Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1341 (Cabaldon) – As Amended June 15, 2026

Policy Committee: Natural Resources Vote: 13 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill exempts the rigid box portion of "bag-in-box" beverage containers from the California Beverage Container Recycling and Litter Reduction Act (Bottle Bill) and requires the Department of Resources Recycling and Recovery (CalRecycle) to calculate the processing fee for a bag-in-box container based on the weight of the bag and its valve.

More specifically, this bill:

1) Defines "bag-in-box" as "a container for wine, distilled spirits, or wine and distilled spirit cooler" that has both of the following:

   a) An interior flexible bag with a valve to dispense the beverage.

   b) A rigid box composed primarily of cardboard or corrugated paper designed to contain the bag described above and to allow the bag's valve to extend through the box to dispense the beverage, as specified.

2) For purposes of the Bottle Bill, specifies that the interior flexible bag is a beverage container and that the rigid box is not a beverage container.

3) Requires CalRecycle, commencing January 1, 2027, to calculate the processing fee for a beverage container that is a bag-in-box based on the weight of the interior flexible bag and its valve, as specified.

FISCAL EFFECT:

1) Annual forgone revenue of an unknown, but potentially significant, amount resulting from the requirement that CalRecycle exclude from the processing fee (currently $0.32503 per container) the box of a bag-in-box container (Beverage Container Recycling Fund (BCRF)).

2) Possible cost pressure on the BCRF to make up for reduced processing fee revenue from bag-in-box containers, since the fund must still cover the gap between fees collected and what is needed to provide processing payments to processors and recycling centers. See background for more information.

3) CalRecycle will incur some one-time and ongoing costs to establish the new processing fee methodology. For its part, the department estimates ongoing annual costs of $166,000 for one permanent position as well as $500,000 in contract funding every two years (BCRF).

CalRecycle may incur additional costs to revise its recently approved regulations implementing SB 1013 (Atkins), Chapter 610, Statutes of 2022. See background for more information.

COMMENTS:

1) **Purpose.** According to the author:

> On December 15, 2025, CalRecycle announced an increase in the processing fee for bag-in-box containers of nearly 5000% that took effect on January 1, 2026. Information provided by CalRecycle made it apparent that the processing fee for bag-in-box containers was being calculated based on the weight of the entire package, including the outer cardboard box. SB 1341 clarifies that, for purposes of the Bottle Bill, only the interior flexible bag and its dispensing valve are considered the beverage container and requires the processing fee to be calculated based on the weight of those components beginning January 1, 2027.

2) **Background. *Processing Fees and Payments.*** The Bottle Bill, established in 1986 to be a self-funded program that encourages consumers to recycle beverage containers and to prevent littering, requires consumers to pay a deposit (CRV) for each eligible container purchased. The program then guarantees consumers repayment of that CRV for each eligible container returned to a certified recycler. CRV is paid into the BCRF, which is used to fund CRV redemption when consumers return beverage containers for recycling. Unredeemed CRV funds pay for the administration of the Bottle Bill, grants that advance recycling, and various payments that keep the program running.

   The Bottle Bill requires CalRecycle to establish a processing payment for beverage containers that have a scrap value less than the cost of recycling and to pay processing payments to processors and recycling centers. The processing payment must be at least equal to the difference between the scrap value of a beverage container and the cost to recycle that container, plus a reasonable financial return. The Bottle Bill requires a beverage manufacturer to pay CalRecycle a processing fee for each beverage container, as defined, sold or transferred in this state, and requires CalRecycle to deposit the fee into the BCRF. The Bottle Bill requires the processing fee to be 65% of the processing payment, except as specified. CalRecycle updates processing payments at least annually based on the actual costs of recycling, and the portion of the processing payment not covered by the processing fee is funded by unredeemed California Redemption Value (CRV) deposits. By passing along the cost of recycling from recyclers to manufacturers, the processing fee incentivizes manufacturers to use more readily recyclable materials and recyclers to accept hard-to-recycle materials.

   In 2026, CalRecycle released processing payments for bag-in-box containers, multilayered pouches, and paperboard cartons, based on real recycling data. Bag-in-box containers now have a processing fee of $0.32503 per container – the highest processing fee in the Bottle Bill. Given the low recycling rates for these materials, producers are required to pay 65% of the processing fee. According to the Assembly Natural Resources Committee's (ANR Committee) analysis of this bill, "while manufacturers anticipated higher processing fees in

2026, they did not anticipate how high the processing fee for bag-in-box containers would be."

This bill aims to lower the processing fees for bag-in-box containers by removing the box portion of the container from the Bottle Bill. While this change is likely to reduce the processing fee by reducing the weight of each container and the labor costs associated with recycling, the ANR Committee notes it also significantly impacts convenience for consumers, which is a critical element of the Bottle Bill. Instead of recycling the bag-in-box container, consumers (who are paying a 25-cent CRV for this container type) will be expected to separate the bag from the box and recycle each component separately. Additionally, removing the box from the Bottle Bill would move it to the state's producer responsibility program for single-use packaging established by SB 54 (Allen), Chapter 75, Statutes of 2022, increasing consumer confusion about how to properly manage these containers.

The Wine Institute writes:

> The increase of these fees is resulting in the collection of several million dollars from California wineries, whereas the associated portion of the processing payments for which processing fees are collected is forecast to be well under one million dollars. Moreover, at present redemption rates, the CRV payments collected on these containers also result in the collection of millions more dollars than necessary. Creating a mechanism to mitigate this over collection will ensure that fees and associated payments retain some commensurate relationship.

Contracting and Regulatory Costs and Implementation Timeline. Currently, CalRecycle utilizes a contractor (on an ongoing basis) to survey recyclers' costs for receiving, handling, processing, storing, and transporting each material type to determine processing payments. As discussed above, the processing payment determines the amount of the processing fee for each material type. This bill requires CalRecycle to set the processing fee for a bag-in-box container based on the weight of the container, which requires a separate and distinct survey and rate determination methodology than what the department uses for all other materials. While the processing payment calculation will be covered under the department's existing contract, CalRecycle reports the processing fee calculation will necessitate either a separate contract or an augmentation of its existing contract. The new staff position would be responsible for developing processes and procedures for the collection and analysis of data collected for each component of the bag-in-box container to establish the processing fee and for developing projections to determine if the new processing fee for the flexible bag and valve of the bag-in-box container is adequate to support the processing payments, among other tasks.

SB 1013 added new beverages (wine and distilled spirits) and new container types (including bag-in-box containers) to the Bottle Bill. The regulations for these new container types – which require the bag-in-box container to be intact to be eligible for CRV – were approved by the Office of Administrative Law in June of this year. The SB 1013 rulemaking was a three-year process as recently enacted legislation required a pause in the process to rework and workshop the regulations to accommodate changes. This bill would require CalRecycle to re-engage in the regulatory process and further revise the SB 1013 regulations, potentially resulting in added staff workload and costs to the department.

Finally, it is likely the bill's implementation timeline is infeasible. The bill establishes the processing fee commencing January 1, 2027; however, CalRecycle cannot set a new processing fee for bag-in-box containers without first developing a methodology to calculate a processing fee rate based only on the weight of the flexible interior bag. To accomplish this, CalRecycle would need to procure a contract to propose a methodology to calculate the processing fee for bag-in-box containers and survey the weight needed for the calculation. CalRecycle would then need to develop regulations to codify the new methodology and set labeling requirements for the exterior box and interior pouch. CalRecycle would also need to educate and inform recyclers and consumers of the new requirements and allow beverage manufacturers time to label the products and exhaust their existing stockpile.

Analysis Prepared by: Nikita Koraddi / APPR. / (916) 319-2081