

Introduced by Senator CorbettJanuary 15, 2009

An act to amend Sections 14504, 14551, 14575, 14581, and 14585 of, to add Sections 14518.6, and 14575.5 to, and to repeal Section 14523.5 of, the Public Resources Code, relating to recycling, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 55, as introduced, Corbett. Recycling: California redemption value containers.

(1) Under existing law, the California Beverage Container Recycling and Litter Reduction Act, every beverage container sold or offered for sale in this state is required to have a minimum refund value. A distributor is required to pay a redemption payment for every beverage container sold or offered for sale in the state to the Department of Conservation and the department is required to deposit those amounts in the California Beverage Container Recycling Fund. The money in the fund is continuously appropriated to the department for the payment of refund values and processing fees. A violation of the act is a crime.

Beverage is defined, for purposes of the act, to include, among other things, beer and other malt beverages, wine and distilled spirit coolers, carbonated mineral and soda waters, noncarbonated fruit drinks, and vegetable juices, in liquid form that are intended for human consumption, but excludes from that definition vegetable drinks in beverage containers of more than 16 ounces. The act also excludes, from the definition of beverage, any product sold in a container that is not an aluminum beverage container, a glass container, a plastic beverage container, or a bimetal container.

This bill would revise the term beverage to include vegetable, nut, grain, or soy drinks that contain any percentage of juice, and would delete the requirement that a vegetable drink subject to the act be sold in a container of 16 ounces or less. The bill would delete the exclusion from the term beverage, for a product that is not sold in the above-specified types of containers. The bill would additionally exclude from the definition a beverage in a flexible foil, plastic pouch, or aseptic container delivering 7 or less fluid ounces. The bill would also make conforming changes to other definitions, for purposes of the act.

Since the payments for the plastic beverage containers and other beverage containers that this bill would make subject to the act would be deposited in a continuously appropriated fund, the bill would make an appropriation. The bill would also impose a state-mandated local program by creating new crimes relating to beverage containers.

(2) The Department of Conservation is required to establish reporting periods of 6 months each for redemption rates and recycling rates for specified types of beverage containers. The act also requires the department to determine the redemption rates and recycling rates for those beverage containers for each reporting period and to issue a report on those determinations. The act defines various words for purposes of those provisions, including redemption rate.

This bill would delete the provisions that require the department to establish reporting periods for redemption rates and that require the department to determine redemption rates for specified types of beverage containers. The bill also would delete the definition of redemption rate.

(3) The act requires the department to calculate a processing fee and a processing payment for each beverage container with a specified scrap value. The processing fee is required to be paid by beverage manufacturers for each beverage container sold or transferred to a dealer. Existing law authorizes, subject to the availability of funds, a reduction in the processing fee paid by beverage manufacturers for container types with certain recycling rates. Existing law requires the department to pay processing payments for redeemed containers to processors, for each type of beverage container, in a specified manner. The department is also required to pay a handling fee to specified recyclers.

The bill would make changes with regard to the processing fee reductions for container types with certain recycling rates. The bill would include provisions for determining a supplemental processing payment, based on the volume of redeemed containers, which would be paid to processors and ultimately to recyclers.

This bill would revise the provisions for the payment of handling fees with regard to payments for beverage containers with a 24-ounce capacity.

(4) The department is authorized to make other specified expenditures from the moneys remaining in the fund after the moneys for certain purposes have been set aside, including \$10,000,000 annually for payments to cities and counties for beverage container recycling and litter cleanup activities. Existing law requires the department to expend \$15,000,000 annually, plus a proportional cost-of-living adjustment, for grants for eligible community conservation corps beverage container litter reduction and recycling programs.

This bill would increase the payments to cities and counties to \$15,000,000 to be paid as specified. The bill would require the department to expend \$17,500,000 annually, plus a proportional cost-of-living adjustment, for grants for eligible community conservation corps beverage container litter reduction and recycling programs.

(5) The department is authorized to expend up to \$20,000,000 to issue grants for recycling market development and expansion-related activities aimed at increasing the recycling of beverage containers.

This bill would additionally include, as activities eligible for these grants, the upgrading or retrofitting of existing facilities or construction of new facilities that process or use postconsumer beverage container material and payments to manufacturers located in this state who utilize material from the types of recycled beverage containers that are generated in this state and that became subject to the act pursuant to this bill.

(6) The bill would make conforming changes.

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

1 (a) California has demonstrated a more than 20-year
2 commitment to reducing and recycling materials that would
3 otherwise become waste.

4 (b) California's commitment to waste reduction and recycling
5 has demonstrated itself in the development and implementation
6 of a comprehensive waste reduction and recycling policy that has
7 succeeded in achieving a 50 percent diversion of solid waste from
8 landfills.

9 (c) California's commitment has further demonstrated itself in
10 the development and implementation of the nation's most
11 expansive and cost-effective beverage container recycling system
12 that has succeeded in recycling 60 percent of beverage containers
13 generated.

14 (d) Despite the commitment and efforts of the public, local
15 agencies, and the state to reduce waste and increase recycling, the
16 lack of incentives and opportunities for the recycling of most plastic
17 bottles has resulted in a recycling failure.

18 (e) Studies by the California Integrated Waste Management
19 Board (CIWMB) and the United States Environmental Protection
20 Agency reveal that each year California generates more than 13
21 billion plastic bottles and disposes of more than 315,000 tons of
22 plastic bottle waste.

23 (f) A recent study by the CIWMB further revealed that while
24 96 percent of the plastic bottles not currently covered by the state's
25 container recycling law are made from readily recyclable and
26 marketable polyethylene terephthalate (PET) and high density
27 polyethylene (HDPE) plastic, less than 12 percent of these plastic
28 bottles are currently recycled.

29 (g) Relying exclusively on California's curbside recycling
30 infrastructure to collect the more than six billion non-California
31 Refund Value (CRV) plastic bottles littered throughout and
32 landfilled in California annually has proven unsuccessful and even
33 moderate success, 50 percent recycling, if it were possible, would
34 cost local agencies and ratepayers in excess of thirty-five million
35 dollars (\$35,000,000) annually in higher collection and processing
36 costs.

37 (h) Compounding the problem of plastic litter and waste, the
38 California Ocean Protection Council (OPC) has determined that
39 marine debris poses a serious threat to California's marine
40 environment and ocean-based economies, and that 60 to 80 percent,

1 inclusive, of all marine debris and 90 percent of all floating debris
2 is plastic.

3 (i) To help reduce the problem of plastic marine debris, the OPC
4 unanimously adopted a resolution stating in part: “The state should
5 look closely at extending the CRV or similar Extended Producer
6 Responsibility programs to include other plastics commonly found
7 in marine debris.”

8 (j) California’s 20 years of experience demonstrates that
9 extending the financial incentives and convenient return
10 opportunities of the state’s successful container recycling and litter
11 reduction law to all plastic bottles regardless of content represents
12 the single most expeditious and cost-effective means of reducing
13 and recycling the more than six billion non-CRV plastic bottles
14 that are littered and landfilled in California annually.

15 SEC. 2. Section 14504 of the Public Resources Code is
16 amended to read:

17 14504. (a) Except as provided in subdivision (b), “beverage”
18 means any of the following products if those products are in liquid,
19 ready-to-drink form, and are intended for human consumption:

- 20 (1) Beer and other malt beverages.
- 21 (2) Wine and distilled spirit coolers.
- 22 (3) Carbonated water, including soda and carbonated mineral
23 water.
- 24 (4) Noncarbonated water, including noncarbonated mineral
25 water.
- 26 (5) Carbonated soft drinks.
- 27 (6) Noncarbonated soft drinks and “sport” drinks.
- 28 ~~(7) Except as provided in paragraph (4) of subdivision (b),~~
29 *Vegetable, nut, grain, soy, or* noncarbonated fruit drinks that
30 contain any percentage of ~~fruit~~ juice.
- 31 (8) Coffee and tea drinks.
- 32 (9) Carbonated fruit drinks.
- 33 ~~(10) Vegetable juice in beverage containers of 16 ounces or~~
34 ~~less.~~

35 (b) “Beverage” does not include any of the following:

- 36 ~~(1) Any product sold in a container that is not an aluminum~~
37 ~~beverage container, a glass container, a plastic beverage container,~~
38 ~~or a bimetal container.~~
- 39 (2)

1 (1) Wine, or wine from which alcohol has been removed, in
2 whole or in part, whether or not sparkling or carbonated.

3 ~~(3)~~

4 (2) Milk, medical food, or infant formula.

5 ~~(4) One hundred percent fruit juice in containers that are 46~~
6 ~~ounces or more in volume.~~

7 (3) *Beverages in a flexible foil, plastic pouch, or aseptic*
8 *container that delivers seven or less fluid ounces of beverage in*
9 *the container.*

10 (c) For purposes of this section, the following definitions shall
11 apply:

12 (1) “Infant formula” means any liquid food described or sold
13 as an alternative for human milk for the feeding of infants.

14 (2) (A) “Medical food” means a food or beverage that is
15 formulated to be consumed, or administered enterally under the
16 supervision of a physician, and that is intended for specific dietary
17 management of diseases or health conditions for which distinctive
18 nutritional requirements, based on recognized scientific principles,
19 are established by medical evaluation.

20 (B) A “medical food” is a specially formulated and processed
21 product, for the partial or exclusive feeding of a patient by means
22 of oral intake or enteral feeding by tube, and is not a naturally
23 occurring foodstuff used in its natural state.

24 (C) “Medical food” includes any product that meets the
25 definition of “medical food” in the federal Food, Drug, and
26 Cosmetic Act (21 U.S.C. Sec. 360e ~~(b)(3)(b)(3)~~).

27 (3) “Noncarbonated soft drink” means a nonalcoholic,
28 noncarbonated naturally or artificially flavored water containing
29 sugar or sweetener or trace amounts of various elements from both
30 natural and synthetic sources.

31 SEC. 3. Section 14518.6 is added to the Public Resources Code,
32 to read:

33 14518.6. “Product manufacturer” means a person that bottles
34 or otherwise fills a plastic bottle or imports a filled plastic bottle,
35 for sale to a distributor, dealer, or consumer.

36 SEC. 4. Section 14523.5 of the Public Resources Code is
37 repealed.

38 ~~14523.5.—“Redemption rate” means the proportion of empty~~
39 ~~beverage containers returned to processors measured in the manner~~
40 ~~prescribed in Section 14551.~~

1 SEC. 5. Section 14551 of the Public Resources Code is
2 amended to read:

3 14551. (a) The department shall establish reporting periods
4 for the reporting of ~~redemption rates and~~ recycling rates. Each
5 reporting period shall be six months. The department shall
6 determine all of the following for each reporting period and shall
7 issue a report on its determinations, within 130 days of the end of
8 each reporting period:

9 (1) Sales of beverages in aluminum beverage containers, bimetel
10 beverage containers, glass beverage containers, plastic beverage
11 containers, and other beverage containers in this state, including
12 refillable beverage containers.

13 (2) Returns for recycling, and returns not for recycling, of empty
14 aluminum beverage containers, bimetel beverage containers, glass
15 beverage containers, plastic beverage containers, and other
16 beverage containers in this state, including refillable beverage
17 containers returned to distributors pursuant to Section 14572.5.
18 These numbers shall be calculated using the average current
19 weights of beverage containers, as determined and reported by the
20 department. ~~To these numbers shall be added and separately~~
21 ~~reported the following, if greater than, or equal to, zero:~~

22 ~~(A) All empty postfilled aluminum, glass, and plastic food or~~
23 ~~drink packaging materials sold in the state, returned for recycling,~~
24 ~~and reported by weight to the department which do not have a~~
25 ~~refund value less the number specified in subparagraph (B).~~

26 ~~(B) The number of beverage containers which comprise the first~~
27 ~~five percentage points of the redemption rate without including~~
28 ~~the empty postfilled aluminum, glass, and plastic food or drink~~
29 ~~packaging materials sold in the state, returned for recycling and~~
30 ~~reported by weight to the department which do not have a refund~~
31 ~~value.~~

32 ~~(3) An aluminum beverage container redemption rate, the~~
33 ~~numerator of which shall be the number of empty aluminum~~
34 ~~beverage containers returned, including refillable aluminum~~
35 ~~beverage containers and empty postfilled aluminum food or drink~~
36 ~~packaging material included in paragraph (2), and the denominator~~
37 ~~of which shall be the number of aluminum beverage containers~~
38 ~~sold in this state.~~

39 (4)

1 (3) An aluminum beverage container recycling rate, the
2 numerator of which shall be the number of empty aluminum
3 beverage containers returned for recycling, including refillable
4 aluminum beverage containers, and the denominator of which shall
5 be the number of aluminum beverage containers sold in this state.

6 ~~(5) A bimetal beverage container redemption rate, the numerator~~
7 ~~of which shall be the number of empty bimetal beverage containers~~
8 ~~returned, and the denominator of which shall be the number of~~
9 ~~bimetal beverage containers sold in this state.~~

10 (6)

11 (4) A bimetal beverage container recycling rate, the numerator
12 of which shall be the number of empty bimetal containers returned
13 for recycling, including refillable bimetal beverage containers, and
14 the denominator of which shall be the number of bimetal beverage
15 containers sold in this state.

16 ~~(7) A glass beverage container redemption rate, the numerator~~
17 ~~of which shall be the number of empty glass beverage containers~~
18 ~~returned, including refillable glass beverage containers and empty~~
19 ~~postfilled food or drink packaging materials included in paragraph~~
20 ~~(2), and the denominator of which shall be the number of glass~~
21 ~~beverage containers sold in this state.~~

22 (8)

23 (5) A glass beverage container recycling rate, the numerator of
24 which shall be the number of empty glass beverage containers
25 returned for recycling, including refillable glass beverage
26 containers, and the denominator of which shall be the number of
27 glass beverage containers sold in this state.

28 ~~(9) A plastic beverage container redemption rate, the numerator~~
29 ~~of which shall be the number of empty plastic beverage containers~~
30 ~~returned, including refillable plastic beverage containers and empty~~
31 ~~postfilled food or drink packaging materials included in paragraph~~
32 ~~(2), and the denominator of which shall be the number of plastic~~
33 ~~beverage containers sold in this state.~~

34 (10)

35 (6) A plastic beverage container recycling rate, the numerator
36 of which shall be the number of empty plastic beverage containers
37 returned for recycling, including refillable plastic beverage
38 containers, and the denominator of which shall be the number of
39 plastic beverage containers sold in this state.

1 ~~(11) A redemption rate for other beverage containers, the~~
 2 ~~numerator of which shall be the number of empty beverage~~
 3 ~~containers other than those containers specified in paragraphs (1)~~
 4 ~~to (10), inclusive, returned, and the denominator of which shall be~~
 5 ~~the number of beverage containers, other than those containers~~
 6 ~~specified in paragraphs (1) to (10), inclusive, sold in this state.~~

7 ~~(12)~~

8 (7) A recycling rate for other beverage containers, the numerator
 9 of which shall be the number of empty beverage containers other
 10 than those containers specified in paragraphs (1) to ~~(10)~~ (6),
 11 inclusive, returned for recycling, and the denominator of which
 12 shall be the number of beverage containers, other than those
 13 containers specified in paragraphs (1) to ~~(10)~~ (6), inclusive, sold
 14 in this state.

15 ~~(13)~~

16 (8) The department may define categories of other beverage
 17 containers, and report a ~~redemption rate and a~~ recycling rate for
 18 each ~~such category~~ of *those categories* of other beverage containers.

19 ~~(14)~~

20 (9) The volumes of materials collected from certified recycling
 21 centers, by city or county, as requested by the city or county, if
 22 the reporting is consistent with the procedures established pursuant
 23 to Section 14554 to protect proprietary information.

24 (b) The department shall determine the manner of collecting
 25 the information for the reports specified in subdivision (a),
 26 including establishing procedures, to protect any proprietary
 27 information concerning the sales and purchases.

28 SEC. 6. Section 14575 of the Public Resources Code is
 29 amended to read:

30 14575. (a) If any type of empty beverage container with a
 31 refund value established pursuant to Section 14560 has a scrap
 32 value less than the cost of recycling, the department shall, on
 33 January 1, 2000, and on or before January 1 annually thereafter,
 34 establish a processing fee and a processing payment for the
 35 container by the type of the material of the container.

36 (b) The processing payment shall be at least equal to the
 37 difference between the scrap value offered to a statistically
 38 significant sample of recyclers by willing purchasers, and except
 39 for the initial calculation made pursuant to subdivision (d), the
 40 sum of both of the following:

1 (1) The actual cost for certified recycling centers, excluding
2 centers receiving a handling fee, of receiving, handling, storing,
3 transporting, and maintaining equipment for each container sold
4 for recycling or, only if the container is not recyclable, the actual
5 cost of disposal, calculated pursuant to subdivision (c). The
6 department shall determine the statewide weighted average cost
7 to recycle each beverage container type, which shall serve as the
8 actual recycling costs for purposes of paragraph (2) of subdivision
9 (c), by conducting a survey of the costs of a statistically significant
10 sample of certified recycling centers, excluding those recycling
11 centers receiving a handling fee, for receiving, handling, storing,
12 transporting, and maintaining equipment.

13 (2) A reasonable financial return for recycling centers.

14 (c) The department shall base the processing payment pursuant
15 to this section upon all of the following:

16 (1) Except as provided in paragraph (2), for calculating
17 processing payments that will be in effect on and after January 1,
18 2004, the department shall determine the actual costs for certified
19 recycling centers, every second year, pursuant to paragraph (1) of
20 subdivision (b). The department shall adjust the recycling costs
21 annually to reflect changes in the cost of living, as measured by
22 the Bureau of Labor Statistics of the United States Department of
23 Labor or a successor agency of the United States government.

24 (2) On and after January 1, 2010, the department shall use the
25 most recently published, measured actual costs of recycling for a
26 specific beverage material type if the department determines the
27 number of beverage containers for that material type that is returned
28 for recycling pursuant to Section 14551, based on the most recently
29 published calendar year number of beverage containers returned
30 for recycling, is less than 5 percent of the total number of beverage
31 containers returned for recycling for all material types. The
32 department shall determine the actual recycling cost to be used for
33 calculating processing payments for those beverage containers in
34 the following manner:

35 (A) The department shall adjust the costs of recycling that
36 material type every second year by the percentage change in the
37 most recently measured cost of recycling HDPE plastic beverage
38 containers, as determined by the department. The department shall
39 use the percentage change in costs of recycling HDPE plastic
40 beverage containers for this purpose, even if HDPE plastic

1 beverage containers are less than 5 percent of the total volume of
2 returned beverage containers.

3 (B) The department shall adjust the recycling costs annually for
4 that material type to reflect changes in the cost of living, as
5 measured by the Bureau of Labor Statistics of the United States
6 Department of Labor or a successor agency of the United States
7 government.

8 (d) Except as specified in subdivision (e), the actual processing
9 fee paid by a beverage manufacturer shall equal 65 percent of the
10 processing payment calculated pursuant to subdivision (b).

11 (e) The department, consistent with Section 14581 and subject
12 to the availability of funds, shall reduce the processing fee paid
13 by beverage manufacturers by expending funds in each material
14 processing fee account, in the following manner:

15 (1) On January 1, 2005, and annually thereafter, the processing
16 fee shall equal the following amounts:

17 (A) Ten percent of the processing payment for a container type
18 with a recycling rate equal to or greater than 75 percent.

19 (B) Eleven percent of the processing payment for a container
20 type with a recycling rate equal to or greater than 65 percent, but
21 less than 75 percent.

22 (C) Twelve percent of the processing payment for a container
23 type with a recycling rate equal to or greater than 60 percent, but
24 less than 65 percent.

25 (D) Thirteen percent of the processing payment for a container
26 type with a recycling rate equal to or greater than 55 percent, but
27 less than 60 percent.

28 (E) Fourteen percent of the processing payment for a container
29 type with a recycling rate equal to or greater than 50 percent, but
30 less than 55 percent.

31 (F) ~~Fifteen~~ *Thirty* percent of the processing payment for a
32 container type with a recycling rate equal to or greater than 45
33 percent, but less than 50 percent.

34 (G) ~~Eighteen~~ *Thirty-six* percent of the processing payment for
35 a container type with a recycling rate equal to or greater than 40
36 percent, but less than 45 percent.

37 (H) ~~Twenty~~ *Forty* percent of the processing payment for a
38 container type with a recycling rate equal to or greater than 30
39 percent, but less than 40 percent.

1 (I) ~~Sixty-five~~ *One hundred* percent of the processing payment
2 for a container type with a recycling rate less than 30 percent.

3 (2) The department shall calculate the recycling rate for
4 purposes of paragraph (1) based on the 12-month period ending
5 on June 30 that directly precedes the date of the January 1
6 processing fee determination.

7 (f) Not more than once every three months, the department may
8 make an adjustment in the amount of the processing payment
9 established pursuant to this section notwithstanding any change
10 in the amount of the processing fee established pursuant to this
11 section, for any beverage container, if the department makes the
12 following determinations:

13 (1) The statewide scrap value paid by processors for the material
14 type for the most recent available 12-month period directly
15 preceding the quarter in which the processing payment is to be
16 adjusted is 5 percent more or 5 percent less than the average scrap
17 value used as the basis for the processing payment currently in
18 effect.

19 (2) Funds are available in the processing fee account for the
20 material type.

21 (3) Adjusting the processing payment is necessary to further
22 the objectives of this division.

23 (g) (1) Except as provided in paragraphs (2) and (3), every
24 beverage manufacturer shall pay to the department the applicable
25 processing fee for each container sold or transferred to a distributor
26 or dealer within 40 days of the sale in the form and in the manner
27 which the department may prescribe.

28 (2) (A) Notwithstanding Section 14506, with respect to the
29 payment of processing fees for beer and other malt beverages
30 manufactured outside the state, the beverage manufacturer shall
31 be deemed to be the person or entity named on the certificate of
32 compliance issued pursuant to Section 23671 of the Business and
33 Professions Code. If the department is unable to collect the
34 processing fee from the person or entity named on the certificate
35 of compliance, the department shall give written notice by certified
36 mail, return receipt requested, to that person or entity. The notice
37 shall state that the processing fee shall be remitted in full within
38 30 days of issuance of the notice or the person or entity shall not
39 be permitted to offer that beverage brand for sale within the state.
40 If the person or entity fails to remit the processing fee within 30

1 days of issuance of the notice, the department shall notify the
2 Department of Alcoholic Beverage Control that the certificate
3 holder has failed to comply, and the Department of Alcoholic
4 Beverage Control shall prohibit the offering for sale of that
5 beverage brand within the state.

6 (B) The department shall enter into a contract with the
7 Department of Alcoholic Beverage Control, pursuant to Section
8 14536.5, concerning the implementation of this paragraph, which
9 shall include a provision reimbursing the Department of Alcoholic
10 Beverage Control for its costs incurred in implementing this
11 paragraph.

12 (3) (A) Notwithstanding paragraph (1), if a beverage
13 manufacturer displays a pattern of operation in compliance with
14 this division and the regulations adopted pursuant to this division,
15 to the satisfaction of the department, the beverage manufacturer
16 may make a single annual payment of processing fees, if the
17 beverage manufacturer meets either of the following conditions:

18 (i) If the redemption payment and refund value is not increased
19 pursuant to paragraph (3) of subdivision (a) of Section 14560, the
20 beverage manufacturer's projected processing fees for a calendar
21 year total less than ten thousand dollars (\$10,000).

22 (ii) If the redemption payment and refund value is increased
23 pursuant to paragraph (3) of subdivision (a) of Section 14560, the
24 beverage manufacturer's projected processing fees for a calendar
25 year total less than fifteen thousand dollars (\$15,000).

26 (B) An annual processing fee payment made pursuant to this
27 paragraph is due and payable on or before February 1 for every
28 beverage container sold or transferred by the beverage
29 manufacturer to a distributor or dealer in the previous calendar
30 year.

31 (C) A beverage manufacturer shall notify the department of its
32 intent to make an annual processing fee payment pursuant to this
33 paragraph on or before January 31 of the calendar year for which
34 the payment will be due.

35 (4) The department shall pay the processing payments on
36 redeemed containers to processors, in the same manner as it pays
37 refund values pursuant to Sections 14573 and 14573.5. The
38 processor shall pay the recycling center the entire processing
39 payment representing the actual costs and financial return incurred
40 by the recycling center, as specified in subdivision (b).

1 (h) When assessing processing fees pursuant to subdivision (a),
2 the department shall assess the processing fee on each container
3 sold, as provided in subdivisions (d) and (e), by the type of material
4 of the container, assuming that every container sold will be
5 redeemed for recycling, whether or not the container is actually
6 recycled.

7 (i) The container manufacturer, or a designated agent, shall pay
8 to, or credit, the account of the beverage manufacturer in an amount
9 equal to the processing fee.

10 (j) If, at the end of any calendar year for which glass recycling
11 rates equal or exceed 45 percent and sufficient surplus funds remain
12 in the glass processing fee account to make the reduction pursuant
13 to this subdivision or if, at the end of any calendar year for which
14 PET recycling rates equal or exceed 45 percent and sufficient
15 surplus funds remain in the PET processing fee account to make
16 the reduction pursuant to this subdivision, the department shall
17 use these surplus funds in the respective processing fee accounts
18 in the following calendar year to reduce the amount of the
19 processing fee that would otherwise be due from glass or PET
20 beverage manufacturers pursuant to this subdivision.

21 (1) The department shall reduce the glass or PET processing
22 fee amount pursuant to this subdivision in addition to any reduction
23 for which the glass or PET beverage container qualifies under
24 subdivision (e).

25 (2) The department shall determine the processing fee reduction
26 by dividing two million dollars (\$2,000,000) from each processing
27 fee account by an estimate of the number of containers sold or
28 transferred to a distributor during the previous calendar year, based
29 upon the latest available data.

30 SEC. 7. Section 14575.5 is added to the Public Resources Code,
31 to read:

32 14575.5. (a) The department shall establish a supplemental
33 processing payment to be paid to a processor. The processor shall
34 pay the entire supplemental processing payment to a recycler that
35 receives processing payments pursuant to Section 14575. The
36 department shall determine the supplemental processing payment
37 based on the volume of redeemed containers that the recycler
38 reports for each whole month pursuant to subdivision (b),
39 commencing on January 1, 2010, and continuing for a period of
40 12 consecutive months.

1 (1) Consistent with Section 14581 and subject to the availability
2 of funds, the department shall establish a supplemental processing
3 payment for glass, PET plastic containers, and HDPE plastic
4 containers as follows:

5 (A) Twenty dollars (\$20) for each ton of glass beverage
6 containers.

7 (B) Thirty-five dollars (\$35) for each ton of PET plastic
8 beverage containers.

9 (C) Thirty-five dollars (\$35) for each ton of HDPE plastic
10 beverage containers.

11 (2) The department shall not make a supplemental processing
12 payment to a recycler for any volume reported for a whole month
13 that is not within the 12-month consecutive time period established
14 in this subdivision.

15 (b) A recycler shall report to a processor the volume of redeemed
16 containers subject to the supplemental processing payments
17 established pursuant to paragraph (1) of subdivision (a) no later
18 than the 10th day following the end of the 12-month period
19 established in subdivision (a).

20 (c) The department shall pay the supplemental processing
21 payments on eligible redeemed containers to processors in the
22 same manner as it pays refund values pursuant to Sections 14573
23 and 14573.5, except that paragraph (3) of subdivision (a) of Section
24 14573.5 is not applicable. The processor shall pay a recycler the
25 entire supplemental processing payment as specified in subdivision
26 (a).

27 SEC. 8. Section 14581 of the Public Resources Code is
28 amended to read:

29 14581. (a) (1) Subject to the availability of funds, and pursuant
30 to subdivision (c), the department shall expend the moneys set
31 aside in the fund, pursuant to subdivision (c) of Section 14580, for
32 the purposes of this section:

33 ~~(1) (A) On and after July 1, 2005, to June 30, 2006, inclusive,~~
34 ~~up to thirty-one million dollars (\$31,000,000) may be expended~~
35 ~~for that fiscal year for the payment of handling fees pursuant to~~
36 ~~Section 14585.~~

37 ~~(B) On and after July 1, 2006, to June 30, 2007, inclusive, up~~
38 ~~to thirty-three million dollars (\$33,000,000) may be expended for~~
39 ~~that fiscal year for the payment of handling fees pursuant to Section~~
40 ~~14585.~~

1 ~~(C) On and after July 1, 2007, to June 30, 2008, inclusive, up~~
 2 ~~to thirty-five million dollars (\$35,000,000) may be expended for~~
 3 ~~that fiscal year for the payment of handling fees pursuant to Section~~
 4 ~~14585.~~

5 ~~(D)~~

6 (2) For each fiscal year commencing July 1, 2008, the
 7 department may expend the amount necessary to make the required
 8 handling fee payment pursuant to Section 14585.

9 ~~(2)~~

10 (3) Fifteen million dollars (\$15,000,000) shall be expended
 11 annually for payments for curbside programs and neighborhood
 12 dropoff programs pursuant to Section 14549.6.

13 ~~(3)~~

14 (4) (A) ~~Fifteen million dollars (\$15,000,000)~~ *Seventeen million*
 15 *five hundred thousand dollars (\$17,500,000)*, plus the proportional
 16 share of the cost-of-living adjustment, as provided in subdivision
 17 (b), shall be expended annually in the form of grants for beverage
 18 container litter reduction programs and recycling programs issued
 19 to either of the following:

20 (i) Certified community conservation corps that were in
 21 existence on September 30, 1999, or that are formed subsequent
 22 to that date, that are designated by a city or a city and county to
 23 perform litter abatement, recycling, and related activities, if the
 24 city or the city and county has a population, as determined by the
 25 most recent census, of more than 250,000 persons.

26 (ii) Community conservation corps that are designated by a
 27 county to perform litter abatement, recycling, and related activities,
 28 and are certified by the California Conservation Corps as having
 29 operated for a minimum of two years and as meeting all other
 30 criteria of Section 14507.5.

31 (B) Any grants provided pursuant to this paragraph shall not
 32 comprise more than 75 percent of the annual budget of a
 33 community conservation corps.

34 ~~(4) (A) On or after July 1, 2007, until June 30, 2008, for only~~
 35 ~~that fiscal year, up to twenty million dollars (\$20,000,000) may~~
 36 ~~be expended in the form of competitive grants issued to community~~
 37 ~~conservation corps that are designated by a city or county, and that~~
 38 ~~meet all of the following criteria:~~

39 ~~(i) Are certified by the California Conservation Corps as having~~
 40 ~~operated for a minimum of two years.~~

1 ~~(ii) Meet all other requirements under Section 14507.5.~~

2 ~~(B) The department shall prepare and adopt criteria and~~
3 ~~procedures for evaluating grant applications on a competitive basis.~~
4 ~~Eligible activities for the use of these funds shall include~~
5 ~~developing new projects, or enhancing or assisting existing~~
6 ~~projects, to increase beverage container recycling and increasing~~
7 ~~the quality of recycled material at the following locations:~~

8 ~~(i) Multifamily dwellings.~~

9 ~~(ii) Schools.~~

10 ~~(iii) Commercial, state, and local government buildings.~~

11 ~~(iv) Bars, restaurants, hotels, and lodging establishments, and~~
12 ~~entertainment venues.~~

13 ~~(v) Parks and beaches.~~

14 ~~(C) Any grants provided pursuant to this paragraph shall not~~
15 ~~comprise more than 75 percent of the annual budget of a~~
16 ~~community conservation corps.~~

17 ~~(D) Any grants provided pursuant to this paragraph shall support~~
18 ~~one-time capital improvement projects and shall not be used to~~
19 ~~support ongoing staff activities.~~

20 ~~(E) Any grant funds appropriated pursuant to this paragraph~~
21 ~~that have not been awarded to a grantee prior to the end of the~~
22 ~~2007-08 fiscal year shall revert to the fund.~~

23 ~~(5) (A) Ten million five hundred thousand dollars~~
24 ~~(\$10,500,000) Fifteen million dollars (\$15,000,000) may be~~
25 ~~expended annually for payments of five thousand dollars (\$5,000)~~
26 ~~seven thousand five hundred dollars (\$7,500) to cities and ten~~
27 ~~thousand dollars (\$10,000) for payments to counties each city and~~
28 ~~payments of fifteen thousand dollars (\$15,000) to each county for~~
29 ~~beverage container recycling and litter cleanup activities, or the~~
30 ~~department may calculate the payments to counties and cities on~~
31 ~~a per capita basis, and may pay whichever amount is greater, for~~
32 ~~those activities.~~

33 ~~(B) Eligible activities for the use of these funds may include,~~
34 ~~but are not necessarily limited to, support for new or existing~~
35 ~~curbside recycling programs, neighborhood dropoff recycling~~
36 ~~programs, public education-promoting beverage container~~
37 ~~recycling, litter prevention, and cleanup, cooperative regional~~
38 ~~efforts among two or more cities or counties, or both, or other~~
39 ~~beverage container recycling programs.~~

1 (C) These funds may not be used for activities unrelated to
2 beverage container recycling or litter reduction.

3 (D) To receive these funds, a city, county, or city and county
4 shall fill out and return a funding request form to the Department
5 of Conservation. The form shall specify the beverage container
6 recycling or litter reduction activities for which the funds will be
7 used.

8 (E) The Department of Conservation shall annually prepare and
9 distribute a funding request form to each city, county, or city and
10 county. The form shall specify the amount of beverage container
11 recycling and litter cleanup funds for which the jurisdiction is
12 eligible. The form shall not exceed one double-sided page in length,
13 and may be submitted electronically. If a city, county, or city and
14 county does not return the funding request form within 90 days of
15 receipt of the form from the department, the city, county, or city
16 and county is not eligible to receive the funds for that funding
17 cycle.

18 (F) For the purposes of this paragraph, per capita population
19 shall be based on the population of the incorporated area of a city
20 or city and county and the unincorporated area of a county. The
21 department may withhold payment to any city, county, or city and
22 county that has prohibited the siting of a supermarket site, caused
23 a supermarket site to close its business, or adopted a land use policy
24 that restricts or prohibits the siting of a supermarket site within its
25 jurisdiction.

26 (6) One million five hundred thousand dollars (\$1,500,000)
27 may be expended annually in the form of grants for beverage
28 container recycling and litter reduction programs.

29 (7) (A) The department shall expend the amount necessary to
30 pay the processing payment and supplemental processing payment
31 established pursuant to Sections 14575 and 14575.5 ~~and pay~~
32 ~~processing fee rebates pursuant to Section 14575.2.~~ The department
33 shall establish separate processing fee accounts in the fund for
34 each beverage container material type for which a processing
35 payment and processing fee are calculated pursuant to Section
36 14575, or for which a processing payment is calculated pursuant
37 to Section 14575 and a voluntary artificial scrap value is calculated
38 pursuant to Section 14575.1, into which account shall be deposited
39 all of the following:

1 (i) All amounts paid as processing fees for each beverage
2 container material type pursuant to Section 14575.

3 (ii) Funds equal to the difference between the amount in clause
4 (i) and the amount of the processing payments established in
5 subdivision (b) of Section 14575, and adjusted pursuant to
6 paragraph (2) of subdivision (c) of, and subdivision (f) of, Section
7 14575, to reduce the processing fee to the level provided in
8 subdivision (f) of Section 14575, or to reflect the agreement by a
9 willing purchaser to pay a voluntary artificial scrap value pursuant
10 to Section 14575.1.

11 (iii) Funds equal to an amount sufficient to pay the total amount
12 of the supplemental processing payments established pursuant to
13 Section 14575.5.

14 (B) Notwithstanding Section 13340 of the Government Code,
15 the moneys in each processing fee account are hereby continuously
16 appropriated to the department for expenditure without regard to
17 fiscal years, for purposes of making processing payments and
18 supplemental processing payments, and reducing processing fees,
19 pursuant to Sections 14575 and 14575.5, ~~and paying processing~~
20 ~~fee rebates pursuant to Section 14575.2.~~

21 (8) Up to five million dollars (\$5,000,000) may be annually
22 expended by the department for the purposes of undertaking a
23 statewide public education and information campaign aimed at
24 promoting increased recycling of beverage containers.

25 ~~(9) Until January 1, 2008, the department may expend up to~~
26 ~~five million dollars (\$5,000,000) for the purposes of undertaking~~
27 ~~a statewide public education and information campaign aimed at~~
28 ~~promoting increased recycling of beverage containers that meets~~
29 ~~both of the following requirements:~~

30 ~~(A) The public education and information campaign is~~
31 ~~multimedia and includes print, radio, and television.~~

32 ~~(B) The public education and information campaign is~~
33 ~~multilingual.~~

34 ~~(10)~~

35 (9) Up to fifteen million dollars (\$15,000,000) may be expended
36 annually by the department for quality incentive payments for
37 empty beverage containers pursuant to Section 14549.1.

38 ~~(11)~~

39 (10) Up to twenty million dollars (\$20,000,000) may be
40 expended annually by the department, until January 1, 2012, to

1 issue grants for recycling market development and
2 expansion-related activities aimed at increasing the recycling of
3 beverage containers, including, but not limited to, the following:

4 (A) Research and development of collecting, sorting, processing,
5 cleaning, or otherwise upgrading the market value of recycled
6 beverage containers.

7 (B) Identification, development, and expansion of markets for
8 recycled beverage containers.

9 (C) Research and development for products manufactured using
10 recycled beverage containers.

11 (D) Research and development to provide high-quality materials
12 that are substantially free of contamination.

13 (E) Payments to California manufacturers who recycle beverage
14 containers that are marked by resin type identification code “3,”
15 “4,” “5,” “6,” or “7,” pursuant to Section 18015.

16 (F) *Upgrading or retrofitting of existing facilities that process*
17 *or use postconsumer beverage container material, to increase the*
18 *amount of postconsumer beverage container material being used*
19 *or to meet or exceed standards set in state environmental laws,*
20 *regulations, and policies.*

21 (G) *Construction of new facilities that process or use*
22 *postconsumer beverage container material, including, but not*
23 *limited to, aseptic beverage container materials, and that will meet*
24 *or exceed standards set in state environmental laws, regulations,*
25 *and policies.*

26 (H) *Payments to manufacturers located in this state that utilize*
27 *material from the types of recycled beverage containers that are*
28 *generated in this state and that were not subject to this division*
29 *before January 1, 2009, but which became subject to this division*
30 *on and after January 1, 2009.*

31 ~~(I)~~

32 (I) Up to ten million dollars (\$10,000,000) may be transferred
33 on a one-time basis by the department to the Recycling
34 Infrastructure Loan Guarantee Account, for expenditure pursuant
35 to Section 14582.

36 ~~(J)~~

37 (J) Up to ten million dollars (\$10,000,000) may be expended
38 annually by the department for the payment of recycling incentive
39 payments pursuant to Section 14549.7 until payments for eligible

1 beverage containers redeemed or collected for recycling on or
2 before December 31, 2009, have been paid.

3 ~~(14)~~

4 (13) Up to five million dollars (\$5,000,000) may be expended
5 annually by the department for market development payments for
6 empty plastic beverage containers pursuant to Section 14549.2,
7 until January 1, 2012.

8 ~~(15)~~

9 (14) Up to five million dollars (\$5,000,000) may be expended,
10 by the department, on a one-time basis beginning on January 1,
11 2007, in coordination with the Department of Parks and Recreation
12 for the purposes of installing source separated beverage container
13 recycling receptacles at each of the state parks, starting with those
14 parks that have the highest day use.

15 ~~(16)~~

16 (15) Up to five million dollars (\$5,000,000) may be expended,
17 from January 1, 2007, to January 1, 2008, to provide grants to local
18 governments or nonprofit agencies to place multifamily housing
19 source separated beverage container recycling receptacles in
20 low-income communities.

21 ~~(17)~~

22 (16) (A) Up to fifteen million dollars (\$15,000,000) may be
23 expended from January 1, 2008, to January 1, 2009, to provide
24 grants to place source separated beverage container recycling
25 receptacles in multifamily housing.

26 (B) Notwithstanding subdivision (b) of Section 14580, the
27 amount of one hundred ninety-eight thousand dollars (\$198,000)
28 may be expended by the department from the fund, on a one-time
29 basis, for the administrative costs of implementing the grant
30 program established by subparagraph (A).

31 ~~(18)~~

32 (17) (A) Up to twenty million dollars (\$20,000,000) may be
33 expended from July 1, 2009, to January 1, 2012, inclusive, for
34 either of the following:

35 (i) Grants for beverage container recycling and litter reduction
36 programs that emphasize the greatest and most effective collection
37 of beverage containers per dollar spent to ensure the program's
38 performance and accountability.

39 (ii) Focused, regional community beverage container recycling
40 and litter reduction programs that enable the department to more

1 effectively organize the amount and type of resources needed for
2 regional and statewide efforts to increase recycling.

3 (B) The department shall require, as a condition of receiving
4 grant funds pursuant to subparagraph (A), each grant recipient to
5 submit a final report including, but not limited to, the grant
6 recipient's reported volumes of beverage containers recycled,
7 where applicable.

8 (C) On or before July 1, 2014, the department shall publish an
9 evaluation of all grants made pursuant to paragraph (A). At a
10 minimum, the evaluation shall summarize each final report
11 submitted by each grantee pursuant to subparagraph (B) and assess
12 whether the grantee adequately met the scope and objectives
13 outlined in the grant agreement.

14 (b) ~~The fifteen million dollars (\$15,000,000)~~ *seventeen million*
15 *five hundred thousand dollars (\$17,500,000)* that is set aside
16 pursuant to paragraph ~~(3)~~ (4) of subdivision (a) is a base amount
17 ~~that the~~. *The* department shall adjust *the proportional share of the*
18 *cost-of-living adjustment* annually to reflect any increases or
19 decreases in the cost of living, as measured by the Department of
20 Labor, or a successor agency, of the federal government.

21 (c) (1) The department shall review all funds on a quarterly
22 basis to ensure that there are adequate funds to make the payments
23 specified in this section and the processing fee reductions required
24 pursuant to Section 14575.

25 (2) If the department determines, pursuant to a review made
26 pursuant to paragraph (1), that there may be inadequate funds to
27 pay the payments required by this section and the processing fee
28 reductions required pursuant to Section 14575, the department
29 shall immediately notify the appropriate policy and fiscal
30 committees of the Legislature regarding the inadequacy.

31 (3) On or before 180 days after the notice is sent pursuant to
32 paragraph (2), the department may reduce or eliminate
33 expenditures, or both, from the funds as necessary, according to
34 the procedure set forth in subdivision (d).

35 (d) If the department determines that there are insufficient funds
36 to make the payments specified pursuant to this section and Section
37 14575, the department shall reduce all payments proportionally.

38 (e) Prior to making an expenditure pursuant to paragraph (7) of
39 subdivision (a), the department shall convene an advisory
40 committee consisting of representatives of the beverage industry,

1 beverage container manufacturers, environmental organizations,
2 the recycling industry, nonprofit organizations, and retailers to
3 advise the department on the most cost-effective and efficient
4 method of the expenditure of the funds for that education and
5 information campaign.

6 (f) After setting aside money for the expenditures required
7 pursuant to subdivisions (a) and (b) and Section 14580, the
8 department may, on and after January 1, 2007, but not after July
9 1, 2007, expend remaining moneys in the fund to pay a refund
10 value in an amount greater than the refund value established
11 pursuant to subdivision (b) of Section 14560.

12 SEC. 9. Section 14585 of the Public Resources Code is
13 amended to read:

14 14585. (a) The department shall adopt guidelines and methods
15 for paying handling fees to supermarket sites, nonprofit
16 convenience zone recyclers, or rural region recyclers to provide
17 an incentive for the redemption of empty beverage containers in
18 convenience zones. The guidelines shall include, but not be limited
19 to, all of the following:

20 (1) Handling fees shall be paid on a monthly basis, in the form
21 and manner adopted by the department. The department shall
22 require that claims for the handling fee be filed with the department
23 not later than the first day of the second month following the month
24 for which the handling fee is claimed as a condition of receiving
25 any handling fee.

26 ~~(2) (A) To be eligible for any handling fee, a supermarket site~~
27 ~~recycling center, nonprofit convenience zone recycler, or rural~~
28 ~~region recycler shall redeem not less than 60,000 beverage~~
29 ~~containers, during the calendar month in which the handling fee~~
30 ~~is claimed or have redeemed not less than an average of 60,000~~
31 ~~beverage containers per month during the previous 12 months.~~

32 ~~(B) Subparagraph (A) shall not apply on and after July 1, 2008.~~

33 ~~(3)~~

34 (2) (A) A beverage container with a capacity of 24 fluid ounces
35 or more shall be considered as two beverage containers for
36 purposes of determining the eligibility percentage, any handling
37 fee calculations, and payments.

38 (B) Subparagraph (A) *shall not apply until January 1, 2010,*
39 *and shall not apply on and after July 1, 2008 2012.*

40 ~~(4)~~

1 (3) The department shall determine the number of eligible
2 containers per site for which a handling fee will be paid in the
3 following manner:

4 (A) Each eligible site's combined monthly volume of glass and
5 plastic beverage containers shall be divided by the site's total
6 monthly volume of all empty beverage container types.

7 (B) If the quotient determined pursuant to subparagraph (A) is
8 equal to, or more than, 10 percent, the total monthly volume of
9 the site shall be the maximum volume which is eligible for a
10 handling fee for that month.

11 (C) If the quotient determined pursuant to subparagraph (A) is
12 less than 10 percent, the department shall divide the volume of
13 glass and plastic beverage containers by 10 percent. That quotient
14 shall be the maximum volume that is eligible for a handling fee
15 for that month.

16 ~~(5)~~

17 (4) (A) From the effective date of the statute enacted by
18 Assembly Bill 3056 of the 2005–06 Regular Session to June 30,
19 2008, inclusive, the department shall pay a handling fee of 1.8
20 cents (\$0.018) per eligible beverage container, as determined
21 pursuant to paragraph~~(4)~~ (3).

22 (B) On and after July 1, 2008, the department shall pay a
23 handling fee per eligible container in the amount determined
24 pursuant to subdivision (f).

25 ~~(6)~~

26 (5) (A) Notwithstanding paragraph~~(5)~~ (4), the total handling
27 fee payment to a supermarket site, nonprofit convenience zone
28 recycler, or rural region recycler shall not exceed two thousand
29 three hundred dollars (\$2,300) per month.

30 (B) Subparagraph (A) shall not apply on and after July 1, 2008.

31 ~~(7)~~

32 (6) If the eligible volume in any given month would result in
33 handling fee payments that exceed the allocation of funds for that
34 month, as provided in subdivision (b), sites with higher eligible
35 monthly volumes shall receive handling fees for their entire eligible
36 monthly volume before sites with lower eligible monthly volumes
37 receive any handling fees.

38 ~~(8)~~

39 (7) (A) If a dealer where a supermarket site, nonprofit
40 convenience zone recycler, or rural region recycler is located ceases

1 operation for remodeling or for a change of ownership, the operator
2 of that supermarket site nonprofit convenience zone recycler, or
3 rural region recycler shall be eligible to apply for handling fees
4 for that site for a period of three months following the date of the
5 closure of the dealer.

6 (B) Every supermarket site operator, nonprofit convenience
7 zone recycler, or rural region recycler shall promptly notify the
8 department of the closure of the dealer where the supermarket site,
9 nonprofit convenience zone recycler, or rural region recycler is
10 located.

11 (C) Notwithstanding subparagraph (A), any operator who fails
12 to provide notification to the department pursuant to subparagraph
13 (B) shall not be eligible to apply for handling fees.

14 (b) The department may allocate the amount authorized for
15 expenditure for the payment of handling fees pursuant to paragraph
16 (1) of subdivision (a) of Section 14581 on a monthly basis and
17 may carry over any unexpended monthly allocation to a subsequent
18 month or months. However, unexpended monthly allocations shall
19 not be carried over to a subsequent fiscal year for the purpose of
20 paying handling fees but may be carried over for any other purpose
21 pursuant to Section 14581.

22 (c) (1) The department shall not make handling fee payments
23 to more than one certified recycling center in a convenience zone.
24 If a dealer is located in more than one convenience zone, the
25 department shall offer a single handling fee payment to a
26 supermarket site located at that dealer. This handling fee payment
27 shall not be split between the affected zones. The department shall
28 stop making handling fee payments if another recycling center
29 certifies to operate within the convenience zone without receiving
30 payments pursuant to this section, if the department monitors the
31 performance of the other recycling center for 60 days and
32 determines that the recycling center is in compliance with this
33 division. Any recycling center that locates in a convenience zone,
34 thereby causing a preexisting recycling center to become ineligible
35 to receive handling fee payments, is ineligible to receive any
36 handling fee payments in that convenience zone.

37 (2) The department shall offer a single handling fee payment
38 to a rural region recycler located anywhere inside a convenience
39 zone, if that convenience zone is not served by another certified

1 recycling center and the rural region recycler does either of the
2 following:

3 (A) Operates a minimum of 30 hours per week in one
4 convenience zone.

5 (B) Serves two or more convenience zones, and meets all of the
6 following criteria:

7 (i) Is the only certified recycler within each convenience zone.

8 (ii) Is open and operating at least eight hours per week in each
9 convenience zone and is certified at each location.

10 (iii) Operates at least 30 hours per week in total for all
11 convenience zones served.

12 (d) The department may require the operator of a supermarket
13 site or rural region recycler receiving handling fees to maintain
14 records for each location where beverage containers are redeemed,
15 and may require the supermarket site or rural region recycler to
16 take any other action necessary for the department to determine
17 that the supermarket site or rural region recycler does not receive
18 an excessive handling fee.

19 (e) The department may determine and utilize a standard
20 container per pound rate, for each material type, for the purpose
21 of calculating volumes and making handling fee payments.

22 (f) (1) On or before January 1, 2008, and every two years
23 thereafter, the department shall conduct a survey pursuant to this
24 subdivision of a statistically significant sample of certified
25 recycling centers that receive handling fee payments to determine
26 the actual cost incurred for the redemption of empty beverage
27 containers by those certified recycling centers. The department
28 shall conduct these cost surveys in conjunction with the cost
29 surveys performed by the department pursuant to subdivision (b)
30 of Section 14575 to determine processing payments and processing
31 fees. The department shall include, in determining the actual costs,
32 only those allowable costs contained in the regulations adopted
33 pursuant to this division that are used by the department to conduct
34 cost surveys pursuant to subdivision (b) of Section 14575.

35 (2) Using the information obtained pursuant to paragraph (1),
36 the department shall then determine the statewide weighted average
37 cost incurred for the redemption of empty beverage containers,
38 per empty beverage container, at recycling centers that receive
39 handling fees.

1 (3) On and after July 1, 2008, the department shall determine
2 the amount of the handling fee to be paid for each empty beverage
3 container by subtracting the amount of the statewide weighted
4 average cost per container to redeem empty beverage containers
5 by recycling centers that do not receive handling fees from the
6 amount of the statewide weighted average cost per container
7 determined pursuant to paragraph (2).

8 (4) The department shall adjust the statewide average cost
9 determined pursuant to paragraph (2) for each beverage container
10 annually to reflect changes in the cost of living, as measured by
11 the Bureau of Labor Statistics of the United States Department of
12 Labor or a successor agency of the United States government.

13 (5) The cost information collected pursuant to this section at
14 recycling centers that receive handling fees shall not be used in
15 the calculation of the processing payments determined pursuant
16 to Section 14575.

17 SEC. 10. No reimbursement is required by this act pursuant to
18 Section 6 of Article XIII B of the California Constitution because
19 the only costs that may be incurred by a local agency or school
20 district will be incurred because this act creates a new crime or
21 infraction, eliminates a crime or infraction, or changes the penalty
22 for a crime or infraction, within the meaning of Section 17556 of
23 the Government Code, or changes the definition of a crime within
24 the meaning of Section 6 of Article XIII B of the California
25 Constitution.