Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 811 (Caballero) – As Amended June 25, 2026

Policy Committee: Environmental Safety and Toxic Materials Vote: 4 - 1

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

SUMMARY:

This bill establishes a new regulatory structure at the Department of Toxic Substances Control (DTSC) for metal shredding facilities, separate from laws governing the control of hazardous waste.

Specifically, this bill, among other things:

1) Provides that a metal shredding facility that is subject to regulation and complies with the requirements of this bill is not a hazardous waste facility but further provides that this bill does not alter or override the authority of DTSC or a Unified Program Agency to regulate hazardous waste generated at a metal shredding facility in accordance with Chapter 6.5 of Title 22 of the California Code of Regulations (the state's Hazardous Waste Control Law (HWCL)).

2) Requires DTSC to adopt regulations related to the imposition of fees on metal shredding facilities, allows DTSC to use emergency regulations for this purpose, and authorizes the department to adopt and update regulations as necessary to implement the remaining provisions of this bill.

3) Requires a metal shredding facility to receive a permit from DTSC to operate in the state and specifies numerous requirements and procedures, including, among other things, requirements for obtaining a permit, for being deemed to have a permit, for operating a metal shredding facility, for incorporating into a facility's fire response plan any reasonable and necessary requirements recommended by the local fire department, for DTSC to consider the size and nature of a small metal shredding facility when processing a permit application and assessing fees, for managing metal shredder aggregate (MSA), for transporting certain materials related to metal shredding, for providing notice, and for maintaining a closure plan.

4) Requires DTSC, among many other things, to hold a public meeting before making a decision to approve or deny an application, to take final action on a permit application by an existing facility within three years, as provided, to post on its website general information about each metal shredding facility that has applied for or obtained a permit, and to conduct at least one site visit to the applicant's facility after receipt of a permit application. Requires the Board of Environmental Safety (BES), on or before July 1, 2030, to hold a public meeting regarding implementation of this bill, solicit stakeholder input, and make recommendations to DTSC regarding the implementation and administration of this bill.

5) Requires (a) DTSC to collect an annual fee from each metal shredding facility subject to the requirements of this bill at a rate sufficient to reimburse the department's reasonable costs to implement all aspects of this bill, other than costs incurred in connection with DTSC's review and issuance of metal shredding facility permits; (b) requires the fee established pursuant to this bill be deposited in the Metal Shredders Facility Account (MSFA) and to be sufficient to reimburse the department's reasonable costs to implement AB 2851 (Bonta), Chapter 743, Statutes of 2024 (related to fence-line air quality monitoring at metal shredding facilities), as provided; (c) allows BES to annually adjust fees and specifies factors DTSC must consider in establishing the fee amount; and (d) exempts a metal shredding facility paying an annual fee in accordance with this bill from certain existing fees, except as specified.

6) Requires (a) a person who applies for a metal shredding facility permit under this bill to enter into a written agreement with DTSC to reimburse the department for the direct costs reasonably incurred by the department in processing the application, as specified; (b) this agreement to provide for a 25% advance payment; and (c) an applicant for a metal shredding facility permit to also pay all costs incurred by DTSC for purposes of complying with the California Environmental Quality Act.

7) Provides that certain authority granted to DTSC in Chapter 6.5 and its implementing regulations may be used to enforce this bill, including to enforce the HWCL against facilities that operate without timely applying for a permit, continue operating after permit denial or revocation, or cause offsite releases of hazardous waste.

8) Authorizes DTSC, under specified conditions, to order the temporary cessation of shredder operations, prohibit the receipt of additional shredder feedstock by the facility, and prohibit the receipt of shredder feedstock at a metal shredding facility on a temporary basis.

9) Authorizes DTSC to deny, revoke, or suspend a permit authorizing the operation of a metal shredding facility under specified conditions.

FISCAL EFFECT:

1) DTSC estimates ongoing costs of $2.6 million (MSFA, other funds) and six positions to cover its oversight, regulatory, and anticipated litigation costs. The bill requires that all of DTSC's costs be reimbursed by an annual fee imposed on metal shredding facilities, as well as via a reimbursement agreement to cover the department's direct costs related to processing permit applications. DTSC notes its cost estimate is based on the workload related to its oversight of metal shredding facilities currently operating in the state, and that an increase in the number of facilities seeking permits and requiring oversight may necessitate additional resources.

   The 2022 Budget Act provided DTSC with $5.9 million ongoing and 21 positions from the Hazardous Waste Control Account to implement the Metal Shredder Initiative, address the workload associated with the oversight and enforcement of metal shredder sites, and process permit applications for metal shredders to become authorized facilities. Since the Metal Shredder Initiative was first approved, the statutory and regulatory landscape for metal shredders has changed. Principally, metal shredders are no longer DTSC-permitted facilities, and according to the department, funding previously approved to permit these facilities are no longer required at the same level. Accordingly, the 2026 Budget Act includes an ongoing reduction of $1.9 million and 4.9 positions to better align the department's resources for oversight of metal shredding facilities to its operational needs. DTSC's cost estimate for this bill reflects and accounts for this shift in funding.

Relatedly, AB 2851 requires DTSC to develop an annual fee sufficient to fund the costs of metal shredding oversight activities (such as fence-line monitoring). AB 2851 provided DTSC authority to create the new fee through the emergency rulemaking process. DTSC is finalizing the emergency regulations required to establish and collect the annual fee from metal shredding facilities beginning in fiscal 2026-27 and has begun working on developing additional regulations on fence-line air monitoring through the full rulemaking process. Given that SB 811 similarly requires DTSC to collect an annual fee from each metal shredding facility subject to the requirements of this bill, it is likely the department will need to adjust or consolidate the two fees in or after 2027.

2) The Department of Justice (DOJ) anticipates costs of an unknown, but potentially significant, amount (Legal Services Revolving Fund, General Fund) related to client (DTSC) representation, litigation, and enforcement-related work.

3) Cost pressures (Trial Court Trust Fund, General Fund) of an unknown amount to the courts to adjudicate civil or criminal actions authorized by this bill. Actual costs will depend on the number of cases filed and the amount of court time needed to resolve each case. It generally costs approximately $1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The state budget provides annual General Fund backfills to the Trial Court Trust Fund to offset revenue reductions, totaling approximately $117.3 million in 2025-26.

COMMENTS:

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

> This bill will ensure that California remains a sustainability leader in 'reducing, reusing and recycling' by fostering the recycling of scrap metal into new metal products, while at the same time protecting adjoining communities from environmental pollution.

2) **Background.** ***Metal Shredders.*** Metal shredding facilities process end-of-life vehicles, appliances, and other forms of scrap metal to facilitate the separation and sorting of ferrous metals, nonferrous metals, and other recyclable materials from non-recyclable materials. These operations create MSA, a mixture of both valuable metals and non-metallic components consisting of plastic, rubber, and glass from the original feedstock. MSA often contains hazardous constituents that may cause harm to people and the environment. DTSC's oversight of metal shredding operations includes annual inspections of each facility and responding to releases of hazardous waste and hazardous substances where those operations occur. Over the last two years, DTSC has responded to 15 offsite releases and three fires at metal shredding facilities. There are currently ten metal shredding facilities in the state, some operating under regulatory authorization from the 1980s and 1990s. For a more detailed discussion of the regulatory, legislative, legal, and enforcement history surrounding metal shredding facilities in the state, see the Assembly Environmental Safety and Toxic Materials Committee's analysis of this bill.

3) **Support and Opposition.** Among a diverse coalition of supporters, the California Council for Environmental & Economic Balance (CCEEB) writes that DTSC has been regulating the metal shredding industry using hazardous waste enforcement authority on a facility-by-facility basis, which has created an uncertain and inconsistent legal environment for the facilities. CCEEB notes that following years of stakeholder discussions, this bill ensures comprehensive oversight and enforcement of metal shredding facilities under DTSC's authority, while recognizing the difference between these facilities and facilities that engage in the treatment, storage, and disposal of solid and hazardous waste. The bill requires both existing and new facilities to obtain a DTSC permit and requires these facilities to meet specified operational and performance standards.

   Writing in opposition, a coalition of environmental and environmental justice groups argue the materials managed at metal shredding facilities are hazardous waste and must be regulated as such under California's hazardous waste laws. The coalition writes:

   > Instead of SB 811's overly complicated approach, California should regulate metal shredding facilities under the existing hazardous waste framework, including by promptly requiring the facilities to obtain hazardous waste permits with conditions necessary to protect human health and the environment. [DTSC] should then be directed to develop additional requirements, within the existing hazardous waste legal framework, tailored to address the ongoing problems we've seen at metal shredding facilities—including fires and dispersal of heavy metals into surrounding communities.

   Writing in an oppose-unless-amended position, a coalition of small metal recyclers states:

   > We request that SB 811 be amended to clearly distinguish between the two pathways for proper regulation of metal shredder residue. Under our proposed amendments, the small metal recyclers that do not chemically treat metal shredder residue and that have obtained all necessary permits and authorizations from the myriad agencies with jurisdiction over different facets of metal shredding operations, would continue to be regulated by DTSC under DTSC's own hazardous waste generator regulations. As such, these facilities would not need to obtain the permit contemplated in SB 811. The SB 811 permitting process would be the primary means of authorizing and regulating the chemical treatment of metal shredder residue and would also serve as the backstop for facilities that do not have all the necessary regulatory mechanisms in place.

4) **Related Legislation.** SB 404 (Caballero) of the current legislative session was substantially similar to this bill and was vetoed by the Governor. SB 811 is nearly identical to SB 404 aside from new language intended to resolve the implementation issues raised in the Governor's veto message. The amendments make clear that the requirements of the bill apply to both metal processing operations and the materials processed by those operations, and that DTSC retains authority under the HWCL to pursue enforcement against metal shredding facilities in specific circumstances.

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