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

AB 904 (Aguiar-Curry) - Carpet recycling

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

Policy Vote: E.Q. 7 - 0
Mandate: No
Consultant: Ashley Ames

Bill Summary: This bill would make numerous substantive changes to the carpet extended producer responsibility (EPR) program, including adding reporting requirements to grants allocated to apprenticeship programs, requiring $1million be allocated, and requiring that the carpet assessment be external.

Fiscal Impact:

- The Department of Resources Recycling and Recovery (CalRecycle) estimates ongoing costs of $439,000 in 2027-28 and $575,0000 annually thereafter (special fund) to develop and promulgate regulations, provide ongoing legal technical expertise, conduct investigations, inspections, and verify compliance with requirements regarding product composition, and conduct audits of the producer's return process.

Background: California's carpet stewardship program is administered not by the state directly but by Carpet America Recovery Effort (CARE), a Georgia-based nonprofit producer responsibility organization that CalRecycle is required by statute to contract with, and which controls both the setting and the spending of fees collected from California carpet buyers.

- *Governance.* CARE's board is composed primarily of carpet mill representatives, and the board created a stewardship planning committee — drawn from board and non-board members, including some non-voting ones — that makes all decisions about how California ratepayer money is spent. The committee reports to the board, but CARE's annual reports suggest only some of that information becomes public.
- *How the money flows.* Unlike the tire recycling program, where CalRecycle apportions grants itself, funds go directly to CARE. CARE decides how much revenue it wants, calculates a per-square-yard charge across four carpet categories (recycled and non-recycled broadloom, recycled and non-recycled carpet squares), and submits it to CalRecycle for approval. Once approved, CARE assesses the fee on manufacturers using a sales-volume formula in statute; manufacturers pass it to retailers as an external fee, and retailers pass it to consumers, who see it itemized on their bills.
- *Recycling chain.* Removed carpet is supposed to go to CARE-overseen authorized collection facilities, then be sorted and shipped to recyclers that convert it into other products, typically building materials such as insulation.
- *2023 spending ($30.4 million).* $23.2 million in subsidies — $10 million to seven Tier 1 processors that break down collected carpet, $9.8 million to ten Tier 2

manufacturers that turn that output into new products, and $3.4 million to ten collectors and sorters; $4 million in expenses, including $2.1 million for carpet collection, $1.1 million for education and outreach, and $601,000 in grants; and $3.1 million in administrative costs, of which $2.4 million went to CARE and $688,000 to CalRecycle in fees.

- *Fee increases effective February 1, 2025 (37%–54%).* Broadloom rose to $1.05/square yard from $0.70 for carpet with less than 10% recycled content and to $0.96 from $0.62 for carpet at 10% or more. Carpet tile rose to $1.49/sy from $0.99 below the 10% threshold and to $1.40 from $0.91 at or above it.

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 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. Replace 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. Eliminate the requirement for the PRO to submit amendments to its PRP to conform the plan to California law by July 1, 2026.

6. Eliminate 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. 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. Replace 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. Specify 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. Replace the governing board composed of non-voting members in existing law with a governing board of voting members, as specified.

11. Exempt 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. Change the due date for the PRO's annual report from July 1 of each year to September 1 of each year.

13. Revise 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.

Related Legislation:

AB 80 (Aguiar-Curry, 2025), would have made substantive changes to the carpet stewardship program. This bill died in this 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.

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