SENATE RULES COMMITTEE AB 904

Office of Senate Floor Analyses
(916) 651-4171

THIRD READING

Bill No: AB 904
Author: Aguiar-Curry (D)
Amended: 8/27/26 in Senate
Vote: 21

Prior votes not relevant.

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 7-0, 7/1/26
AYES: Blakespear, Valladares, Allen, Dahle, Gonzalez, Hurtado, Menjivar

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 62-4, 5/19/25 - See last page for vote

SUBJECT: Carpet recycling

SOURCE: Author

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 $2 million be allocated to apprenticeship programs, and requiring that the carpet assessment be external.

Senate Floor Amendments of 8/27/2026 double the amount of funding allocated from the carpet recycling program to apprenticeship programs, from $1 million to $2 million dollars per year and removes the changes from the previous floor amendments that give the Department of Resources Recycling and Recovery (CalRecycle) authority to make a producer responsibility organization ineligible to operate the program if the agency disproves the producer responsibility organization (PRO)'s annual report three or more times, and removes a clarification that any unfixed or repeated violation is presumed to be knowing or intentional for purposes of enforcement.

ANALYSIS:

Existing law:

1) Establishes the Carpet Producer Responsibility Program (PRP) (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 program's provisions:

    a) Establish the Carpet America Recovery Effort (CARE) as the producer responsibility organization (PRO) used in California (PRC §42971).
    b) 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).
    c) 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).
    d) 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).
    e) Require the PRO to submit an annual report to CalRecycle and make it available on the PRO's internet website by July 1 of each year (PRC §42968.62).
    f) Require a PRO organization formed under (a) above to include nonvoting board members with representatives.
    g) 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).
    h) 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) Pushes back the timeline requiring CalRecycle to finalize regulations from January 1, 2028, to January 1, 2029.

2) 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.

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, and 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.

6) 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.

7) Replaces the requirement that 8% of assessments go to grants for apprenticeship programs and instead specifies that $2 million annually shall go to grants for apprenticeship programs, with funding allocated between apprenticeship programs in northern and southern California.

8) Specifies reporting requirements for the apprenticeship grants, including among other provisions
   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.

9) Replaces the governing board composed of non-voting members in existing law with a governing board of voting members, and specifies the makeup of the governing board.

10) Establishes certain exemption for 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.

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

12) 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, and specifies what can count as intentional or knowing for the PRO.

Background

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.

Where Does The Money Go? According to CARE's 2023 annual report, it spent $30.4 million 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.

Comments

Purpose of Bill. According to the author, "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."

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. Among other provisions, AB 863:

a) Set explicit goals that must be accomplished in the PRP;
b) Required 8% of all assessments collected be spent on union apprenticeship programs;

c) 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

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. 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:

a) *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.
b) *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.
c) *External vs. internal fees.* Reverts to existing law's external fee, when an internal fee had been contemplated under AB 80.
d) *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.

e) *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.

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. AB 904 allocates a whopping $2 million per year to apprenticeship programs.

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; however, AB 904 does not authorize these reports to 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.

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

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.

SUPPORT: (Verified 8/26/26)
Alameda County Waste Management Authority
California Product Stewardship Council

Carpet & Rug Institute
Child Action, INC.
District Council 16, International Union of Painters and Allied Trades
District Council 36, International Union of Painters and Allied Trades
Los Angeles Unified School District
Silicon Valley Community Foundation

OPPOSITION: (Verified 8/26/26)
None received

ASSEMBLY FLOOR: 62-4, 5/19/25
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NOES: DeMaio, Lackey, Sanchez, Tangipa
NO VOTE RECORDED: Castillo, Chen, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Kalra, Macedo, Papan, Patterson, Ta

Prepared by: Brynn Cook / E.Q. / (916) 651-4108
8/28/26 11:28:53

****** END ******