

AMENDED IN SENATE JUNE 14, 2016  
AMENDED IN ASSEMBLY JANUARY 4, 2016  
AMENDED IN ASSEMBLY MARCH 26, 2015  
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1005**

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**Introduced by Assembly Members Gordon and Levine  
(Coauthors: Assembly Members Patterson and Wilk)**

February 26, 2015

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An act to amend Sections 14549.2 and 14581 of the Public Resources Code, relating to beverage containers, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1005, as amended, Gordon. California Beverage Container Recycling and Litter Reduction Act: market development payments.

Existing law, the California Beverage Container Recycling and Litter Reduction Act, requires a distributor to pay a redemption payment for every beverage container sold or offered for sale in the state to the Department of Resources Recycling and Recovery for deposit in the California Beverage Container Recycling Fund. Moneys in the fund are continuously appropriated to the department for certain payments, including market development payments. Existing law authorizes the department, until that authorization is repealed on January 1, 2017, to annually expend up to \$10,000,000 from the fund to make market development payments to an entity certified by the department as a recycling center, processor, or dropoff or collection program for empty plastic beverage containers that are subsequently washed and processed into flake, pellet, or other form, and made usable for the manufacture

of a plastic product, or to a product manufacturer for empty plastic beverage containers that are subsequently washed and processed into flake, pellet, or other form, and used by that product manufacturer to manufacture a product.

This bill would postpone that repeal until January 1, 2022. By extending the term of a continuous appropriation, this bill would make an appropriation.

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

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

1 SECTION 1. Section 14549.2 of the Public Resources Code  
2 is amended to read:

3 14549.2. (a) For purposes of this section, the following  
4 definitions shall apply:

5 (1) “Certified entity” means a recycling center, processor, or  
6 dropoff or collection program certified pursuant to this division.

7 (2) “Product manufacturer” means a person who manufactures  
8 a plastic product in this state.

9 (b) In order to develop California markets for empty plastic  
10 beverage containers collected for recycling in the state, the  
11 department may, consistent with Section 14581 and subject to the  
12 availability of funds, pay a market development payment to a  
13 certified entity or product manufacturer for empty plastic beverage  
14 containers collected and managed pursuant to this section.

15 (c) The department shall make a market development payment  
16 to a certified entity or product manufacturer in accordance with  
17 this section, only if the plastic beverage container is collected and  
18 either recycled or used in manufacturing, in the state, as follows:

19 (1) The department shall make a market development payment  
20 to a certified entity for empty plastic beverage containers that are  
21 collected for recycling in the state, that are subsequently washed  
22 and processed by a certified entity into a flake, pellet, or other  
23 form in the state, and made usable for the manufacture of a plastic  
24 product by a product manufacturer.

25 (2) The department shall make a market development payment  
26 to a product manufacturer for empty plastic beverage containers  
27 that are collected for recycling in the state, that are subsequently  
28 washed and processed into a flake, pellet or other form in the state,

1 and used by that product manufacturer to manufacture a product  
2 in this state.

3 (3) The department shall determine the amount of the market  
4 development payment, which may be set at a different level for a  
5 certified entity and a product manufacturer, but shall not exceed  
6 one hundred fifty dollars (\$150) per ton. In setting the amount of  
7 the market development payment for both certified entities and  
8 product manufacturers, the department shall consider all of the  
9 following:

10 (A) The minimum funding level needed to encourage the in-state  
11 washing and processing of empty plastic beverage containers  
12 collected for recycling in this state.

13 (B) The minimum funding level needed to encourage the in-state  
14 manufacturing that utilizes empty plastic beverage containers  
15 collected for recycling in this state.

16 (C) The total amount of funds projected to be available for  
17 plastic market development payments and the desire to maintain  
18 the minimum funding level needed throughout the year.

19 (4) The department may make a market development payment  
20 to both a certified entity and a product manufacturer for the same  
21 empty plastic beverage container.

22 (d) This section shall remain in effect only until January 1, 2022,  
23 and as of that date is repealed, unless a later enacted statute, that  
24 is enacted before January 1, 2022, deletes or extends that date.

25 SEC. 2. Section 14581 of the Public Resources Code is  
26 amended to read:

27 14581. (a) Subject to the availability of funds and in  
28 accordance with subdivision (b), the department shall expend the  
29 moneys set aside in the fund, pursuant to subdivision (c) of Section  
30 14580, for the purposes of this section in the following manner:

31 (1) For each fiscal year, the department may expend the amount  
32 necessary to make the required handling fee payment pursuant to  
33 Section 14585.

34 (2) Fifteen million dollars (\$15,000,000) shall be expended  
35 annually for payments for curbside programs and neighborhood  
36 dropoff programs pursuant to Section 14549.6.

37 (3) (A) Ten million five hundred thousand dollars (\$10,500,000)  
38 may be expended annually for payments of five thousand dollars  
39 (\$5,000) to cities and ten thousand dollars (\$10,000) for payments  
40 to counties for beverage container recycling and litter cleanup

1 activities, or the department may calculate the payments to counties  
2 and cities on a per capita basis, and may pay whichever amount  
3 is greater, for those activities.

4 (B) Eligible activities for the use of these funds may include,  
5 but are not necessarily limited to, support for new or existing  
6 curbside recycling programs, neighborhood dropoff recycling  
7 programs, public education promoting beverage container  
8 recycling, litter prevention, and cleanup, cooperative regional  
9 efforts among two or more cities or counties, or both, or other  
10 beverage container recycling programs.

11 (C) These funds shall not be used for activities unrelated to  
12 beverage container recycling or litter reduction.

13 (D) To receive these funds, a city, county, or city and county  
14 shall fill out and return a funding request form to the department.  
15 The form shall specify the beverage container recycling or litter  
16 reduction activities for which the funds will be used.

17 (E) The department shall annually prepare and distribute a  
18 funding request form to each city, county, or city and county. The  
19 form shall specify the amount of beverage container recycling and  
20 litter cleanup funds for which the jurisdiction is eligible. The form  
21 shall not exceed one double-sided page in length, and may be  
22 submitted electronically. If a city, county, or city and county does  
23 not return the funding request form within 90 days of receipt of  
24 the form from the department, the city, county, or city and county  
25 is not eligible to receive the funds for that funding cycle.

26 (F) For the purposes of this paragraph, per capita population  
27 shall be based on the population of the incorporated area of a city  
28 or city and county and the unincorporated area of a county. The  
29 department may withhold payment to any city, county, or city and  
30 county that has prohibited the siting of a supermarket site, caused  
31 a supermarket site to close its business, or adopted a land use policy  
32 that restricts or prohibits the siting of a supermarket site within its  
33 jurisdiction.

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

37 (5) (A) The department shall expend the amount necessary to  
38 pay the processing payment established pursuant to Section 14575.  
39 The department shall establish separate processing fee accounts  
40 in the fund for each beverage container material type for which a

1 processing payment and processing fee are calculated pursuant to  
2 Section 14575, or for which a processing payment is calculated  
3 pursuant to Section 14575 and a voluntary artificial scrap value is  
4 calculated pursuant to Section 14575.1, into which account shall  
5 be deposited both of the following:

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

8 (ii) Funds equal to the difference between the amount in clause  
9 (i) and the amount of the processing payments established in  
10 subdivision (b) of Section 14575, and adjusted pursuant to  
11 paragraph (2) of subdivision (c) of, and subdivision (f) of, Section  
12 14575, to reduce the processing fee to the level provided in  
13 subdivision (e) of Section 14575, or to reflect the agreement by a  
14 willing purchaser to pay a voluntary artificial scrap value pursuant  
15 to Section 14575.1.

16 (B) Notwithstanding Section 13340 of the Government Code,  
17 the moneys in each processing fee account are hereby continuously  
18 appropriated to the department for expenditure without regard to  
19 fiscal years, for purposes of making processing payments pursuant  
20 to Section 14575.

21 (6) 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 (7) Up to ten million dollars (\$10,000,000) may be expended  
26 annually by the department for quality incentive payments for  
27 empty glass beverage containers pursuant to Section 14549.1.

28 (8) (A) Up to ten million dollars (\$10,000,000) may be  
29 expended annually by the department for market development  
30 payments for empty plastic beverage containers pursuant to Section  
31 14549.2, until January 1, 2022.

32 (B) In addition to the amount specified in subparagraph (A),  
33 the department may expend the amount calculated pursuant to  
34 subparagraph (C) for market development payments for empty  
35 plastic beverage containers pursuant to Section 14549.2.

36 (C) The department shall calculate the amount authorized for  
37 expenditure pursuant to subparagraph (B) in the following manner:

38 (i) The department shall annually determine, on or before  
39 January 1, whether the amount of funds estimated to be necessary  
40 pursuant to clause (ii) of subparagraph (A) of paragraph (5) for

1 deposit to a processing fee account established by the department  
2 for plastic beverage containers to make processing payments for  
3 plastic beverage containers for the current calendar year is less  
4 than the total amount of funds that were estimated to be necessary  
5 the previous calendar year pursuant to clause (ii) of subparagraph  
6 (A) of paragraph (5) for deposit to that processing fee account.

7 (ii) If the amount estimated to be necessary for the current  
8 calendar year, as specified in clause (i), is less than the amount  
9 estimated to be necessary for the previous calendar year, the  
10 department shall calculate the amount of that difference.

11 (iii) The department shall expend an amount that is not greater  
12 than 50 percent of the amount calculated pursuant to clause (ii)  
13 for purposes of subparagraph (B).

14 (iv) If the department determines that the amount of funds  
15 authorized for expenditure pursuant to this subparagraph is not  
16 needed to make plastic market development payments pursuant to  
17 subparagraph (B) in the calendar year for which that amount is  
18 allocated, the department may expend those funds during the  
19 following year.

20 (v) If the department determines that there are insufficient funds  
21 to both make the market development payments pursuant to  
22 subparagraph (B) and to deposit the amount required by clause (ii)  
23 of subparagraph (A) of paragraph (5), for purposes of making the  
24 processing payments and reducing the processing fees pursuant to  
25 Section 14575 for plastic beverage containers, the department shall  
26 suspend the implementation of this subparagraph and subparagraph  
27 (B).

28 (D) Subparagraphs (B) and (C) shall remain operative only until  
29 January 1, 2022.

30 (b) (1) If the department determines, pursuant to a review made  
31 pursuant to Section 14556, that there may be inadequate funds to  
32 pay the payments required by this division, the department shall  
33 immediately notify the appropriate policy and fiscal committees  
34 of the Legislature regarding the inadequacy.

35 (2) On or before 180 days, but not less than 80 days, after the  
36 notice is sent pursuant to paragraph (1), the department may reduce  
37 or eliminate expenditures, or both, from the funds as necessary,  
38 according to the procedure set forth in subdivision (c).

1 (c) If the department determines that there are insufficient funds  
2 to make the payments specified pursuant to this section and Section  
3 14575, the department shall reduce all payments proportionally.

4 (d) Before making an expenditure pursuant to paragraph~~(5)~~ (6)  
5 of subdivision (a), the department shall convene an advisory  
6 committee consisting of representatives of the beverage industry,  
7 beverage container manufacturers, environmental organizations,  
8 the recycling industry, nonprofit organizations, and retailers to  
9 advise the department on the most cost-effective and efficient  
10 method of the expenditure of the funds for that education and  
11 information campaign.

12 (e) Subject to the availability of funds, the department shall  
13 retroactively pay in full any payments provided in this section that  
14 have been proportionally reduced during the period of January 1,  
15 2010, through June 30, 2010.