
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

SB 811 (Caballero) - Hazardous materials: metal shredding facilities

Version: January 5, 2026

Urgency: No

Hearing Date: January 20, 2026

Policy Vote: E.Q. 5 - 0

Mandate: Yes

Consultant: Ashley Ames

Bill Summary: This bill would establish a new regulatory structure at the Department of Toxic Substances Control (DTSC) for metal shredding facilities.

Fiscal Impact:

- Ongoing costs would likely be between \$1.2 and \$2 million annually (Metal Shredders Facility Account or other special fund) based on the cost estimates of substantially similar past legislation.

Background:

Based on the hazardous characteristics of MSR, metal shredding facilities do generate hazardous waste and – prior to the late 1980s – were subject to hazardous waste requirements, including permitting, transportation and disposal.

However, in the late 1980s, in an effort to relax the requirements on metal shredding facilities, the Department of Health Services (DHS) – the predecessor of DTSC – determined treating MSR using chemical stabilization techniques could effectively eliminate the harm posed by MSR. As a result, this waste was determined – when properly treated – to no longer pose a significant hazard to human health and safety, livestock, and wildlife.

Following this determination, seven metal shredding facilities applied for and were granted nonhazardous waste classification letters by DHS, and later DTSC, as long as they used the metal treatment fixation technologies approved by the state. Known as “f letters,” these classifications ultimately allowed treated MSR to be handled, transported, and disposed of as non-hazardous waste in class III landfills (i.e., solid (non-hazardous) waste landfills).

In November 1988, DTSC issued “Official Policy/Procedures #88-6 Auto Shredder Waste Policy and Procedures”, better known as OPP #88-6. The policy classified metal shredder aggregate as in-process material, not a waste that needed to be regulated under the state’s HWCL.

More than 30 years after it was established OPP #88-6 was unilaterally administratively rescinded by DTSC in October 2021. DTSC stated the policy was inexact, self-contradictory and in conflict with federal and state law.

One month later, in November 2021, Pacific Auto Recycling Center (PARC) filed a complaint against DTSC asking for OPP #88-6 to be re-instated. PARC argued the DTSC policy was actually a regulation under the state’s Administrative Procedure Act

(APA) and as such, DTSC couldn't simply erase OPP #88-6 without going through the APA's regulatory process.

In June 2023, the trial court agreed with PARC, ordered DTSC to re-instate OPP #88-6, and stated DTSC needed to go through the APA if it wished to rescind OPP #88-6.

In November 2021, the Institute of Scrap Recycling Industries (ISRI) and several individual companies filed suit against DTSC following its adoption of emergency regulations to remove metal shredder aggregate – the ferrous and non-ferrous metals that are recycled – from the definition of scrap metal, which effectively subjected the material to the state's HWCL.

In March 2022, the court granted ISRI's request to prevent the regulation from taking effect but did not rule on the underlying merits of the case and after the injunction was granted, DTSC allowed the emergency regulation to expire. The remaining claims on the merits have been consolidated with a different 2019 case pending before the court and is expected to go to trial in late 2026.

Proposed Law: This bill would:

1. Prohibit a metal shredding facility from operating in California, unless it has a permit issued by DTSC.
2. Provide metal shredding facilities regulated under this bill are not hazardous waste facilities, but does not alter or override the authority of DTSC or a CUPA to regulate ancillary hazardous waste generated at a metal shredding facility.
3. Make it clear local air pollution control districts, air quality management districts, CUPAs, and local environmental health departments do not lose any authority to regulate metal shredding facilities.
4. Authorize DTSC to adopt, update and revise regulations to implement this bill.
5. Authorize an existing metal shredding facility operating in compliance with this bill, to continue to operate pending final action on a permit application. Facilities must have developed and continuously implement a fire prevention, detection, and response plan and comply with the limitations on pile volume and duration set forth in this bill. DTSC is permitted to take enforcement action against a non-compliant facility prior to issuing a final permit.
6. Require DTSC, before issuing a permit, to determine the facility does not pose a significant threat to public health or the environment and will not cause disproportionate and potentially discriminatory impacts on local communities.
7. Require DTSC to impose any additional facility-specific conditions necessary to ensure compliance with this bill and for the protection of human health and the environment.
8. Require an applicant, before submitting a permit application or application for permit renewal, to hold at least one public meeting, or other community engagement activity approved by DTSC, to inform the community of metal processing activities

and any potential impacts to nearby communities – and to solicit questions and input from the public.

9. Authorize a metal shredding facility to make certain physical or operational changes to the facility without getting prior approval from DTSC.
10. Subject metal shredder aggregate, including light fibrous material (LFM), which is either released into the environment during transportation, or released beyond the property boundaries of the metal shredding facility, to regulation as hazardous waste under the Hazardous Waste Control Law (HWCL), if it exhibits a characteristic of hazardous waste.
11. Require a metal shredding facility to provide DTSC with immediate notice of a fire or other incident at the metal shredding facility that requires the assistance of a local fire department or other first responder.
12. Require a metal shredding facility to establish an effective means of providing public notice to members of the surrounding community when a fire or other incident that poses a threat to human health or the environment outside of the facility takes place.
13. Authorize DTSC to deny, revoke, or suspend a permit authorizing the operation of a metal shredding facility under this bill.
14. Exempt from the definition of hazardous waste, under the HWCL: chemically treated metal shredder residue (if treated according to the provisions of this bill); scrap metal; metal shredder aggregate (managed in accordance with the requirements of this bill); intermediate metal products that are subject to further processing to improve product quality; finished ferrous and nonferrous metal commodities that are separated or removed from metal shredder aggregate at a metal shredding facility; and, nonmetallic recyclable items recovered from metal shredder aggregate for which a market exists.

Related Legislation:

SB 404 (Caballero, 2025) was substantially similar to SB 811 and was vetoed by Governor Newsom.

AB 2851 (Bonta, Chapter 743, Statutes of 2024) imposed various fence-line monitoring requirements to assess air pollution impacts from metal shredding facilities.

Staff Comments:

Despite clearing the Legislature with a 35-0 vote in the Senate and a 65-1 vote in the Assembly, SB 404 was vetoed by Governor Newsom on 10/13/2025. In his veto message, the Governor wrote, in part:

“...this bill lacks clear definitions regarding the materials processed at these facilities, including what "hazardous waste" requirements are applicable. Without this clarity, this bill is not as protective, places a significant burden on DTSC, and cannot be successfully implemented.”

I encourage the author to work closely with DTSC and interested parties to remedy this issue, as well as ensure that any future legislation requires metal shredding facilities operate, and be permitted to operate, in a health-protective manner."

This bill represents the author's efforts to do just that. There are effectively only two changes in SB 881 as compared to the version of SB 404 that was sent to the Governor's desk, which will be discussed individually below.

1. *"... and to the materials processed by those operations."* In SB 404, provisions created in sections 25095.5 and 29095.8 apply requirements from existing hazardous waste regulations and statutes to "metal processing operations" authorized by framework the bill creates.

In SB 811, the applicability of those regulations and statutes is changed to "metal processing operations authorized pursuant to this chapter *and to the materials processed by those operations.*" Some of the existing requirements in the HWCL and implementing regulations pertain specifically to "hazardous waste" or "hazardous waste facilities" but may still be relevant to metal shredding operations. Adding "and to the materials processed by those operations" ensures that there is no ambiguity about the applicability of existing requirements to the material handled by metal shredders, even if it is not designated as "hazardous waste."

2. *Applying requirements but not labels.* The other noteworthy change in SB 811 as compared to SB 404 involves the technical requirements regarding and classification of hazardous waste.

The last version of SB 404 before its final form that was sent to the Governor included a provision that would have applied any requirements from existing hazardous waste regulations and statutes to terms relating to hazardous waste in the bill. This was struck in the final version of the bill, and SB 811 brings it back.

However, beyond the language that was previously included in SB 404, SB 811 includes a new concept as well. That is that despite applying the "technical requirements" that pertain to hazardous waste to the material generated by metal shredders under certain circumstances, the bill would ensure those materials are not themselves classified as waste or hazardous waste.

By including this provision, SB 811 will apply some specific requirements that pertain to hazardous waste (e.g. site security, seismic safety, containment, and signage requirements, among others) that will help ensure the safety of metal shredding operations. However, by not classifying it as waste or hazardous, metal shredders will not be held to uniquely high standards for all elements of handling aggregate and MSR. This seems to be a reasonable attempt to strike a balance between applying existing best practices for safe handling while not stifling normal metal shredding operations, which may include materials that have hazardous properties during processing.