

SENATE THIRD READING
SB 1341 (Cabaldon)
As Amended August 20, 2026
2/3 vote

SUMMARY

Sets the processing fee and processing payment for bag in box containers subject to the California Beverage Container Recycling and Litter Reduction Act (Bottle Bill) at 12 cents per container until January 1, 2031.

Major Provisions

- 1) Defines "bag in box" as a container for wine, distilled spirits, or wine and distilled spirit coolers that have both:
 - a) An interior flexible bag with a valve to dispense the beverage; and,
 - b) A rigid box composed primarily of cardboard or corrugated paper that is designed to contain the bag and to allow the bag's valve to extend through the box to dispense the beverage.
- 2) Sets the processing fee and processing payment for bag in box beverage containers at 12 cents per container.
- 3) Authorizes CalRecycle to provide a credit on 2027 processing fees to beverage producers who paid the 2026 processing fee that is equal to the difference between the initial 2026 processing fee and the processing fee established by this bill, as specified.
- 4) Sunsets the bill's provisions on January 1, 2031.

COMMENTS

Bottle Bill. The Bottle Bill was established in 1986 to be a self-funded program that encourages consumers to recycle beverage containers and to prevent littering. The program accomplishes this goal by requiring consumers to pay a deposit for each eligible container purchased. Then the program guarantees consumers repayment of that deposit, the California Redemption Value (CRV), for each eligible container returned to a certified recycler. Statute includes two main goals for the program: (1) reducing litter; and, (2) achieving a recycling rate of 80% for eligible containers. Containers recycled through the Bottle Bill's certified recycling centers also provide a consistent, clean, uncontaminated stream of recycled materials with minimal processing.

Ways to redeem containers. Consumers have a handful of options to redeem their empty beverage containers:

- 1) Return the container to a "convenience zone" recycling center located within 1-mile radius of a supermarket. These are generally small centers that only accept beverage containers and receive handling fees.
- 2) Return to a dealer or a dealer cooperative recycling center. In convenience zones without a convenience zone recycler, beverage dealers, primarily supermarkets, are required to either

accept containers for redemption or join a dealer cooperative that meets specified statutory requirements and accepts all beverage containers in the zone.

- 3) Return the container to an "old line" recycling center, which refers to a recycler that does not receive handling fees and usually accepts large quantities of materials, frequently by truckload from municipal or commercial waste collection services.
- 4) Consumers can also forfeit their CRV and "donate" their containers to residential curbside recycling collection. Curbside programs keep the CRV on these containers.

California currently has approximately 1,200 certified recycling centers throughout the state. However, many recycling zones are "unserved," meaning they don't have a certified recycling center. Additionally, many rural counties have only one or two recycling centers to service large geographic areas. Alpine and Sierra County have none. Between 2014 to 2024, approximately half of California's recycling centers closed.

Processing payments. The processing payment is calculated to reflect the difference between the cost to recycle and the scrap value of a beverage container. Materials that are highly recyclable with higher scrap values have lower processing payments than more difficult to recycle materials. For example, polyethylene terephthalate (PET) had a processing payment of only \$0.00091 per container in 2025. In contrast, harder-to-recycle polyvinyl chloride (PVC) containers had a processing payment of \$0.05447. CalRecycle updates processing payments at least annually based on the actual costs of recycling.

CalRecycle collects between 10% and 65% of the processing payment from beverage manufacturers as the processing fee. The portion of the processing payment not covered by the processing fee is funded by unredeemed CRV deposits. By passing along the cost of recycling from recyclers to manufacturers, the processing fee serves as an incentive to producers to use more readily recyclable materials and incentivizes recyclers to accept hard-to-recycle materials.

Wine and spirits. SB 1013 (Atkins), Chapter 610, Statutes of 2022, added wine and spirits to the Bottle Bill beginning January 1, 2024. Due to the challenges associated with recycling boxes, bladders, and pouches, SB 1013 established a CRV of 25 cents for those container types.

While some boxes, particularly those used for bag in box containers, are made from coated cardboard (which is highly recyclable through curbside recycling), some are cartons. Cartons contain layers of fiber, plastic, and aluminum for waterproofing and shelf stability. Very few facilities accept cartons for recycling as it is labor intensive to separate the materials into recyclable raw materials.

While the box portion of a bag in box container is readily recyclable, the bag must be removed from the box prior to recycling, which requires additional processing. Once separated, the box can be recycled or may be discarded. The bag can be made from a variety of materials, such as a combination of plastic laminate with PET, low density polyethylene (LDPE) or ethylene vinyl acetate. None of these types are readily recycled.

Plastic labeled #7 (categorized as "other" or mixed/miscellaneous plastic) had a processing payment of \$0.14789, 162 times the cost of PET. LDPE had a processing payment of \$0.01907, 20 times higher than PET. A product made with several layers of different plastics adds additional complexity to the recycling process.

Without data on the cost of recycling, SB 1013 gave boxes, bladders, and pouches a placeholder processing payment equivalent to the processing payment for high density polyethylene (HDPE), which is much more recyclable material with a relatively low processing payment (currently \$0.00867 per container), for two years to allow CalRecycle time to collect the relevant recycling data. In 2026, CalRecycle released actual 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, multilayered pouches have a processing fee of \$0.02802 per container, and paperboard cartons have a processing fee of \$0.02851 per container. Bag in box currently has the highest processing fee in the Bottle Bill, followed by #7 (other) containers, which have a processing fee of \$0.21988 per container. Given the low recycling rates for these materials, producers are required to pay 65% of the processing fee. While manufacturers anticipated higher processing fees in 2026, they did not anticipate how high the processing fee for bag in box containers would be.

According to the Author

SB 1341 creates a mechanism to recalibrate the processing fee for beverage containers for situations in which the amount of fees expected to be collected is significantly higher than the amount needed to make the associated processing payments. This situation is occurring presently with certain wine and spirits container types that first entered the Bottle Bill program in 2024. Specifically, 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 amount of fees expected to be collected would be several orders of magnitude more than necessary to meet anticipated processing payments for those containers. Unfortunately, there is no mechanism to adjust processing fees in these instances. SB 1341 empowers CalRecycle to adjust the processing fee to account for these discrepancies.

Arguments in Support

According to The Wine Institute, "The changes proposed by SB 1341 would make it easier for customers to obtain their bag in box CRV deposit and reduce the volume of material necessary to be handled by BCRP recyclers. The reduction of the weight of the container subject to processing fees would also result in a reduction of the overall fee, thus providing a benefit to wineries that use this packaging."

Arguments in Opposition

None on file

FISCAL COMMENTS

- 1) Annual forgone revenue of an unknown amount resulting from a lower processing fee for bag-in-box containers ((Beverage Container Recycling Fund) (BCRF)). The fee is currently \$0.32503 per container, and the bill reduces this fee to \$0.12 per container.
- 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.

- 3) CalRecycle estimates costs of \$564,000 in FY 2027-28 and \$464,000 in FY 2028-29 and ongoing (BCRF) for staff and a contract to implement this bill.

VOTES

SENATE FLOOR: 33-0-7

YES: Archuleta, Arreguín, Ashby, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Allen, Alvarado-Gil, Becker, Hurtado, Niello, Padilla, Stern

ASM NATURAL RESOURCES: 13-0-1

YES: Bryan, Ellis, Alanis, Connolly, Garcia, Haney, Hoover, Kalra, Macedo, Pellerin, Schultz, Wicks, Zbur

ABS, ABST OR NV: Muratsuchi

ASM APPROPRIATIONS: 11-0-4

YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

ABS, ABST OR NV: Hoover, Dixon, Ta, Tangipa

UPDATED

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