UNFINISHED BUSINESS

Bill No: SB 1341
Author: Cabaldon (D)
Amended: 8/20/26
Vote: 27

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 7-0, 4/22/26
AYES: Blakespear, Valladares, Allen, Dahle, Gonzalez, Hurtado, Menjivar

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SENATE FLOOR: 33-0, 5/22/26
AYES: 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
NO VOTE RECORDED: Allen, Alvarado-Gil, Becker, Hurtado, Niello, Padilla, Stern

ASSEMBLY FLOOR: 78-0, 8/25/26 - See last page for vote

SUBJECT: Beverage containers: wine and distilled spirits: processing fees

SOURCE: Wine Institute

DIGEST: This bill establishes a processing fee of no more than 12 cents per bag-in-box container until January 1, 2031.

Assembly Amendments rewrite this bill to establish a processing fee of no more than 12 cents per bag-in-box container until January 1, 2031.

ANALYSIS:

Existing law:

1) Establishes the California Beverage Container Recycling and Litter Reduction Act (Bottle Bill), which requires beverage containers, as defined, to have a California redemption value (CRV) of 5 cents for containers that hold fewer than 24 ounces and 10 cents for containers that hold 24 ounces or more. Requires beverage distributors to pay a redemption payment to CalRecycle for every beverage container sold in the state. Provides that these funds are continuously appropriated to CalRecycle for, among other things, the payment of refund values and processing payments. (Public Resources Code (PRC) § 14500 *et seq*.)

2) Requires distilled spirits, wine, and nonalcoholic wine manufacturers to participate in the Beverage Container Recycling Program (BCRP) through SB 1013 (Atkins, Chapter 610, Statutes of 2022) with a CRV of 25 cents regardless of the material type of the beverage container. (PRC § 14504)

3) Requires CalRecycle to establish a processing payment for a beverage container covered under the program that has a scrap value less than the cost of recycling, to be determined as specified, that is at least equal to the difference between the scrap value of the material and the sum of the cost of recycling and a reasonable financial return. (PRC §14575(b))

4) Requires beverage manufacturers to pay a processing fee that is equal to 65% of the processing payment. Reduces, or offsets, the processing fee for a container type with money from the Beverage Container Recycling Fund (BCRF) a specified percentage based on the recycling rate for that container type. This percentage ranges from 65% of the processing payment for a container type with a recycling rate of 30% or less to 10% of the processing payment for a container type with a recycling rate of greater than 75%. (PRC §14575(d))

This bill:

1) Stipulates that the processing fee for bag-in-box beverage containers shall be no more than 12 centers per container sold;

2) Allows CalRecycle to provide a credit on 2027 processing fees amounting to the difference between the initial 2026 processing fee ($0.32503) and the processing fee set by this bill (no more than $0.12);

3) States that if the funds needed to make processing payments to recyclers exceeds funds collected as processing fees, that CalRecycle shall expend necessary funds to pay the processing payments in full, consistent with PRC § 14581;

4) States that this section does not remove CalRecycle's responsibility to calculate the cost of recycling and processing payments pursuant to PRC § 14575;

5) Defines a bag-in-box as a rigid box composed primarily of cardboard of corrugated paper containing an interior, flexible bag with a valve; and

6) States that the section will be repealed on January 1, 2031.

Background

Bottle bill background. The bottle bill was established through legislation in 1986 (AB 2020 Margolin, Chapter 1290, Statutes of 1986) with the joint goals of reducing litter and achieving an 80% recycling rate for all CRV containers in the program. In 2025, CalRecycle reported a 70% recycling rate for CRV containers in the "Biannual Report of Beverage Container Sales, Returns, Redemption, and Recycling Rates." While the program does not encompass all containers, it does encompass most beverage containers made from glass, plastic, aluminum, and bimetal (consisting of one or more metals).

The bottle bill operates by adding a 5 to 25 cent CRV payment to beverage containers in the program. Beverage distributors pay CRV on all new beverage containers they sell in California into the Beverage Container Recycling Fund (BCRF). Distributors then pass the cost of the CRV on to retailers, who in turn pass that 5-25 cents per bottle on to consumers at checkout. Individuals and businesses are incentivized to return bottles to recycling centers where they can redeem the value of the CRV. Once a consumer is ready to dispose of a bottle, they can return bottles to a certified recycling center and redeem their CRV, or consumers can put their bottles in residential curbside recycling collection, wherein the curbside programs, not consumers, keep the CRV on these containers. The redemption rate (the rate at which CRV containers are returned at recycling centers and supermarkets) was 60% for 2024.[1] According to a CalRecycle 2022 Fact Sheet, curbside programs collect about 12% of CRV containers.[2]

[1] Container Recycling Institute (2025) *Bottle Bill Resource Guide: California*, https://www.bottlebill.org/index.php/current-and-proposed-laws/usa/california
[2] CalRecycle (2023) *Beverage Container Recycling in California Fact Sheet Calendar Year 2022* (DRRR-2023-1726), https://www2.calrecycle.ca.gov/Docs/Publications/Details/1726

Processing payments. CalRecycle calculates a processing payment as the difference between the cost to recycle and the scrap value of the beverage containing. Materials which are more recyclable and with higher scrap values have lower processing payments. Polyethylene Terephthalate (PET) for example had a processing payment of $0.00091 per bottle in 2025. In contrast, harder-to-recycle Polyvinyl Chloride (PVC) has a processing payment of $0.05447 (approximately 60 times higher than PET).[3] CalRecycle must update the processing payment annually based on measured, actual costs of recycling, but may update the processing payment quarterly at their discretion.

CalRecycle collects 10 to 65% of the processing payment (called the processing fee) from beverage manufactures, called the processing fee. Manufacturers pay a processing fee which is a smaller percentage of the processing payment for products where the recycling rate is higher (PRC §14575(e)). The processing payment is then paid to recyclers. The portion of the processing payment not covered by the processing fee is paid from unredeemed bottle and can deposits. By passing along the cost of recycling from recyclers to manufacturers, the processing payment/fee achieves two goals: the processing payments incentivize recyclers to collect hard-to-recycle materials while disincentivizing manufacturers from using hard-to-recycle materials.

Wine and spirits in the bottle bill. SB 1013 (Atkins) added wine and spirits contained in a glass bottle, box, bladder, or pouch to the bottle bill with a CRV of 25 cents, regardless of the beverage container material. While glass is highly recyclable, boxes, bladders, and pouches are not.

a) *Boxes and cartons*. While some boxes could be made from coated cardboard (which is highly recyclable through curbside recycling), some are cartons. Cartons contain layers of fiber products, plastics, and thin layers of aluminum for waterproofing and shelf stability. Very few facilities accept cartons as it is laborious to separate the layers into separate, raw materials.[4]

b) *Bag-in-a-box*. The box of a bag-in-a-box doesn't require the same layers as a carton, since the bag is waterproof. However, the bag must be removed from the box, which is an additional labor cost. The box, though it is otherwise recyclable or compostable through curbside programs, is typically discarded. The bag can be made from a variety of materials, including #7 plastic or a combination of plastic laminate with PET, low density polyethylene (LDPE) or

[3] CalReycle (2026) California Redemption Value and Processing Fee Reporting Rates 2026.
[4] Georgiopoulou, I, et al. (2021) *Recycling of post-consumer multilayer Tetra Pak® packaging with the Selective Dissolution-Precipitation process, Resources*, Conservation and Recycling. https://www.sciencedirect.com/science/article/abs/pii/S0921344920305838

ethylene vinyl acetate. Neither option is easy to recycle.[5] #7 plastic (categorized as "other" by CalRecycle) 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.[3] A product made with several layers of different plastics adds additional complexity to the recycling process.

c) *Pouches*. Similar to cartons and bags-in-boxes, pouches are made with several layers. The packaging manufacturer MTPAK makes wine pouches with layers of Polyethylene (PE), nylon or PET, and aluminum.[6] As with cartons and bags-in-boxes, separating the layers to be recycled is difficult (if possible at all). Therefore, these pouches are difficult to recycle, regardless of how recyclable each constituent part is.

Without data on the cost of recycling, CalRecycle gave boxes, bladders, and pouches a placeholder processing payment, equivalent to the processing payment for HDPE ($0.00654 per bottle), until data became available. For 2026, CalRecycle released actual processing payments for bags-in-boxes (BIB), multilayered pouches (MLP), and paperboard cartons (PC) based on real recycling data.

Material	2026	2025	Increase
BIB	$0.32503	$0.00654	50x
MLP	$0.02802	$0.00654	4x
PC	$0.02851	$0.00654	4x

Therefore, the manufacturers of BIB, MLP, PC would have to pay processing fees 4 to 50 times higher than the previous year. While manufacturers could anticipate this processing fee increase, they might not have anticipated such a large increase.

[5] Good Harbor (2026) *Looking int the Plastic Predicament in Boxed Wine.* https://www.goodharbor.com/blog/looking-into-the-plastic-predicament-in-boxed-wine
[6] Zhou, M. (2025) *The Comprehensive Guide to Wine Pouch Packaging*, Mtpak. https://mtpak.com/the-comprehensive-guide-to-wine-pouch-packaging/

Comments

Purpose of Bill. 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."

Recycling rate incentives. Processing fees are collected when a beverage container is manufactured, but the processing payment only goes out when a beverage container is redeemed. Currently, manufacturers only pay up to 65% of the processing payment, which accounts for some number of unredeemed bottles. However, it is entirely possible that a container with a low redemption rate could lead to a surplus of processing fees beyond what is necessary to pay to recyclers.

Currently, the only mechanism CalRecycle has for reducing processing fees below 65% is when the recycling rate increases, creating an incentive structure for increasing recycling rates. By creating a mechanism for CalRecycle to reduce the processing fees on containers with *low* recycling rates, a perverse incentive is created for manufacturers: to maintain low recycling rates and to delay switching to a more recyclable alternative.

A compromise fee. The 2026 processing fee for bag-in-box containers was set at more than 30 cents per container which is 50 times the fee paid in 2025. The processing fee ceiling set by SB 1341 (12 cents) is a middle ground: less than true processing fee but still 20 times greater than the 2025 processing fee. Understanding that bag-in-box containers have a low recycling rate and therefore low processing payment costs for CalRecycle, the processing fee set by SB 1341 may strike the balance of paying out recyclers while allowing wine manufacturers to remain solvent. Additionally, SB 1341 maintains the true processing fee for multilayered pouches (MLP), and paperboard cartons (PC). Finally, the bill sunsets the bag-in-box provisions by 2031, providing adequate time for bag-in-box manufacturers to switch to more recyclable alternatives.

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

According to the Assembly Appropriations Committee:

"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."

SUPPORT: (Verified 8/24/26)

Wine Institute (source)
California Chiropractic Association
Californians Against Waste
Distilled Spirits Council of the United States
Tetra Pak INC.

OPPOSITION: (Verified 8/24/26)

None received.

Assembly Floor 78 0 1 Ayes: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta,

Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas Noes: No Vote Recorded: McKinnor

Prepared by: Alyssa Poletti / E.Q. / (916) 651-4108
11/6/26 13:52:37

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