.
- 7) Replaces 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) Replaces the requirement that 8% of assessments go to grants for apprenticeship programs and instead specifies that \$1 million annually shall go to grants for apprenticeship programs, with funding allocated between apprenticeship programs in northern and southern California.
- 9) Specifies reporting requirements for the apprenticeship grants, including:
 - a) The amount of each grant and incentive payment, with grant amounts broken down by category and by recipient.
 - b) The number of applicants and recipients of a grant broken down by category.
 - c) A detailed description of the criteria used to evaluate applications and to award the grants.
 - d) A timeline of the process and a description of when applications were announced, the deadline to apply, the length of the review process, and the date the grants or incentive payments were awarded.

- e) An explanation of why certain recipients are chosen for incentive payments and others are not.
 - f) A report on achievement of the performance and the progress toward meeting the performance standards. If the standards were not met, a description of efforts made to achieve the performance standards.
 - g) A separate list identifying any grant or incentive payment provided to any of the following and an explanation as to why the grant or incentive payment does not involve a conflict of interest with the PRO's board of directors or governing board.
- 10) Replaces the governing board composed of non-voting members in existing law with a governing board of voting members. The governing board shall be appointed as follows:
- a) A circular economy environmental nongovernmental organization.
 - b) The carpet stewardship organization shall appoint eight voting members with at least one voting member who is a representative of the Carpet and Rug Institute.
 - c) The Speaker of the Assembly shall appoint representatives for:
 - i) An environmental organization that is involved in promoting recycling programs and the circular economy.
 - ii) A retailer that sells covered products in California.
 - iii) A labor representative from a floor covering joint apprenticeship program in alternating northern and southern California that is approved by the Division of Apprenticeship Standards.
 - d) A labor representative from a floor covering joint apprenticeship program in southern California that is approved by the Division of Apprenticeship Standards.
 - e) The President pro Tempore of the Senate shall appoint two voting members, one representing each of the following:
 - i) A collector or hauler who participates in the California carpet stewardship program.
 - ii) A recycler of carpet located in California.
- 11) Exempts the following from the requirement that, on and after January 1, 2029, any person who removed a covered product from a residence of business transport the products to an approved collection site:
- a) If the covered product is returned to the producer;
 - b) If the producer's return process and guidelines are included in the PRO's approved producer responsibility plan;

- c) If the producer collects, maintains, and provides to the PRO the information necessary for the collection to be included in the PRO's performance metrics; and,
 - d) If the producer's return process is subject to audit by the PRO and CalRecycle.
- 12) Changes the due date for the PRO's annual report from July 1 of each year to September 1 of each year.
- 13) Revises the types of violations that are subject to a civil penalty of up to \$25,000 per day to only include those that are intentional or knowing, rather than intentional, knowing, or negligent.

Background

1) *Introduction to EPR.* According to CalRecycle, extended producer responsibility (EPR) is a strategy that places shared responsibility for end-of-life product management on the producers and all entities involved in the product chain, instead of on the general public and local governments. EPR programs rely on industry, formalized in a product stewardship organization, to develop and implement approaches to create a circular economy that makes business sense, with oversight and enforcement provided by the government. This approach provides flexibility for manufacturers, based on their expertise in designing products and the systems that bring these products to market, to design systems to capture those products at the end-of-life to meet statutory goals. Currently, there are seven statewide EPR programs: paint, carpet, mattresses, pharmaceutical and sharps waste, and plastic packaging, single-use plastic items, and textiles.

2) *Not All Carpet Is Magic.* Discarded carpet is one of the most prevalent waste materials in California landfills, making up more than 1% of the total waste thrown away in the state in 2021. Carpet doesn't just take up a lot of space in landfills, it also isn't easy to manage and is found often at illegal dumping sites.

To divert carpet from landfills and, hopefully, from illegal dumping sites, AB 2398 (Pérez, Chapter 681, Statutes of 2010) was enacted to try and create a recycling market for old carpets.

3) *How The Carpet Stewardship Program Is Organized.* Generally speaking, California's carpet stewardship program operates in the following manner:

- a) State law requires California – through CalRecycle – to contract with Carpet America Recovery Effort (CARE), a third-party nonprofit PRO in Georgia.
 - b) CARE has a board of directors, which is made up primarily of representatives from carpet mills.
 - c) CARE’s board of directors created a stewardship planning committee consisting of some members of the CARE board of directors and non-board of director members. This committee – which also includes some non-voting members – makes all the decisions about what to do with and how to spend the money collected from California consumers. The committee shares its decisions with the board of directors, but it appears from CARE’s annual reports that only some of that information is made public.
- 4) *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:
- a. CARE decides on the amount of money it wants to raise to spend on subsidies, grants, etc.
 - b. 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.
 - c. 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.
 - d. 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.

- 5) *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:
- a. \$23.2 million in subsidies:

- i. \$10 million to seven Tier 1 Processors that essentially take apart collected carpets so the materials can be used to make other products;
 - ii. \$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
 - iii. \$3.4 million to 10 carpet collectors and sorters that provide the materials to Tier 1 Processors.
- b. \$4 million in expenses, which includes collecting carpet (\$2.1 million), education & outreach (\$1.1 million) and grants (\$601,000); and
 - c. \$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:

- a) 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.
 - b) 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.
- 6) *Carpet Stewardship vs. Carpet Extended Producer Responsibility (EPR)*. Under a traditional EPR program – regardless of the product involved – the manufacturers of the product pay a fee to a third-party entity (a for-profit, a non-profit or a governmental entity) which is then responsible for managing the collection and/or recycling of the product in question. In an EPR program, the fee paid by the manufacturer is an “internal fee,” meaning the buyers of the product never see it as a separate line item on their invoice or receipt. This fee may be partially or fully rolled into the total cost paid by the end customer, just as labor, electricity, tariff, and other internal and overhead costs are included in the final price tag paid by the customer.

California's carpet program operates with an external fee, making it technically a ‘carpet stewardship’ program, not an EPR. In the carpet stewardship program, the fee is passed along down the supply chain and the end customer sees the carpet stewardship fee as a separate line item on their receipt when they buy carpet. This is virtually identical to how California's tire recycling program works. In the tire program, everyone who buys a new tire also pays a separate \$1.75 fee – which shows up as a separate line item on their bill – that the retailer collects and passes on to the state. That tire money eventually winds up in the hands of CalRecycle, which awards grants to entities to manage waste

tires, regulate waste tire facilities and haulers, expand the uses and recyclability of used tires, and much more.

- 7) *Is Carpet Being Recycled?* CARE's 2024 report on recycling found that:
- a. California's carpet recycling rate has been rising since 2015 (when it was 10.1%), hitting 35% in 2023 (according to a CARE report in March 2025, the unofficial California recycling rate for 2024 was 38.5%);
 - b. Of the carpet collected, 71% of it was recycled into other products;
 - c. There were 110 different products using California's recycled carpet;
 - d. The automotive and construction industries used 66 million pounds of recycled California carpet; and
 - e. There are 137 public drop-off sites for carpet spread across the state's 58 counties, along with 200 private sites.

It is also worth considering what recovered carpets are recycled into. Carpets can be downcycled into various different products, depending on their composition (carpets can be made from natural or synthetic fibers, and synthetic fibers are often combined in different components). For example, when nylon-based carpets are recycled, they are broken down into three main components: polypropylene, Nylon 6 and calcium carbonate. Polypropylene, which is mainly used for carpet backing, can be reused in injection molding production and the calcium carbonate used to stabilize the carpet is used for road construction and concrete. The Nylon 6 recovered from carpets can – along with other waste, like reclaimed fishing nets or textile scraps – be used to create more nylon, which can be used for fiber in carpet, furniture, clothing and more. Carpets can be recycled into:

- A. Building materials & construction materials, such as:
 - i. Miura Board: a durable, 100% recycled alternative to wood and plastic used for outdoor fixtures like boardwalks and ramps
 - ii. Concrete, where recycled carpet fibers are used to strengthen concrete and prevent cracking
 - iii. Tile backer board
 - iv. Roofing shingles
 - v. Construction sheeting
 - vi. Insulation materials

- B. Automotive and transportation-related materials, such as:
 - i. Automotive plastic components
 - ii. Carpet material incorporated into truck parts
 - iii. Railroad ties
 - iv. Cargo vehicle flooring

- v. Composites for sound barrier walls in transportation infrastructure

C. Other products, such as:

- Door & floor mats
- Wheel stops
- Park benches and picnic tables
- Plastic-wood composites
- Erosion control products
- Stepping stones and decorative concrete blocks
- Porous walkway systems
- Rubber garden edging
- Industrial absorbents

Recent changes to the carpet program through AB 863 (Aguiar-Curry, Chapter 675, Statutes of 2024) require that new carpet contain 5% recycled carpet, establishing a closed-loop recycling requirement beginning in 2028.

Comments

- 1) *Purpose of Bill.* According to the author, “Since July 2011, California consumers have paid a carpet stewardship assessment fee when purchasing carpet sold in California. This fee funds a statewide carpet recycling program known as the Carpet America Recovery Effort (CARE), which is a Producer Responsibility Organization (PRO) designed and implemented by carpet manufacturers with CalRecycle oversight. However, CARE has repeatedly failed to administer the program effectively and equitably and has required oversight and repeated enforcement by CalRecycle. Recyclers and collectors have left the state or gone out of business due to a lack of feedstock, while carpet is still being landfilled.

While AB 863 (Aguiar-Curry, 2024) strengthened accountability requirements for the statewide consumer-funded carpet recycling program, CARE continues to lack a representative model of governance, and perfectly recyclable carpet is currently being landfilled due to a lack of convenient collection sites and proper sorting. This bill improves accountability and representation within CARE’s governance structure by adding additional nonvoting members across different manufacturers to the governing board. To improve recyclability, this bill increases collection site density, heightens product composition and backstamping standards, and ensures effective implementation in AB 863 to encourage more sustainable production practices.”

- 2) *Starting Over...again.* In 2024, 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.

In 2025, AB 80 (Aguiar Curry) was introduced to make further significant changes to the carpet program. Specifically, AB 80 made many of the same changes proposed now in AB 904, including:

- a) Expanding the definition of “approved collection site” to include a carpet recycling center, municipal facility that accepts carpet, and a retailer that sells a covered product.

- b) Striking the definition of “circular economy environmental nongovernmental organization” and instead defines “environmental nongovernmental organization” as a nonprofit organization established to address environmental issues related to waste and recycling.
- c) Clarifying that CalRecycle regulations to implement the program shall have an effective date no later than December 31, 2026.
- d) Rather than requiring producers to publish environmental product declarations for each covered product, requires producers to publish the components that constitute more than one percent of the total composition of the product by weight and any component that is 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.
- e) Requiring producers to explain how they will use standardized stamping or some other means to provide a mark on the back of a covered product that provides the name of the manufacturer, the date of manufacture, and a listing of face fibers and backing materials contained in the product.
- f) Exempts the following from the requirement that, on and after January 1, 2029, any person who removed a covered product from a residence of business transport the products to an approved collection site:

AB 80 was held on the Senate Appropriations Suspense file. AB 904 picks up where AB 80 left off, including most of the changes proposed in AB 80. However, AB 904 differs from AB 80 in some ways:

- *Allocations for grants to apprenticeship programs.* Instead of dedicating 8% of assessments for grants to apprenticeship program, AB 904 allocates \$1 million annually for these grants. It also establishes reporting requirements, where the grant awardees must report on how the money is being spent and how it is advancing the goals of the carpet stewardship program.
- *Governing board member allocation.* Changes the composition of the voting board, and specifically reduces the apprenticeship representation from two members (one northern and one southern) to just one apprenticeship representative, with the position changing every two years between a northern and southern representative.
- *External vs. internal fees.* Reverts to existing law’s external fee, when an internal fee had been contemplated under AB 80.
- *Prescribing collection site criteria.* Establishes collection requirements, to be met through the stewardship program, for carpets. This includes

requirements that at least a quarter of collection facilities be open on Saturdays in areas with populations of 25,000 people or more.

- *Other.* Makes technical changes to the definition of non-profit (a PRO must be a nonprofit) and ‘carpet’, strikes provision that CalRecycle’s adjustment of performance standards be subject to the APA, and clarifies that violations and fines apply to knowing and intentional, not negligent, violations of the program, among others.

Some of these changes add transparency (reporting on allocation of funding to apprenticeship programs; keeping the fee external), and others address nuts-and-bolts issues with the program that were not contemplated in AB 80 (adding concrete requirements to collection site requirements, changing the exact composition of the governing board).

Altogether, AB 904 makes changes to a program that was heftily amended in 2024: those 2024 changes have not yet been implemented, making it unclear how this will change existing law in practice.

One change that seems likely is that requiring CalRecycle to go through an APA process to adjust the performance standards of the program will make that process more transparent, but also more time intensive and costly. ***The author and committee may wish to amend this portion to revert to existing law in AB 863, which waives the requirement that CalRecycle go through the APA process in adjusting performance standards for these reasons.***

- 3) *Pushing paper.* In 2021, prior to AB 863 and updates to the carpet stewardship program, the carpet stewardship program PRO reported that they budgeted \$100,000 per year for incentives and grants to support state-approved apprenticeship programs for training apprentice and journey-level carpet installers in proper carpet recycling practices. AB 904, like AB 80 and existing law through AB 863, provides significantly more funding for apprenticeship programs (\$1 million per year, which is a change from the 8% allocated in existing law).

Unlike existing law and attempts to update the carpet stewardship program, AB 904 requires that apprenticeship programs provide detailed reports on how they are spending that grant funding. This will help answer the question “do apprenticeship programs need this funding, and is a million dollars a year necessary to advance the goals of the carpet stewardship program?”

It is less clear what can be done with this information. Currently, while AB 904 requires reporting on how grants are expended, it does not specify that these reports can be used to inform subsequent grants, meaning that if the gains to the program were miniscule or a grantee spent funds inefficiently, that information would be known, but not considered when allocating them another grant.

In addition, neither CalRecycle nor the PRO has the ability to change the annual \$1 million allocation to apprenticeship program grants. If the reports show that \$1 million is inadequate to support the needs of the program and more should be allocated (as in existing law through AB 863), or that most of that \$1 million is far more than is needed for the program, nothing can be done (without further legislation).

In short, while the reports add transparency, in the current structure of the bill, they information they contain cannot be used to improve the program.

As the bill continues through the legislative process, the author and committee may wish to specify that the information in the reports should be considered when allocating subsequent grants to apprenticeship programs, and give CalRecycle the authority to adjust the \$1 million allocation to apprenticeship programs at the time the PRO develops a new stewardship plan (every 4 years).

- 4) *Committee amendments. Staff recommends the committee adopt the bolded amendments contained in comment 2.*

Related/Prior Legislation

AB 80 (Aguiar-Curry, 2025), would have made substantive changes to the carpet stewardship program. This bill was held in the Senate Appropriations Committee.

AB 863 (Aguiar-Curry, Chapter 675, Statutes of 2024) replaced the existing state extended producer responsibility (EPR) program for carpet and replaces it with an expanded EPR program under one producer responsibility organization (PRO), with numerous additional requirements and enforcement mechanisms against noncompliance from the PRO.

SOURCE: California Product Stewardship Council

SUPPORT:

Carpet & Rug Institute

OPPOSITION:

None received

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