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SB-1013 Beverage container recycling. (2021-2022)

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Senate Bill No. 1013

CHAPTER 610

An act to amend Section 23661.3 of the Business and Professions Code, and to amend Sections 14509.4, 14510, 14547, 14549.1, 14549.2, 14550, 14560, 14560.5, 14561, 14571.5, 14571.8, 14575, 14581, and 14591.1 of, to amend and repeal Section 14571.6 of, to amend, repeal, and add Sections 14504, 14528.5, 14570, 14571.9, and 14572.1 of, to add Sections 14510.2, 14537.1, 14543, 14544, and 14545 to, to add Chapter 6.5 (commencing with Section 14578) to Division 12.1 of, and to add and repeal Section 14549.7 of, the Public Resources Code, relating to recycling, and making an appropriation therefor.

[Approved by Governor September 27, 2022. Filed with Secretary of State September 27, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1013, Atkins. Beverage container recycling.

(1) The California Beverage Container Recycling and Litter Reduction Act defines the term "beverage" to include certain types of products in liquid, ready-to-drink form and excludes, among other things, wine or wine from which alcohol has been removed in whole or in part, whether or not sparkling or carbonated. The act defines the term "beverage container" to mean the individual, separate bottle, can, jar, carton, or other receptacle, however denominated, in which a beverage is sold, and which is constructed of metal, glass, or plastic, or other material, or any combination of these materials. The act requires a distributor to pay a redemption payment for every beverage container sold or offered for sale in the state of \$0.05 for a beverage container with a capacity of less than 24 fluid ounces and \$0.10 for a beverage container with a capacity of 24 fluid ounces or more to the Department of Resources Recycling and Recovery, and requires the department to deposit those amounts in the California Beverage Container Recycling Fund. The act also requires those beverage containers to have a refund value of \$0.05 and \$0.10, respectively. The money in the fund, except for civil penalties, fines, and administrative costs, is continuously appropriated to the department to pay refund values and administrative fees to processors, defined to mean persons certified by the department who purchase empty beverage containers from recycling centers and process the containers in a prescribed manner, to fund a reserve for contingencies and, after setting specified funds aside, for various purposes relating to beverage container recycling, litter cleanup and prevention, and education, including up to \$10,000,000 annually for quality incentive payments for empty glass beverage containers. Under the act, the department is required to calculate a processing fee for each beverage container with a specified scrap value, which is required to be paid by beverage manufacturers for each beverage container sold or transferred to a distributor or dealer. The act requires processors and distributors of beverage containers to report specified information to the department, in the form and manner prescribed by the department. The act imposes certain requirements on the invoice or other form of accounting of a transaction submitted by a beverage distributor of beverages to a dealer, but authorizes a distributor of beer and malt beverages or wine or distilled spirit coolers to separately identify certain information. The act prohibits a person from offering to sell, or selling, to a consumer a beverage container that has not been labeled as required by the act. The act defines "wine and distilled spirit cooler" as a beverage containing wine or distilled spirits to which is added concentrated or unconcentrated juice or flavoring material and containing not more than 7% alcohol by volume. The act requires the total number

of filled plastic beverage containers sold by a beverage manufacturer to contain specified amounts of postconsumer recycled plastic content per year, as provided. The act authorizes the department to impose a civil penalty of up to \$1,000 for a violation of the act, and up to \$5,000 for a violation that is intentional or negligent.

A violation of the act is a crime.

The Alcoholic Beverage Control Act, which is administered by the Department of Alcoholic Beverage Control, regulates the application, issuance, and suspension of alcoholic beverage licenses. Existing law authorizes a person licensed in California or any other state as a winegrower who obtains a wine direct shipper permit to sell and ship wine directly to a resident of California, who is 21 years of age or older, for the resident's personal use and not for resale. A violation of the Alcoholic Beverage Control Act is a crime.

This bill would require a wine direct shipper permitholder, before sending any shipment to a resident of California, to register with the Department of Resources Recycling and Recovery as a beverage manufacturer and distributor under the California Beverage Container Recycling and Litter Reduction Act. The bill would require a wine direct shipper permitholder to comply with the California Beverage Container Recycling and Litter Reduction Act, including, but not limited to, the reporting and payment provisions applicable to the permitholder as a beverage manufacturer and distributor, and would authorize the Department of Alcoholic Beverage Control to suspend or revoke the wine direct shipper permit if the permitholder fails to comply with certain provisions of the California Beverage Container Recycling and Litter Reduction Act. The bill would also authorize the Department of Resources Recycling and Recovery to adopt regulations related to the wine direct shipper permit. The bill would thereby impose a state-mandated local program by creating new crimes under the Alcoholic Beverage Control Act. The bill would require, with respect to the payment of processing fees and redemption payments for beverages manufactured outside the state and sold directly to consumers within the state with a direct shipper permit, the beverage manufacturer or distributor to be deemed to be the person or entity named on the direct shipper permit issued pursuant to the Alcoholic Beverage Control Act, and would require the Department of Resources Recycling and Recovery to provide related notice. The bill would require the Department of Resources Recycling and Recovery and the Department of Alcoholic Beverage Control to enter into a contract concerning the implementation of that requirement for redemption payments, and would authorize the Department of Resources Recycling and Recovery to expend from the fund the amount necessary for reimbursing the Department of Alcoholic Beverage Control for its costs incurred in implementing the requirement. The bill would thereby make an appropriation by authorizing the expenditure of moneys from the continuously appropriated fund for a new purpose.

The bill would explicitly authorize the department to require the information reported to the department by a processor or distributor of beverage containers to be submitted electronically. The bill would, as of January 1, 2024, revise the definition of "beverage" to include distilled spirits, wine, or wine from which alcohol has been removed in whole or in part, whether or not sparkling or carbonated, and wine or distilled spirits contained in a beverage container that is a box, bladder, or pouch, or similar container, regardless of the material type from which the beverage container is made. The bill would require a beverage container that is a box, bladder, or pouch, or similar container, containing wine or distilled spirits to have a redemption payment and refund value of \$0.25, would exclude a licensed wine or distilled spirits tasting room from the act's definition of "dealer," and would limit the exclusions in the act's definition of "dealer" to the sale of beverages in beverage containers to consumers for consumption onsite, as provided. The bill would grant wine and distilled spirits contained in a beverage container that is a box, bladder, or pouch, or similar container, an additional 2 years to comply with the act's postconsumer recycled plastic content requirements. The bill would require, commencing January 1, 2024, and until January 1, 2026, a processing fee equivalent to the processing fee applied to high-density polyethylene beverage containers to be applied to a beverage container that is a box, bladder, or pouch, or similar container, containing wine or distilled spirits. The bill would, as of January 1, 2024, revise the act's definition of "wine and distilled spirit cooler" by eliminating the requirement that the beverage contain not more than 7% alcohol by volume. Since the additional payments for the 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 additionally authorize a distributor of wine, or wine from which alcohol has been removed in whole or in part, whether or not sparkling or carbonated, or distilled spirits to separately identify specified information on an invoice or other form of accounting of a transaction submitted to a dealer. The bill would require the department, to the extent feasible, to make efforts to streamline and consolidate forms used by wineries who are also distributors to register and provide payments under the act. The bill would increase from \$10,000,000 to \$15,000,000 the annual amount authorized to be expended from the fund for quality incentive payments for empty glass beverage containers, thereby making an appropriation, and would restrict those payments to beverage containers that are used for the manufacturing of glass beverage containers in this state. The bill would exempt a beverage container included within the scope of the act beginning on January 1, 2024, from the act's labeling requirements until July 1, 2025.

The bill would require the department to create the Recycled Glass Processing Incentive Grant Program to provide grants to applicants who demonstrate the ability to expand glass cullet processing in the state, as prescribed. The bill would authorize the department to expend from the fund up to \$4,000,000 annually for those grants, thereby making an appropriation. The bill would require the department to create the Increased Recycling of Empty Glass Beverage Containers Grant Program to assist in funding regional pilot programs furnishing bins for collection of empty glass beverage containers from restaurants and on-sale

retail licensed establishments, as prescribed. The bill would authorize the department to expend from the fund up to \$4,000,000 annually for those grants, thereby making an appropriation. The bill also would require the department to create the Empty Glass Beverage Transportation Grant Program to facilitate the use of rail transportation of empty glass beverage containers to glass processing facilities within the state, as prescribed. The bill would authorize the department to expend from the fund up to \$1,000,000 annually for those grants, thereby making an appropriation.

The bill would authorize the department to pay a market development payment to a glass beverage container manufacturer who purchases recycled glass collected within this state for use in manufacturing new beverage containers in this state. The bill would authorize the department to expend from the fund up to \$60,000,000 annually for these glass market development payments, as prescribed, thereby making an appropriation. The bill would repeal these glass market development payment provisions as of January 1, 2028.

The bill would appropriate \$10,000,000 from the fund to the department to disburse to community conservation corps in the form of grants for beverage container litter reduction programs and recycling programs, thereby making an appropriation.

The bill would increase from \$1,000 to \$5,000 the amount of the civil penalty that the department may impose for a violation of the act and would increase from \$5,000 to \$10,000 the amount for an intentional or negligent violation.

(2) The California Beverage Container Recycling and Litter Reduction Act requires the Department of Resources Recycling and Recovery to annually designate convenience zones statewide and requires at least one certified recycling center or location within every convenience zone that accepts all types of empty beverage containers and pays the refund value, if any, at one location. The act defines "convenience zone" as an area within a $\frac{1}{2}$ -mile radius of a supermarket or, alternatively, authorizes the department, in a rural region and upon petition by an interested person, if certain conditions are met, to increase a convenience zone to include the area within a 3-mile radius of a supermarket or to designate as a convenience zone the area within a 3-mile radius of a dealer.

The act requires dealers within a convenience zone where no recycling location has been established, or within a convenience zone that is unserved for 60 days and not exempt from convenience zone requirements, to either (A) submit an affidavit to the department stating that the dealer has met specified standards for empty beverage container redemption or (B) pay \$100 per day to the department, for deposit into the fund, until a recycling location is established or until the dealer meets the standards for redemption specified in the affidavit provisions.

The act authorizes the department to grant a convenience zone an exemption from certain redemption requirements, including certain dealer and recycling center redemption requirements, based on certain factors. The act limits the total number of exemptions that may be granted to 35% of the total number of convenience zones identified as having one or more of those factors applicable.

This bill would revise the act's definition of "convenience zone" to expand that area from a $\frac{1}{2}$ -mile radius to a one-mile radius of a supermarket. The bill would expand the area to which the department may increase a convenience zone in a rural region from a 3-mile radius to up to a 5-mile radius of a supermarket. The bill would decrease from 35% to 15% the percentage of the total number of those convenience zones that may be granted an extension.

The bill would, as of January 1, 2025, eliminate the option to pay \$100 per day to the department rather than submit that affidavit to the department. The bill would require a dealer, as an alternative to submitting that affidavit, to join a dealer cooperative, as defined, to provide a dealer cooperative redemption plan to the department and implement the approved plan to serve that convenience zone. The bill would exempt from those requirements a dealer that has demonstrated to the department that the dealer has gross annual sales of less than \$1,500,000, excluding sales of fuel, or is less than 5,000 square feet. The bill would, by January 1, 2024, authorize the department to provide one or more model dealer cooperative redemption plans for dealer cooperatives to adopt and require the department to adopt emergency regulations that provide access and convenience for consumers that are comparable to specified existing law. The bill would impose requirements on a dealer cooperative, including, among others, assessing fees on the dealers in the zone or zones covered by the redemption plan necessary to cover operational costs and implementation of the approved plan and redeeming all material types and offering one or more redemption locations within the dealer cooperative zone. The bill would make a dealer cooperative eligible for reimbursement of California Redemption Value funds paid to consumers, processing payments, handling fees, and administrative fees unless a certified recycling center operates in a convenience zone in which a dealer participating in the dealer cooperative is located. By authorizing the expenditure of moneys from the continuously appropriated fund for a new purpose, the bill would make an appropriation. The bill would provide for enforcement of these provisions by the department, including requiring the department to audit each cooperative at least once every 24 months.

(3) The California Beverage Container Recycling and Litter Reduction Act authorizes the department to pay a market development payment to a reclaimer for empty plastic beverage containers that have been collected for recycling in the state, and that the reclaimer washes and processes into flake, pellet, sheet, or any other form that is then usable as input for the

manufacture of new plastic products by product manufacturers in the state. The act also authorizes the department to pay a market development payment to a product manufacturer for plastic flake, pellet, sheet, or any other form of plastic purchased from a reclaimer and used by that product manufacturer to manufacture a plastic product in the state. The act makes these provisions inoperative on July 1, 2022.

The act authorizes the department, for the 2019–20 fiscal year to the 2021–22 fiscal year, inclusive, to expend up to \$10,000,000 each fiscal year from the fund for market development payments to reclaimers and product manufacturers for the activities described above.

This bill would extend the market development payment inoperative date from July 1, 2022, to July 1, 2025. The bill would also instead authorize the department to expend an unspecified amount of funds for market development payments until the 2025–26 fiscal year. By extending the term of a continuous appropriation, the bill would make an appropriation.

(4) This bill would impose a state-mandated local program by creating new crimes under the California Beverage Container Recycling and Litter Reduction Act relating to the regulation of beverage containers.

The bill would also make conforming changes.

(5) 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: 2/3 Appropriation: yes Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 23661.3 of the Business and Professions Code is amended to read:

23661.3. (a) Notwithstanding any law, rule, or regulation to the contrary, any person currently licensed in this state or any other state as a winegrower who obtains a wine direct shipper permit pursuant to this section may sell and ship wine directly to a resident of California, who is at least 21 years of age, for the resident's personal use and not for resale.

Before sending any shipment to a resident of California, the wine direct shipper permitholder must:

(1) File an application with the department.

(2) Pay the application fee as specified in subdivision (a) of Section 23320 if the winegrower is not currently licensed by the department.

(3) Provide the department its California alcoholic beverage license number or a true copy of its current alcoholic beverage license issued by another state.

(4) Obtain from the department a wine direct shipper permit.

(5) Obtain a seller's permit or register with the State Board of Equalization pursuant to Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code.

(6) Register with the Department of Resources Recycling and Recovery as a beverage manufacturer and distributor, as those terms are defined in the California Beverage Container Recycling and Litter Reduction Act (Division 12.1 (commencing with Section 14500) of the Public Resources Code).

(b) A wine direct shipper permit authorizes the permitholder to do all of the following:

(1) Sell and ship wine to any person 21 years of age or older for their personal use and not for resale.

(2) Ship wine directly to a resident in this state only in containers that are conspicuously labeled with the words: "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 YEARS OR OLDER REQUIRED FOR DELIVERY."

(3) Ship wine only if the permitholder requires the carrier to obtain the signature of any individual 21 years of age or older before delivering any wine shipped to an individual in this state.

(4) If the permitholder is located outside of this state, report to the department no later than January 31 of each year, the total amount of wine shipped into the state during the preceding calendar year under the wine direct shipper permit.

(5) If the permitholder is located outside of this state, pay to the State Board of Equalization all sales and use taxes, and excise taxes on sales to residents of California under the wine direct shipper permit. For excise tax purposes, all wine sold pursuant to a direct shipper permit shall be deemed to be wine sold in this state.

(6) If located within this state, provide the department any necessary additional information not currently provided to ensure compliance with this section.

(7) Permit the department or the State Board of Equalization to perform an audit of the wine direct shipper permitholder's records upon request.

(8) Be deemed to have consented to the jurisdiction of the department or any other state agency and the California courts concerning enforcement of this section any related laws, rules, or regulations.

(c) A wine direct shipper permitholder shall comply with the California Beverage Container Recycling and Litter Reduction Act (Division 12.1 (commencing with Section 14500) of the Public Resources Code), including, but not limited to, the reporting and payment provisions applicable to the permitholder as a beverage manufacturer and distributor. If the permitholder fails to comply with Section 14560 or 14575 of the Public Resources Code, the department may suspend or revoke the wine direct shipper permit in the manner provided for in this section.

(d) A wine direct shipper permitholder located outside of the state may annually renew its permit with the department by paying an annual fee as specified in subdivision (b), and adjusted pursuant to subdivisions (d) and (e) of Section 23320 and providing the department with a true copy of its current alcoholic beverage license issued by another state. A wine direct shipper permitholder located in California shall renew its wine direct shipper permit in conjunction with its master license. For purposes of this section, "master license" means a winegrower's license issued by the department.

(e) The department, the State Board of Equalization, and the Department of Resources Recycling and Recovery may promulgate rules and regulations to effectuate the purposes of this law.

(f) The department may enforce the requirements of this section by administrative proceedings to suspend or revoke the wine direct shipper permit, and the department may accept payment of an offer in compromise in lieu of suspension as provided by this division. Any hearing held pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code against a permitholder outside of California shall be held in Sacramento.

(g) Sales and shipments of wine direct to consumers in California from winegrowers who do not possess a current wine direct shipper permit from the department are prohibited. Any person who knowingly makes, participates in, transports, imports, or receives such a shipment is guilty of a misdemeanor pursuant to Section 25617.

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

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

- (1) Beer and other malt beverages.
- (2) Wine and distilled spirit coolers.
- (3) Carbonated water, including soda and carbonated mineral water.
- (4) Noncarbonated water, including noncarbonated mineral water.
- (5) Carbonated soft drinks.
- (6) Noncarbonated soft drinks and "sport" drinks.
- (7) Except as provided in paragraph (4) of subdivision (b), noncarbonated fruit drinks that contain any percentage of fruit juice.
- (8) Coffee and tea drinks.
- (9) Carbonated fruit drinks.
- (10) Vegetable juice in beverage containers of 16 ounces or less.

(b) "Beverage" does not include any of the following:

- (1) Any product sold in a container that is not an aluminum beverage container, a glass container, a plastic beverage container, or a bimetal container.

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

(3) Milk, medical food, or infant formula.

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

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

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

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

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

(C) "Medical food" includes any product that meets the definition of "medical food" in the Federal Food, Drug, and Cosmetic Act (21 U.S.C. Sec. 360ee(b)(3)).

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

(d) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 3. Section 14504 is added to the Public Resources Code, to read:

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

(1) Beer and other malt beverages.

(2) Wine and distilled spirit coolers.

(3) Carbonated water, including soda and carbonated mineral water.

(4) Noncarbonated water, including noncarbonated mineral water.

(5) Carbonated soft drinks.

(6) Noncarbonated soft drinks and "sport" drinks.

(7) Except as provided in paragraph (3) of subdivision (b), noncarbonated fruit drinks that contain any percentage of fruit juice.

(8) Coffee and tea drinks.

(9) Carbonated fruit drinks.

(10) Vegetable juice in beverage containers of 16 ounces or less.

(11) Distilled spirits.

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

(13) Notwithstanding paragraph (1) of subdivision (b), wine or distilled spirits contained in a beverage container that is a box, bladder, or pouch, or similar container, regardless of the material type from which the beverage container is made.

(b) "Beverage" does not include any of the following:

(1) Any product sold in a container that is not an aluminum beverage container, a glass container, a plastic beverage container, or a bimetal container.

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

(3) One hundred percent fruit juice in containers that are 46 ounces or more in volume.

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

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

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

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

(C) "Medical food" includes any product that meets the definition of "medical food" in the Federal Food, Drug, and Cosmetic Act (21 U.S.C. Sec. 360ee(b)(3)).

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

(d) This section shall become operative on January 1, 2024.

SEC. 4. Section 14509.4 of the Public Resources Code is amended to read:

14509.4. (a) "Convenience zone" means either of the following:

- (1) The area within a one mile radius of a supermarket.
- (2) The area designated by the department pursuant to Section 14571.5.

(b) Notwithstanding subdivision (c) of Section 14585, an entity that received handling fees pursuant to Section 14585 as of December 31, 2022, shall not be made ineligible for handling fees as a result of the changes made to this section by Senate Bill 1013 of the 2021–22 Regular Session.

SEC. 5. Section 14510 of the Public Resources Code is amended to read:

14510. "Dealer" means a retail establishment that offers the sale of beverages in beverage containers to consumers. However, any lodging, eating, or drinking establishment, wine or distilled spirits tasting room licensed pursuant to the Alcoholic Beverage Control Act (Division 9 (commencing with Section 23000) of the Business and Professions Code), or soft drink vending machine operator who engages in the sale of beverages in beverage containers to consumers for consumption onsite shall not be deemed a dealer for the purposes of this division, except that sales of beverages for offsite consumption are subject to Section 14560. To determine which retail establishments are dealers, the department shall use annual or more frequent updates provided by American Business Information, Inc., as long as the information provided by American Business Information, Inc., is updated at least annually.

SEC. 6. Section 14510.2 is added to the Public Resources Code, to read:

14510.2. "Dealer cooperative" means a stewardship organization that is exempt from taxation under Section 501(c)(3) of the federal Internal Revenue Code of 1986 and formed for the purpose of providing redemption opportunities pursuant to paragraph (2) of subdivision (a) of Section 14578 and consists of dealers that have an approved dealer cooperative redemption plan. A dealer cooperative is voluntary for a dealer to join pursuant to Section 14578.

SEC. 7. Section 14528.5 of the Public Resources Code is amended to read:

14528.5. (a) "Wine and distilled spirit cooler" means a beverage containing wine or distilled spirits to which is added concentrated or unconcentrated juice or flavoring material and containing not more than 7 percent alcohol by volume.

(b) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 8. Section 14528.5 is added to the Public Resources Code, to read:

14528.5. (a) "Wine and distilled spirit cooler" means a beverage containing wine or distilled spirits to which is added concentrated or unconcentrated juice or flavoring material.

(b) This section shall become operative on January 1, 2024.

SEC. 9. Section 14537.1 is added to the Public Resources Code, to read:

14537.1. The department shall, to the extent feasible, make efforts to streamline and consolidate forms used by wineries who are also distributors to both register as part of the beverage container recycling program and provide required payments under this

division.

SEC. 10. Section 14543 is added to the Public Resources Code, to read:

14543. (a) In order to stimulate the increased use of glass cullet in making new glass beverage containers in the state, the department shall create the Recycled Glass Processing Incentive Grant Program. The grant program shall provide grants to applicants who demonstrate the ability to expand glass cullet processing in the state, subject to both of the following:

- (1) The applicant commits to using the grant to expand glass cullet processing facilities for increased processing of glass cullet.
- (2) The applicant matches the amount of any grant received from the grant program in an amount equal to or greater than the grant amount.

(b) Within 12 months of receiving a grant from the grant program, the entity receiving the grant shall demonstrate to the department the amount of additional tons of glass cullet processed as a result of utilization of the grant funds.

SEC. 11. Section 14544 is added to the Public Resources Code, to read:

14544. (a) In order to facilitate increased recycling of empty glass beverage containers in the state, the department shall create the Increased Recycling of Empty Glass Beverage Containers Grant Program. The purpose of the grant program shall be to assist in funding regional pilot programs furnishing bins for collection of empty glass beverage containers from restaurants and on-sale retail licensed establishments licensed pursuant to the Alcoholic Beverage Control Act (Division 9 (commencing with Section 23000) of the Business and Professions Code). Grants provided under this program may be used for any of the following:

- (1) Purchase of bins for the collection of empty glass beverage containers at restaurants and other on-sale retail licensed establishments licensed pursuant to the Alcoholic Beverage Control Act (Division 9 (commencing with Section 23000) of the Business and Professions Code).
- (2) Collection and consolidation of contents from the bins.
- (3) Transportation of the empty glass beverage containers that are collected to a glass processing facility.

(b) The following entities may be eligible for applying for grants from the grant program created pursuant to subdivision (a):

- (1) Local or regional governmental agencies.
- (2) Other entities proposing to establish a regional pilot program to provide empty glass beverage container bins, collection of the contents of those bins, and transportation of the empty glass beverage containers collected to a glass processing facility.

(c) Entities receiving grants from the grant program shall expend an amount equal to or greater than the amount of the grant received to create and operate the pilot program.

SEC. 12. Section 14545 is added to the Public Resources Code, to read:

14545. (a) In order to facilitate transportation of empty glass beverage containers from throughout the state to glass processing facilities utilizing rail transportation and facilities, the department shall create the Empty Glass Beverage Transportation Grant Program. Funds provided in grants from this program shall be used to facilitate the use of rail transportation of empty glass beverage containers to glass processing facilities within the state.

(b) Entities applying for grants from the grant program shall demonstrate in their application how rail transportation of empty glass beverage containers collected in the state will be facilitated through the use of the grant funds.

(c) Entities receiving grants from the grant program shall match grant funding received in an amount equal to or greater than the amount of the grant received, which shall also be used to facilitate transportation of empty glass beverage containers by rail within the state.

SEC. 13. Section 14547 of the Public Resources Code, as amended by Section 36 of Chapter 60 of the Statutes of 2022, is amended to read:

14547. (a) (1) Between January 1, 2022, and December 31, 2024, inclusive, the total number of plastic beverage containers filled with a beverage sold by a beverage manufacturer subject to the California Redemption Value, pursuant to Chapter 5 (commencing with Section 14560), for sale in the state shall, on average, contain no less than 15 percent postconsumer recycled plastic per year.

(2) Between January 1, 2025, and December 31, 2029, inclusive, the total number of plastic beverage containers filled with a beverage sold by a beverage manufacturer subject to the California Redemption Value, pursuant to Chapter 5 (commencing with Section 14560), for sale in the state shall, on average, contain no less than 25 percent postconsumer recycled plastic per year.

(3) On and after January 1, 2030, the total number of plastic beverage containers filled with a beverage sold by a beverage manufacturer subject to the California Redemption Value, pursuant to Chapter 5 (commencing with Section 14560), for sale in the state shall, on average, contain no less than 50 percent postconsumer recycled plastic per year.

(4) Wine and distilled spirits contained in a beverage container that is a box, bladder, or pouch, or similar container, shall have an additional two years to comply with each of the deadlines in paragraphs (1), (2), and (3).

(5) (A) Beginning January 1, 2025, the director may, on an annual basis, review and determine to adjust the minimum postconsumer recycled content percentage required pursuant to paragraphs (2) and (3). The director's review may be initiated by the director or at the petition of the beverage manufacturing industry not more than annually. The department shall adopt regulations to establish the petition process and requirements. The director shall not adjust the minimum postconsumer recycled content requirements above the minimum postconsumer recycled plastic content percentages required pursuant to paragraphs (2) and (3). In making a determination pursuant to this paragraph, the director shall consider, at a minimum, all of the following factors:

(i) Changes in market conditions, including supply and demand for postconsumer recycled plastics, collection rates, and bale availability both domestically and globally.

(ii) Recycling rates.

(iii) The availability of recycled plastic suitable to meet the minimum recycled content requirements pursuant to paragraphs (2) and (3), including the availability of high-quality recycled plastic, and food-grade recycled plastic from the state's and other beverage container recycling programs.

(iv) The capacity of recycling or processing infrastructure.

(v) The progress made by beverage manufacturers in achieving the goals of this subdivision.

(B) Notwithstanding subparagraph (A), the director shall not review or adjust a minimum postconsumer recycled content standard while the department is reducing payments pursuant to subdivision (c) of Section 14581.

(C) The department may enter into a contract for the services required to implement this section and related regulations developed by the department.

(D) For purposes of this paragraph, "beverage manufacturing industry" means an association that represents companies that manufacture beverages.

(b) (1) Beginning January 1, 2023, a beverage manufacturer that does not meet the minimum recycled plastic content requirements pursuant to subdivision (a) shall be subject to an annual administrative penalty pursuant to this subdivision. Beginning March 1, 2024, the administrative penalty shall be collected annually, if a reduction has not been approved pursuant to subdivision (e), and calculated in accordance with subdivision (c).

(2) A beverage manufacturer that is assessed penalties pursuant to this subdivision may pay those penalties to the department in quarterly installments or arrange an alternative payment schedule subject to the approval of the department, not to exceed a 12-month payment plan unless an extension is needed due to unforeseen circumstances, such as a public health emergency, state of emergency, or natural disaster.

(c) Beginning March 1, 2024, and annually thereafter, the department shall invoice any assessed administrative penalties for the previous calendar year based on the postconsumer recycled plastic content requirement of the previous calendar year. The department shall calculate the amount of the penalty based upon the amount in pounds in the aggregate of virgin and postconsumer recycled plastic material used by the beverage manufacturer to produce beverage containers sold or offered for sale in the state, in accordance with the following:

(1) The annual administrative penalty amount assessed to a beverage manufacturer shall equal the product of both of the following:

(A) The total pounds of plastic used multiplied by the relevant minimum postconsumer recycled plastic percentage, less the pounds of postconsumer recycled plastic used.

(B) Twenty cents (\$0.20).

(2) For purposes of paragraph (1), both of the following shall apply:

(A) The total pounds of plastic used shall equal the sum of the amount of virgin plastic and postconsumer recycled plastic used by the beverage manufacturer, as reported pursuant to subdivision (a) of Section 14549.3.

(B) If the product calculated pursuant to paragraph (1) is equal to or less than zero, an administrative penalty shall not be assessed.

(d) (1) The department may conduct audits and investigations and take an enforcement action against a beverage manufacturer for the purpose of ensuring compliance with this section and the information reported pursuant to Section 14549.3. The department may take an enforcement action against a beverage manufacturer that fails to pay or underpays the assessed or audited administrative penalty only after notice and hearing in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(2) The department shall keep confidential all business trade secrets and proprietary information about manufacturing processes and equipment that the department gathers or becomes aware of through the course of conducting audits or investigations pursuant to paragraph (1). Business trade secrets and proprietary information obtained pursuant to this subdivision shall not be subject to the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code).

(3) A beverage manufacturer may obtain a copy of the department's audit of that beverage manufacturer conducted pursuant to paragraph (1).

(e) (1) The department shall consider granting a reduction of the administrative penalties assessed pursuant to subdivision (b) for the purpose of meeting the minimum recycled content requirements required pursuant to paragraphs (1) to (3), inclusive, of subdivision (a).

(2) In determining whether to grant the reduction pursuant to paragraph (1), the department shall consider, at a minimum, all of the following factors:

(A) Anomalous market conditions.

(B) Disruption in, or lack of supply of, recycled plastics.

(C) Other factors that have prevented a beverage manufacturer from meeting the requirements.

(3) In order to receive a reduction of the administrative penalty, a beverage manufacturer shall submit to the department a corrective action plan detailing the reasons why the beverage manufacturer will fail to meet or has failed to meet the minimum postconsumer recycled content standard and the steps the beverage manufacturer will take to comply with the minimum postconsumer recycled content standard within the next reporting year. The department may approve the corrective action plan, and may reduce the administrative penalties once it approves the corrective action plan and the beverage manufacturer implements the plan. Administrative penalties shall accrue from the point of noncompliance with the minimum postconsumer recycled content standard if the department disapproves the corrective action plan or if the beverage manufacturer fails to implement the plan.

(f) The Recycling Enhancement Penalty Account is hereby created in the State Treasury. Notwithstanding subdivision (d) of Section 14580 and paragraph (3) of subdivision (a) of Section 14591.1, administrative penalties collected pursuant to this section shall be deposited into the Recycling Enhancement Penalty Account. Moneys in the Recycling Enhancement Penalty Account shall be expended upon appropriation by the Legislature in the annual Budget Act for the sole purpose of supporting the recycling, infrastructure, collection, and processing of plastic beverage containers in the state.

(g) (1) If the Legislature makes an appropriation in the annual Budget Act before June 15, 2027, for this purpose, the department may contract with a research university to study the polyethylene terephthalate and high-density polyethylene markets for all of the following:

(A) Analyzing market conditions and opportunities in the state's recycling industry for meeting the minimum recycled plastic content requirements for plastic beverage containers required pursuant to subdivision (a).

(B) Determining the data needs and tracking opportunities to increase the transparency and support of a more effective, fact-based public understanding of the recycling industry.

(C) Recommending further policy modifications and measures to achieve the state's recycling targets with the least cost and optimal efficiency.

(2) If the Legislature makes the appropriation specified in paragraph (1) and the department undertakes the study, the study shall be completed no later than May 1, 2028.

(3) The department may allocate moneys from the fund, upon appropriation by the Legislature as specified in paragraph (1), for the study by June 30, 2027, if all of the following apply:

(A) The department finds that there are sufficient moneys in the fund.

(B) The fund is not operating at a deficit.

(C) The director is not exercising authority to implement proportional reductions subject to the requirements of subdivision (c) of Section 14581.

(h) A city, county, or other local government jurisdiction shall not adopt an ordinance regulating the minimum recycled plastic content requirements for plastic beverage containers.

(i) This section does not apply to either of the following:

(1) A refillable plastic beverage container.

(2) A beverage manufacturer that sells or transfers 16,000,000 or fewer plastic beverage containers to a distributor, dealer, or consumer located in the State of California during the calendar year for which the beverage manufacturer is reporting pursuant to Section 14549.3.

(j) The Legislature encourages beverage manufacturers to use plastic beverage containers that contain 100 percent recycled plastic content.

SEC. 14. Section 14549.1 of the Public Resources Code is amended to read:

14549.1. (a) In order to improve the quality and marketability of empty beverage containers collected for recycling in the state by curbside recycling programs or dropoff or collection programs, the department may, consistent with Section 14581 and subject to the availability of funds, pay a quality incentive payment for each material type, as specified in subdivision (c).

(b) The department may make a quality incentive payment pursuant to this section to either an operator of a curbside recycling program registered pursuant to Section 14551.5, or to any other entity certified pursuant to this division.

(c) Subject to subdivision (a), the department shall pay a quality incentive payment for each type of beverage container material in accordance with the following conditions:

(1) For quality incentive payments for empty glass beverage containers, all of the following shall apply:

(A) The department may make a quality incentive payment only for color-sorted glass beverage containers that are substantially free of contamination and are used for the manufacturing of glass beverage containers in this state.

(B) The department may make a quality incentive payment for empty glass beverage containers that are either collected color sorted by curbside recycling programs or dropoff or collection programs, or that are collected mixed color by curbside recycling programs or dropoff or collection programs and are subsequently color sorted by the collector or any other entity certified pursuant to this division.

(C) The amount of the quality incentive payment for empty glass beverage containers shall be up to sixty dollars (\$60) per ton, as determined by the department.

(2) For quality incentive payments for empty plastic beverage containers, both of the following shall apply:

(A) The department may make a quality incentive payment only for plastic beverage containers collected by curbside recycling programs or dropoff or collection programs, that are sorted by resin type, consistent with any quality specifications that the department may adopt.

(B) The amount of the quality plastic incentive payment shall be up to one hundred eighty dollars (\$180) per ton, as determined by the department.

(3) For quality payments for empty aluminum beverage containers, all of the following shall apply:

(A) The department may make a quality incentive payment only for aluminum beverage containers that are free of any and all metallic and nonmetallic items, other than used aluminum containers.

(B) The department may make a quality incentive payment for empty aluminum beverage containers that are collected commingled by curbside recycling programs or dropoff or collection programs, and subsequently cleaned by the collector or any other entity certified pursuant to this division, of any and all metallic and nonmetallic items, other than used aluminum containers, consistent with any quality specifications that the department may adopt.

(C) The amount of the quality incentive payment for empty aluminum beverage containers shall be up to one hundred twenty-five dollars (\$125) per ton, as determined by the department.

(d) An operator of a curbside recycling program or any other certified entity receiving a quality incentive payment shall make available for inspection and review any relevant record that the department determines is necessary to verify the accuracy of data upon which the quality incentive payment is based and the operator's or certified entity's compliance with any applicable regulation.

(e) The department may make only one quality incentive payment for each empty beverage container collected pursuant to this section.

(f) This section shall become operative on January 1, 2007.

SEC. 15. Section 14549.2 of the Public Resources Code is amended to read:

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

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

(2) "Plastic product" means a finished plastic product that requires no further thermoforming, shaping, or processing before being sold for its specified use. "Plastic product" does not include plastic flake, pellet, sheet, or any other form that is an output from a reclaimer's processing of empty plastic beverage containers.

(3) "Product manufacturer" means a person who manufactures a plastic product in this state.

(4) "Reclaimer" means a certified entity that purchases empty plastic beverage containers that have been collected for recycling in the state, and that washes and processes, in the state, those empty plastic beverage containers into flake, pellet, sheet, or any other form that is then usable as input for the manufacture of new plastic products by product manufacturers in the state.

(b) In order to develop California markets for empty plastic beverage containers collected for recycling in the state, the department may, consistent with Section 14581 and subject to the availability of funds, pay a market development payment to a reclaimer for empty plastic beverage containers collected and managed pursuant to this section and to a product manufacturer for plastic flake, pellet, sheet, or any other form of plastic purchased from a reclaimer pursuant to this section.

(c) The department shall make a market development payment to a reclaimer or product manufacturer in accordance with this section only if the plastic beverage container is collected, washed, and processed into flake, pellet, sheet, or any other form, and is used in manufacturing, in the state, as follows:

(1) The department shall make a market development payment to a reclaimer for empty plastic beverage containers that are collected, washed, and processed as specified in paragraph (4) of subdivision (a), including to a reclaimer that uses the services of a third party to process the empty plastic beverage containers into a form usable for the manufacture of new plastic products.

(2) The department shall make a market development payment to a product manufacturer for plastic flake, pellet, sheet, or any other form of plastic purchased from a reclaimer and used by that product manufacturer to manufacture a plastic product in the state, including to a product manufacturer that uses the services of a third party to process the plastic purchased from a reclaimer in manufacturing the plastic product.

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

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

(B) The minimum funding level needed to encourage in-state manufacturing that utilizes flake, pellet, sheet, or any other form processed from empty plastic beverage containers collected for recycling in this state.

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

(4) The department may make a market development payment to both a reclaimer and a product manufacturer for both the empty plastic beverage container and for the flake, pellet, sheet, or any other form processed by the reclaimer from that same empty plastic beverage container.

(d) This section shall become inoperative on July 1, 2025, and, as of January 1, 2026, is repealed.

SEC. 16. Section 14549.7 is added to the Public Resources Code, to read:

14549.7. (a) In order to develop California markets for glass beverage containers collected for recycling in the state, the department may, subject to the availability of funds, pay a market development payment pursuant to this section to a glass beverage container manufacturer who purchases recycled glass collected within this state for use in manufacturing new beverage containers in this state.

(b) The department shall make a market development payment to a glass beverage container manufacturer in accordance with this section only if the empty glass beverage containers are collected, washed, and processed and are used in manufacturing new glass beverage containers in the state.

(c) The department shall determine the amount of the market development payment, but the payment shall not exceed fifty dollars (\$50) per ton. In setting the amount of the market development payment, the department shall consider all of the following:

(1) The minimum funding level needed to encourage in-state washing and processing of empty glass beverage containers collected for recycling in this state.

(2) The minimum funding level needed to encourage in-state manufacturing that utilizes empty glass beverage containers collected for recycling in this state.

(3) The total amount of funds projected to be available for glass market development payments, and the desire to maintain the minimum funding level needed throughout the year.

(d) This section shall remain in effect only until January 1, 2028, and as of that date is repealed.

SEC. 17. Section 14550 of the Public Resources Code is amended to read:

14550. (a) (1) Every processor shall report to the department for each month the amount of empty beverage containers, by material type and weight of container or material, excluding refillable beverage containers, received from recycling centers and curbside programs for recycling, and the scrap value paid for glass, PET, and bimetal containers and any beverage container that is assessed a processing fee. Every processor shall also report to the department for each month the amount of other postfilled aluminum, glass, and plastic food and drink packaging materials sold filled to consumers in this state and returned for recycling. These reports shall be submitted within 10 days after each month, in the form and manner that the department may prescribe, which may include electronic submittal.

(2) The department shall treat all information reported pursuant to this section by a processor as commercial or financial information subject to the procedures established pursuant to Section 14554.

(b) Every distributor who sells or offers for sale in this state beverages in aluminum beverage containers, nonaluminum metal beverage containers, glass beverage containers, plastic beverage containers, or other beverage containers, including refillable beverage containers of these types, shall report to the department for each month the number of beverages sold in these beverage containers in this state that are labeled pursuant to Section 14561, by material type and size and weight of container or any other method as the department may prescribe. These reports shall be submitted by the day when payment is due, consistent with the applicable payment schedule specified in subdivision (a) of Section 14574, in the form and manner that the department may prescribe, which may include electronic submittal.

(c) Every distributor who sells or offers for sale in this state beverages in refillable beverage containers and who pays a refund value to distributors, dealers, or consumers who return these containers for refilling, shall report to the department for each month the number of these beverage containers returned empty to be refilled, by material type and size of container or any other method that the department may prescribe. These reports shall be submitted by the day when payment is due, consistent with the schedule specified in subdivision (a) of Section 14574, in the form and manner that the department may prescribe, which may include electronic submittal.

(d) Notwithstanding subdivision (b), a distributor who elects to make an annual payment pursuant to subdivision (b) of Section 14574 may, upon department approval, submit the reports required by this section annually to the department. The reports shall accompany the annual payment submitted pursuant to Section 14574.

SEC. 18. Section 14560 of the Public Resources Code is amended to read:

14560. (a) (1) Except as provided in paragraph (3), a beverage distributor shall pay the department, for deposit into the fund, a redemption payment of four cents (\$0.04) for a beverage container sold or offered for sale in this state by the distributor.

(2) A beverage container with a capacity of 24 fluid ounces or more shall be considered as two beverage containers for purposes of redemption payments paid pursuant to paragraph (1).

(3) The amount of the redemption payment and refund value for a beverage container with a capacity of less than 24 fluid ounces sold or offered for sale in this state by a dealer shall equal five cents (\$0.05), and the amount of redemption payment and refund value for a beverage container with a capacity of 24 fluid ounces or more shall be ten cents (\$0.10), if the aggregate recycling rate reported pursuant to Section 14551 for all beverage containers subject to this division is less than 75 percent for the 12-month reporting period from January 1, 2006, to December 31, 2006, or for any calendar year thereafter.

(4) (A) Notwithstanding Section 14511, with respect to the payment of redemption payments for beverages manufactured outside the state and sold directly to consumers within the state with a direct shipper permit, the distributor shall be deemed to be the person or entity named on the direct shipper permit issued pursuant to Section 23661.3 of the Business and Professions Code, and shall be responsible for paying to the department the total redemption payment for all sales and transfers made directly to consumers in this state. If the department is unable to collect the redemption payment from the person or entity named on the direct shipper permit, the department shall give written notice by certified mail, return receipt requested, to that person or entity. The notice shall state that the person or entity shall not be permitted to offer that beverage brand for sale within the state. If the person or entity fails to remit the redemption payment within 30 days of issuance of the notice, the department shall notify the Department of Alcoholic Beverage Control that the permitholder has failed to comply, and the Department of Alcoholic Beverage Control shall prohibit the offering for sale of that beverage brand within the state.

(B) The department and the Department of Alcoholic Beverage Control shall enter into a contract, pursuant to Section 14536.5, concerning the implementation of this paragraph, which shall include a provision reimbursing the Department of Alcoholic Beverage Control for its costs incurred in implementing this paragraph. The department may expend the amount necessary for that reimbursement from the fund.

(b) Except as provided in paragraph (3) of subdivision (a), a beverage container sold or offered for sale in this state has a refund value of four cents (\$0.04) if the beverage container has a capacity of less than 24 fluid ounces and eight cents (\$0.08) if the beverage container has a capacity of 24 fluid ounces or more.

(c) Commencing January 1, 2024, and notwithstanding subdivisions (a) and (b), a beverage container that is a box, bladder, or pouch, or similar container, containing wine or distilled spirits, as described in paragraph (13) of subdivision (a) of Section 14504, sold or offered for sale in this state shall have a redemption payment and refund value of twenty-five cents (\$0.25).

(d) This section does not apply to a refillable beverage container.

SEC. 19. Section 14560.5 of the Public Resources Code is amended to read:

14560.5. (a) (1) Except as provided in paragraph (2), an invoice or other form of accounting of a transaction submitted by a beverage distributor of beverages to a dealer shall separately identify the amount of any redemption payment imposed on beverage containers pursuant to Section 14560 and the separate identification of the invoice or other form of accounting of the transaction shall not combine or include the gross wholesale price with the redemption payment but shall separately state the gross amount of the redemption payment for each type of container included in each delivery.

(2) An invoice or other form of accounting of a transaction submitted by a distributor of beer and malt beverages, wine and distilled spirit coolers, wine, wine from which alcohol has been removed, in whole or in part, whether or not sparkling or carbonated, or distilled spirits to a dealer may separately identify the portion of the gross wholesale price attributable to any redemption payment imposed on beverage containers pursuant to Section 14560 and the separate identification of the invoice or other form of accounting of the transaction may separately state the gross amount of the redemption payment for each type of container included in each delivery. The invoice or other form of accounting of this transaction may separately identify the portion of the gross wholesale price attributable to the redemption payment.

(3) Notwithstanding Section 14541, the department shall randomly inspect beverage distributor invoices or other forms of accounting to ensure compliance with this subdivision. However, an unintentional error in addition or subtraction on an invoice or other form of accounting by a route driver of a distributor shall not be deemed a violation of this subdivision.

(4) For purposes of this subdivision, the term "type of container" includes the amount of the redemption payment on containers under 24 ounces and on containers 24 ounces or more.

(b) To the extent technically and economically feasible, a dealer may separately identify the amount of any redemption payment on the customer cash register receipt provided to the consumer, by the dealer, that is applied to the purchase of a beverage container.

(c) (1) A dealer shall separately identify the amount of any redemption payment imposed on a beverage container in all advertising of beverage products and on the shelf labels of the dealer's establishment. The separate identification shall be accomplished by stating one of the following:

(A) The price of the beverage product plus a descriptive term, as described in paragraph (2).

(B) The price of the beverage product plus the amount of the applicable redemption payment and a descriptive term, as described in paragraph (2).

(C) The price of the beverage product plus the amount of the applicable redemption payment, a descriptive term, as described in paragraph (2), and the total of these two amounts.

(2) For purposes of paragraph (1), the redemption payment shall be identified by one of the following descriptive terms: "California Redemption Value," "CA Redemption Value," "CRV," "California Cash Refund," "CA Cash Refund," or any other message specified in Section 14561.

(3) A dealer shall not include the redemption payment in the total price of a beverage container in any advertising or on the shelf of the dealer's establishment.

(4) This subdivision applies only to a dealer at a dealer location with a sales and storage area totaling more than 4,000 square feet.

(5) The penalties specified in Sections 14591 and 14591.1 shall not apply to a person who violates this subdivision.

(d) With regard to the sale of beer and other malt beverages, wine and distilled spirit cooler beverages, wine, wine from which alcohol has been removed, in whole or in part, whether or not sparkling or carbonated, and distilled spirits, any amount of redemption payment imposed by this division is subject to Section 25509 of the Business and Professions Code.

SEC. 20. Section 14561 of the Public Resources Code is amended to read:

14561. (a) A beverage manufacturer shall clearly indicate on all beverage containers sold or offered for sale by that beverage manufacturer in this state the message "CA Redemption Value," "California Redemption Value," "CA Cash Refund," "California Cash Refund," or "CA CRV," by either printing or embossing the beverage container or by securely affixing a clear and prominent stamp, label, or other device to the beverage container.

(b) A refillable beverage container sold or offered for sale is exempt from this section. However, a beverage manufacturer or container manufacturer may place upon, or affix to, a refillable beverage container any message that the manufacturer determines to be appropriate relating to the refund value of the beverage container.

(c) A person shall not offer to sell, or sell, to a consumer, a beverage container subject to subdivision (a) that has not been labeled pursuant to this section, except for a refillable beverage container that is exempt from labeling pursuant to subdivision (b).

(d) The department may require that a beverage container intended for sale in this state be printed, embossed, stamped, labeled, or otherwise marked with a scan code, a quick response (QR) code, or a universal product code or similar machine-readable indicia.

(e) A beverage container labeled with the message specified in subdivision (a) shall have the minimum redemption payment established pursuant to Section 14560, which shall be paid by the distributor to the department pursuant to Section 14574.

(f) Notwithstanding any other requirement of this section, a beverage container that is included within the scope of this division beginning on January 1, 2024, but that was not subject to this division before that date, shall be exempt from the labeling requirements of this section until July 1, 2025, and shall be considered an "empty beverage container" for purposes of this division as of January 1, 2024.

(g) Notwithstanding any other requirement in statute or regulation, including, but not limited to, paragraph (1) of subdivision (a) of Section 2200 of Title 14 of the California Code of Regulations, wine and distilled spirit manufacturers licensed pursuant to the Alcoholic Beverage Control Act (Division 9 (commencing with Section 23000) of the Business and Professions Code) shall not be required to provide samples of proposed labels or beverage containers to the department for approval prior to the sale or transfer of beverage containers in the state. The department shall provide the relevant labeling criteria to those wine and distilled spirit manufacturers, which the manufacturers shall use to self-certify compliance with that criteria on their registration materials submitted to the department under this division. A manufacturer may request assistance from the department in determining compliance with the labeling criteria.

SEC. 21. Section 14570 of the Public Resources Code is amended to read:

14570. (a) Every dealer shall post a clear and conspicuous sign of at least 10 inches by 15 inches at each public entrance to the dealer's place of business that specifies one of the following:

(1) The name and address, as provided by the department, of at least the certified recycling center, location, or locations, nearest to the dealer, that redeems all types of empty beverage containers consistent with Section 14571.

(2) One of the following procedures for redeeming beverage containers is available, pursuant to Section 14571.6:

(A) Beverage containers may be redeemed at all open cash registers within this place of business.

(B) Beverage containers may be redeemed at one specific location on the dealer's premises that is identified on the sign.

(b) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.

SEC. 22. Section 14570 is added to the Public Resources Code, to read:

14570. (a) Every dealer shall post a clear and conspicuous sign of at least 10 inches by 15 inches at each public entrance to the dealer's place of business that specifies one of the following:

(1) The name and address, as provided by the department, of at least the certified recycling center, location, or locations, nearest to the dealer, that redeems all types of empty beverage containers consistent with Section 14571.

(2) One of the following procedures for redeeming beverage containers is available, pursuant to Section 14578:

(A) Beverage containers may be redeemed at all open cash registers within this place of business.

(B) Beverage containers may be redeemed at one specific location on the dealer's premises that is identified on the sign.

(b) This section shall become operative on January 1, 2025.

SEC. 23. Section 14571.5 of the Public Resources Code is amended to read:

14571.5. The department may, in a rural region, as identified pursuant to subparagraph (A) of paragraph (1) of subdivision (c) of Section 14571, upon petition by an interested person, do either of the following:

(a) (1) Increase a convenience zone to include the area up to a five-mile radius of a supermarket, if the expanded convenience zone would then be served by a single existing certified recycling center or location.

(2) This subdivision applies only to a convenience zone that is otherwise not being served by a certified recycling center or location meeting the requirements of Section 14571 or is exempted by the department pursuant to Section 14571.8.

(b) (1) Designate a convenience zone pursuant to Section 14571.1 in an area where there is no supermarket, but with two or more dealers located within a one-mile radius of each other, and that meets all of the following criteria:

(A) The dealers in that area have combined gross annual sales of two million dollars (\$2,000,000) or more, as certified by the petitioner in an affidavit filed with the petition.

(B) The convenience zone encompasses a three-mile radius, with the center of the zone established at the dealer, located closest to the existing recycling center specified in subparagraph (D).

(C) The convenience zone does not overlap any other existing convenience zone.

(D) The convenience zone is served by a single existing certified recycling center.

(2) The department shall identify the dealer locations only for the purpose of providing a reference point in the establishment of the convenience zone pursuant to this subdivision.

(3) If the existing recycling location in a convenience zone designated pursuant to this subdivision ceases operations, the convenience zone shall also cease to exist until a new recycling location is established, and the department is petitioned by an interested person to designate a convenience zone.

SEC. 24. Section 14571.6 of the Public Resources Code is amended to read:

14571.6. (a) In any convenience zone where no recycling location has been established that satisfies the requirements of Section 14571, and in any convenience zone that has exceeded the 60-day period for the establishment of a recycling center pursuant to

Section 14571.7, all dealers within that zone shall, until a recycling location has been established in that zone, do one of the following:

(1) Submit to the department an affidavit form provided by the department stating that all of the following standards are being met by the dealer:

(A) The dealer redeems all empty beverage container types at all open cash registers or one designated location on the dealer's premises, during all hours that the dealer is open for business.

(B) The dealer has posted signs that meet the size and location requirements specified in paragraph (2) of subdivision (a) of Section 14570, and that conform to subparagraph (B) of that paragraph.

(C) The dealer is delivering, or having delivered, all empty beverage containers received from the public to a certified recycling center or processor for recycling.

(2) Pay to the department for deposit in the fund the sum of one hundred dollars (\$100) per day until a recycling location is established or until the standards for redemption specified in paragraph (1) are met.

(b) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.

SEC. 25. Section 14571.8 of the Public Resources Code is amended to read:

14571.8. (a) No lease entered into by a dealer after January 1, 1987, may contain a leasehold restriction that prohibits or results in the prohibition of the establishment of a recycling location.

(b) The director may grant an exemption from the requirements of Section 14571 for an individual convenience zone only after the department solicits public testimony on whether or not to provide an exemption from Section 14571. The solicitation process shall be designed by the department to ensure that operators of recycling centers, dealers, and members of the public in the jurisdiction affected by the proposed exemption are aware of the proposed exemption. After evaluation of the testimony and any field review conducted, the department shall base a decision to exempt a convenience zone on one, or any combination, of the following factors:

(1) The exemption will not significantly decrease the ability of consumers to conveniently return beverage containers for the refund value to a certified recycling center redeeming all material types.

(2) Except as provided in paragraph (5), the nearest certified recycling center is within a reasonable distance of the convenience zone being considered from exemption.

(3) The convenience zone is in the area of a curbside recycling program that meets the criteria specified in Section 14509.5.

(4) The requirements of Section 14571 cannot be met in a particular convenience zone due to local zoning or the dealer's leasehold restrictions for leases in effect on January 1, 1987, and the local zoning or leasehold restrictions are not within the authority of the department and the dealer. However, any lease executed after January 1, 1987, shall meet the requirements specified in subdivision (a).

(5) The convenience zone has redeemed less than 60,000 containers per month for the prior 12 months and, notwithstanding paragraph (2), a certified recycling center is located within one mile of the convenience zone that is the subject of the exemption.

(c) The department shall review each convenience zone in which a certified recycling center was not located on January 1, 1996, to determine the eligibility of the convenience zone under the exemption criteria specified in subdivision (b).

(d) The total number of exemptions granted by the director under this section shall not exceed 15 percent of the total number of convenience zones identified pursuant to this section.

(e) The department may, on its own motion, or upon petition by any interested person, revoke a convenience zone exemption if either of the following occurs:

(1) The condition or conditions that caused the convenience zone to be exempt no longer exists, and the department determines that the criteria for an exemption specified in this section are not presently applicable to the convenience zone.

(2) The department determines that the convenience zone exemption was granted due to an administrative error.

(f) If an exemption is revoked and a recycling center is not certified and operational in the convenience zone, the department shall, within 10 days of the date of the decision to revoke, serve all dealers in the convenience zone with the notice specified in subdivision (a) of Section 14571.7.

(g) An exemption shall not be revoked when a recycling center becomes certified and operational within an exempt convenience zone unless either of the events specified in paragraphs (1) and (2) of subdivision (e) occurs.

SEC. 26. Section 14571.9 of the Public Resources Code is amended to read:

14571.9. (a) (1) Until June 30, 2025, the department may approve up to 10 recycling pilot projects that meet the requirements of this section.

(2) The pilot projects, which shall be submitted by applicant jurisdictions, shall be designed to improve redemption opportunities in unserved convenience zones. It is the intent of the Legislature to create new, convenient recycling opportunities to improve consumer redemption of eligible beverage containers and increase recycling rates in jurisdictions served by pilot projects and to provide recycling opportunities to improve consumer redemption of eligible containers in pilot project areas, including in rural areas.

(3) Unless otherwise specified in or authorized by the department under this section, a pilot project operator shall be subject to all requirements imposed on recycling centers as specified in this division and any implementing regulations, except for the requirements specified in Sections 14570 and 14571.

(4) If a pilot project ends before June 30, 2025, the department may consider additional pilot project proposals, but not more than 10 pilot projects may operate at the same time.

(b) (1) Notwithstanding Sections 14570, 14571, and 14571.6, a convenience zone that falls within the area of a pilot project approved by the department under this section shall be deemed served while the pilot project is operational.

(2) (A) A dealer within the jurisdiction of a pilot project shall post a clear and conspicuous sign of at least 10 inches by 15 inches at each public entrance to the dealer's place of business that specifies the name of the pilot project location nearest to the dealer, as provided by the department, the days and hours of operation of the pilot project location, and the toll-free telephone number established by the department under subparagraph (B). This information shall be kept accurate and up to date.

(B) The department shall establish a toll-free telephone number and an internet website to disseminate information regarding beverage container recycling opportunities.

(3) If a pilot project ceases operation or the pilot project's certification has been revoked by the department, a dealer in the convenience zone served by the pilot project shall comply with Sections 14570, 14571, and 14571.6. The department shall inform all dealers within a convenience zone of any change in status of a pilot project serving that convenience zone within 10 calendar days.

(c) The requirements for a pilot project shall include, but not be limited to, all of the following:

(1) A pilot project shall serve one of the following:

(A) At least three unserved convenience zones.

(B) One or more convenience zones impacting a total of at least 30 dealers in unserved convenience zones.

(C) A rural region.

(2) A pilot project shall be in a jurisdiction that, as of the effective date of the pilot project application, meets at least one of the following conditions:

(A) Had at least six unserved convenience zones.

(B) Had 75 percent of the convenience zones in the jurisdiction unserved.

(C) Is located in a rural region.

(3) A pilot project shall not establish a location for redeeming a beverage container for its refund value that is outside of the pilot project area.

(4) A pilot project recycler may be located anywhere within the pilot project area.

(5) A pilot project shall be served only by a pilot project recycler that meets all of the following requirements:

(A) The pilot project recycler shall be open a minimum of one weekday per week for at least eight hours.

(B) In addition to the requirement in subparagraph (C), the pilot project recycler shall be open at least five hours per week during periods other than from Monday through Friday from 9 a.m. to 5 p.m.

(C) The pilot project recycler shall be open at least eight hours per week during the weekend.

(D) The pilot project recycler shall accept and pay the refund value for all eligible beverage container types.

(E) The pilot project operator shall notify the department in writing 10 calendar days before any change of the location where redeemed empty beverage containers are stored.

(F) The pilot project recycler shall only redeem eligible empty beverage container material purchased from consumers for recycling, and shall not accept material from any other certified or noncertified person or entity, including, but not limited to, recycling centers, dropoff or collection programs, curbside programs, and processors.

(G) The pilot project operator shall keep separate transaction records for each location within the pilot project, and in the case of mobile collection programs, separate transaction records for each location served by the mobile unit.

(6) A processor shall not issue an authorization to cancel under subdivision (b) of Section 2110 of Title 14 of the California Code of Regulations to a pilot project recycler.

(7) Additional requirements as deemed necessary by the department.

(d) A pilot project established pursuant to this section may provide stationary dropoff locations or mobile collection programs.

(e) A jurisdiction that opts to be served by a pilot project shall submit its pilot project proposal to the department for approval. The proposal shall include all of the following elements:

(1) A map of the pilot project area, including intended locations for pilot project recyclers.

(2) A list of proposed operators of pilot project recyclers.

(3) Contact information for the jurisdiction.

(4) Planned dates of operation.

(5) A description of how the pilot project will meet the requirements of this section.

(6) Additional elements as determined by the department.

(f) The department may issue probationary certificates of operation to pilot project recyclers participating in an approved pilot project. A certificate issued under this section shall be valid, and shall specify that the certificate is valid, for a period of not more than five years or until the end of the pilot project, whichever comes first. Notwithstanding certification requirements imposed by this division or implementing regulations, the following application review timelines shall apply to pilot projects:

(1) The department shall notify each applicant and the appropriate pilot project contact within 30 calendar days of receipt of the proposal, or receipt of additional information if the proposal was initially deemed incomplete, that the proposal for certification is either complete and accepted for further review or incomplete and the reasons for incompleteness.

(2) Upon determining that a proposal is complete, the department shall notify the applicant and appropriate pilot project contact in writing within 30 calendar days that the application is either approved with probationary status or denied and the reasons for denial.

(g) In approving pilot projects, the department shall consider all of the following factors:

(1) The number of unserved convenience zones that will be served by the pilot project.

(2) The total number of hours per week the pilot project recycler will operate.

(3) The total number of locations that will be served under the pilot project.

(4) Whether the jurisdiction has actively prevented the siting or operation of a certified recycling center at a supermarket site.

(5) The geographic distribution of jurisdictions proposing a pilot project.

(6) Potential impacts to existing certified recycling centers.

(7) Additional factors deemed relevant by the department.

(h) (1) The department may revoke the approval of a pilot project or the associated probationary certification of a pilot project recycler participating in the pilot project, or both, at any time if the jurisdiction or pilot project operator fails to meet the conditions outlined in the department's approval of the application or violates this division or a regulation adopted under this division, except as to violations of the division or regulations that are inconsistent with the operation of an approved pilot project. If the department revokes a probationary certification of a pilot project recycler, the department may require the jurisdiction or the pilot project operator to take the steps necessary to ensure that the pilot project achieves its goals consistent with the approved pilot project application.

(2) If the approval of a pilot project is revoked, the review process described in Section 14571.7 shall apply to each convenience zone that was a part of the pilot project.

(i) (1) Notwithstanding paragraph (1) of subdivision (c) of Section 14585, a pilot project recycler that has been certified by the department on a probationary basis under an approved pilot project shall be eligible to apply for handling fees under Section 14585 and to receive from certified processors the amounts specified in subdivision (a) of Section 14573.5 for refund values, administrative costs, and processing payments.

(2) Notwithstanding paragraph (1) of subdivision (c) of Section 14585, the existence of a pilot project recycler shall not affect the handling fee eligibility of a recycling center.

(3) For purposes of handling fee eligibility, a pilot project recycler may be located anywhere within a pilot project area.

(j) The department may adopt emergency regulations to implement this section. Emergency regulations, if adopted, shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and for the purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare. Emergency regulations adopted under this section shall be filed with, but not be repealed by, the Office of Administrative Law and shall remain in effect until amended or repealed by the department or January 1, 2027, whichever comes first.

(k) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.

SEC. 27. Section 14571.9 is added to the Public Resources Code, to read:

14571.9. (a) (1) Until June 30, 2025, the department may approve up to 10 recycling pilot projects that meet the requirements of this section.

(2) The pilot projects, which shall be submitted by applicant jurisdictions, shall be designed to improve redemption opportunities in unserved convenience zones. It is the intent of the Legislature to create new, convenient recycling opportunities to improve consumer redemption of eligible beverage containers and increase recycling rates in jurisdictions served by pilot projects and to provide recycling opportunities to improve consumer redemption of eligible containers in pilot project areas, including in rural areas.

(3) Unless otherwise specified in or authorized by the department under this section, a pilot project operator shall be subject to all requirements imposed on recycling centers as specified in this division and any implementing regulations, except for the requirements specified in Sections 14570 and 14571.

(4) If a pilot project ends before June 30, 2025, the department may consider additional pilot project proposals, but not more than 10 pilot projects may operate at the same time.

(b) (1) Notwithstanding Sections 14570, 14571, and 14578, a convenience zone that falls within the area of a pilot project approved by the department under this section shall be deemed served while the pilot project is operational.

(2) (A) A dealer within the jurisdiction of a pilot project shall post a clear and conspicuous sign of at least 10 inches by 15 inches at each public entrance to the dealer's place of business that specifies the name of the pilot project location nearest to the dealer, as provided by the department, the days and hours of operation of the pilot project location, and the toll-free telephone number established by the department under subparagraph (B). This information shall be kept accurate and up to date.

(B) The department shall establish a toll-free telephone number and an internet website to disseminate information regarding beverage container recycling opportunities.

(3) If a pilot project ceases operation or the pilot project's certification has been revoked by the department, a dealer in the convenience zone served by the pilot project shall comply with Sections 14570, 14571, and 14578. The department shall

inform all dealers within a convenience zone of any change in status of a pilot project serving that convenience zone within 10 calendar days.

(c) The requirements for a pilot project shall include, but not be limited to, all of the following:

(1) A pilot project shall serve one of the following:

(A) At least three unserved convenience zones.

(B) One or more convenience zones impacting a total of at least 30 dealers in unserved convenience zones.

(C) A rural region.

(2) A pilot project shall be in a jurisdiction that, as of the effective date of the pilot project application, meets at least one of the following conditions:

(A) Had at least six unserved convenience zones.

(B) Had 75 percent of the convenience zones in the jurisdiction unserved.

(C) Is located in a rural region.

(3) A pilot project shall not establish a location for redeeming a beverage container for its refund value that is outside of the pilot project area.

(4) A pilot project recycler may be located anywhere within the pilot project area.

(5) A pilot project shall be served only by a pilot project recycler that meets all of the following requirements:

(A) The pilot project recycler shall be open a minimum of one weekday per week for at least eight hours.

(B) In addition to the requirement in subparagraph (C), the pilot project recycler shall be open at least five hours per week during periods other than from Monday through Friday from 9 a.m. to 5 p.m.

(C) The pilot project recycler shall be open at least eight hours per week during the weekend.

(D) The pilot project recycler shall accept and pay the refund value for all eligible beverage container types.

(E) The pilot project operator shall notify the department in writing 10 calendar days before any change of the location where redeemed empty beverage containers are stored.

(F) The pilot project recycler shall only redeem eligible empty beverage container material purchased from consumers for recycling, and shall not accept material from any other certified or noncertified person or entity, including, but not limited to, recycling centers, dropoff or collection programs, curbside programs, and processors.

(G) The pilot project operator shall keep separate transaction records for each location within the pilot project, and in the case of mobile collection programs, separate transaction records for each location served by the mobile unit.

(6) A processor shall not issue an authorization to cancel under subdivision (b) of Section 2110 of Title 14 of the California Code of Regulations to a pilot project recycler.

(7) Additional requirements as deemed necessary by the department.

(d) A pilot project established pursuant to this section may provide stationary dropoff locations or mobile collection programs.

(e) A jurisdiction that opts to be served by a pilot project shall submit its pilot project proposal to the department for approval. The proposal shall include all of the following elements:

(1) A map of the pilot project area, including intended locations for pilot project recyclers.

(2) A list of proposed operators of pilot project recyclers.

(3) Contact information for the jurisdiction.

(4) Planned dates of operation.

(5) A description of how the pilot project will meet the requirements of this section.

(6) Additional elements as determined by the department.

(f) The department may issue probationary certificates of operation to pilot project recyclers participating in an approved pilot project. A certificate issued under this section shall be valid, and shall specify that the certificate is valid, for a period of not more than five years or until the end of the pilot project, whichever comes first. Notwithstanding certification requirements imposed by this division or implementing regulations, the following application review timelines shall apply to pilot projects:

(1) The department shall notify each applicant and the appropriate pilot project contact within 30 calendar days of receipt of the proposal, or receipt of additional information if the proposal was initially deemed incomplete, that the proposal for certification is either complete and accepted for further review or incomplete and the reasons for incompleteness.

(2) Upon determining that a proposal is complete, the department shall notify the applicant and appropriate pilot project contact in writing within 30 calendar days that the application is either approved with probationary status or denied and the reasons for denial.

(g) In approving pilot projects, the department shall consider all of the following factors:

(1) The number of unserved convenience zones that will be served by the pilot project.

(2) The total number of hours per week the pilot project recycler will operate.

(3) The total number of locations that will be served under the pilot project.

(4) Whether the jurisdiction has actively prevented the siting or operation of a certified recycling center at a supermarket site.

(5) The geographic distribution of jurisdictions proposing a pilot project.

(6) Potential impacts to existing certified recycling centers.

(7) Additional factors deemed relevant by the department.

(h) (1) The department may revoke the approval of a pilot project or the associated probationary certification of a pilot project recycler participating in the pilot project, or both, at any time if the jurisdiction or pilot project operator fails to meet the conditions outlined in the department's approval of the application or violates this division or a regulation adopted under this division, except as to violations of the division or regulations that are inconsistent with the operation of an approved pilot project. If the department revokes a probationary certification of a pilot project recycler, the department may require the jurisdiction or the pilot project operator to take the steps necessary to ensure that the pilot project achieves its goals consistent with the approved pilot project application.

(2) If the approval of a pilot project is revoked, the review process described in Section 14571.7 shall apply to each convenience zone that was a part of the pilot project.

(i) (1) Notwithstanding paragraph (1) of subdivision (c) of Section 14585, a pilot project recycler that has been certified by the department on a probationary basis under an approved pilot project shall be eligible to apply for handling fees under Section 14585 and to receive from certified processors the amounts specified in subdivision (a) of Section 14573.5 for refund values, administrative costs, and processing payments.

(2) Notwithstanding paragraph (1) of subdivision (c) of Section 14585, the existence of a pilot project recycler shall not affect the handling fee eligibility of a recycling center.

(3) For purposes of handling fee eligibility, a pilot project recycler may be located anywhere within a pilot project area.

(j) The department may adopt emergency regulations to implement this section. Emergency regulations, if adopted, shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and for the purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare. Emergency regulations adopted under this section shall be filed with, but not be repealed by, the Office of Administrative Law and shall remain in effect until amended or repealed by the department or January 1, 2027, whichever comes first.

(k) This section shall become operative on January 1, 2025.

(l) This section shall become inoperative on June 30, 2026, and, as of January 1, 2027, is repealed.

SEC. 28. Section 14572.1 of the Public Resources Code is amended to read:

14572.1. (a) A dealer delivering empty beverage containers received from the public to a certified recycling center or processor for recycling pursuant to subparagraph (C) of paragraph (1) of subdivision (a) of Section 14571.6 is not subject to the daily load

limits established pursuant to subdivision (f) of Section 2535 of Title 14 of the California Code of Regulations.

(b) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.

SEC. 29. Section 14572.1 is added to the Public Resources Code, to read:

14572.1. (a) A dealer delivering empty beverage containers received from the public to a certified recycling center or processor for recycling pursuant to subparagraph (C) of paragraph (1) of subdivision (a) of Section 14578 is not subject to the daily load limits established pursuant to subdivision (f) of Section 2535 of Title 14 of the California Code of Regulations.

(b) This section shall become operative on January 1, 2025.

SEC. 30. Section 14575 of the Public Resources Code is amended to read:

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

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

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

(2) A reasonable financial return for recycling centers.

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

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

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

(A) The department shall adjust the costs of recycling that material type every second year by the percentage change in the most recently measured cost of recycling HDPE plastic beverage containers, as determined by the department. The department shall use the percentage change in costs of recycling HDPE plastic beverage containers for this purpose, even if HDPE plastic beverage containers are less than 5 percent of the total volume of returned beverage containers.

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

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

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

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

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

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

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

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

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

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

(G) Eighteen percent of the processing payment for a container type with a recycling rate equal to or greater than 40 percent, but less than 45 percent.

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

(I) Sixty-five percent of the processing payment for a container type with a recycling rate less than 30 percent.

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

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

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

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

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

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

(2) (A) Notwithstanding Section 14506, with respect to the payment of processing fees for beer and other malt beverages manufactured outside the state, the beverage manufacturer shall be deemed to be the person or entity named on the certificate of compliance issued pursuant to Section 23671 of the Business and Professions Code. With respect to the payment of processing fees for beverages manufactured outside the state and sold directly to consumers within the state with a direct shipper permit, the beverage manufacturer shall be deemed to be the person or entity named on the direct shipper permit issued pursuant to Section 23661.3 of the Business and Professions Code, and shall be responsible for paying to the department the total processing fee payment for all sales and transfers made directly to consumers in this state. If the department is unable to collect the processing fee from the person or entity named on the certificate of compliance or direct shipper permit, the department shall give written notice by certified mail, return receipt requested, to that person or entity. The notice shall state that the processing fee shall be remitted in full within 30 days of issuance of the notice or the person or entity shall not be permitted to offer that beverage brand for sale within the state. If the person or entity fails to remit the processing fee within 30 days of issuance of the notice, the department shall notify the Department of Alcoholic Beverage Control that the certificate holder has failed to comply, and the Department of Alcoholic Beverage Control shall prohibit the offering for sale of that beverage brand within the state.

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

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

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

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

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

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

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

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

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

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

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

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

(k) (1) Commencing January 1, 2024, a processing fee equivalent to the processing fee applied to HDPE beverage containers shall be applied to a beverage container that is a box, bladder, or pouch, or similar container, containing wine or distilled spirits, as described in paragraph (13) of subdivision (a) of Section 14504.

(2) This subdivision shall become inoperative on January 1, 2026.

SEC. 31. Chapter 6.5 (commencing with Section 14578) is added to Division 12.1 of the Public Resources Code, to read:

CHAPTER 6.5. Dealer Cooperatives

14578. (a) In any convenience zone where no recycling location has been established that satisfies the requirements of Section 14571, and in any convenience zone that has exceeded the 60-day period for the establishment of a recycling center pursuant to Section 14571.7, all dealers within that zone shall, until a recycling location is established, or a redemption program of a dealer cooperative has been approved and is operational, in that convenience zone, do either of the following:

(1) Submit to the department an affidavit form provided by the department stating that all of the following standards are being met by the dealer:

(A) The dealer redeems all empty beverage container types at all open cash registers or one designated location on the dealer's premises, during all hours that the dealer is open for business.

(B) The dealer has posted signs that meet the size and location requirements specified in paragraph (2) of subdivision (a) of Section 14570, and that conform to subparagraph (B) of that paragraph.

(C) The dealer is delivering, or having delivered, all empty beverage containers received from the public to a certified recycling center or processor for recycling.

(2) (A) Join a dealer cooperative to provide a dealer cooperative redemption plan to the department and implement the approved plan to provide redemption in that convenience zone pursuant to Section 14578.5. A dealer cooperative plan shall be approved by the department and operational in order for dealers in that convenience zone to be in compliance with this section.

(B) A dealer cooperative may create its own plan, which shall be approved by the department in order to fulfill the dealer's obligations under this section.

(b) (1) This section does not apply to a dealer that has demonstrated to the department that the dealer has gross annual sales of less than one million five hundred thousand dollars (\$1,500,000) or is less than 5,000 square feet.

(2) For purposes of paragraph (1), gross annual sales do not include sales of fuel.

(3) For purposes of this chapter, an approved redemption plan may be considered operational in a specific unserved zone if the plan is fully implemented and providing redemption opportunities consistent with paragraph (1) of subdivision (c) of Section 14578.5.

(c) This section shall become operative on January 1, 2025.

14578.5. (a) By January 1, 2024, the department may provide one or more model dealer cooperative redemption plans for dealer cooperatives to adopt to comply with paragraph (2) of subdivision (a) of Section 14578 and this section.

(b) (1) By January 1, 2024, the department shall adopt emergency regulations that provide access and convenience for consumers that are comparable to subdivision (a) of Section 14571. The regulations shall include the registration process for dealers, the application and registration process for the dealer cooperative, and the process for updating information after registration as needed, and other regulations necessary for the implementation and enforcement of this subdivision.

(2) Upon the expiration of the emergency regulations no more than 180 days after adoption, the department shall adopt regulations pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code to implement this section.

(c) A dealer cooperative shall do all of the following:

(1) Submit a redemption plan to the department to provide redemption in one or more unserved convenience zones. Redemption programs shall include sufficient redemption opportunities for consumers that have comparable consumer convenience to the requirements of Section 14571 and include, but are not limited to, pilot projects described in Section 14571.9.

(2) Assess fees on the dealers in the zone or zones covered by the redemption plan necessary to cover operational costs and implementation of the approved plan.

(3) (A) Redeem all material types and offer one or more redemption locations within the dealer cooperative zone.

(B) The dealer cooperative may contract to provide the redemption opportunities approved in the plan.

(4) Be operational and fully implement the approved redemption plan.

(5) Register as a dealer cooperative with the department.

(6) Provide reports as required by the department, which may include, but are not limited to, the amount of empty beverage containers, by material type and weight of container or material, redeemed in the past month and any other relevant information the department requests in the form and manner that the department may prescribe.

(d) (1) Dealer cooperatives may be eligible for reimbursement of California Redemption Value funds paid to consumers, processing payments, handling fees, and administrative fees unless a certified recycling center operates in a convenience zone in which a dealer participating in the dealer cooperative is located.

(2) In order to receive payment from a processor, dealer cooperative redemption identification shall be verified.

(3) The department may delay payments to a dealer cooperative for up to seven days until the verification of the received weight versus the actual redemption weight of beverage containers occurs.

(e) The department may revoke a dealer cooperative's registration or the plan for failure to provide redemption for consumers.

(f) The department shall audit each cooperative at least once every 24 months to ensure that proper program payments are made to consumers and cooperative fees are being utilized for the operation of the approved redemption model.

(g) The department may assess civil penalties under Section 14591.1 for violations of this section.

SEC. 32. Section 14581 of the Public Resources Code is amended to read:

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

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

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

(3) (A) Ten million five hundred thousand dollars (\$10,500,000) may be expended annually for payments of five thousand dollars (\$5,000) to cities and ten thousand dollars (\$10,000) for payments to counties for beverage container recycling and litter cleanup activities, or the department may calculate the payments to counties and cities on a per capita basis, and may pay whichever amount is greater, for those activities.

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

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

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

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

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

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

(5) (A) The department shall expend the amount necessary to pay the processing payment established pursuant to Section 14575. The department shall establish separate processing fee accounts in the fund for each beverage container material type for which a processing payment and processing fee are calculated pursuant to Section 14575, or for which a processing payment is calculated pursuant to Section 14575 and a voluntary artificial scrap value is calculated pursuant to Section 14575.1, into which account shall be deposited both of the following:

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

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

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

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

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

(8) (A) For the 2019–20 fiscal year to the 2025–26 fiscal year, inclusive, the department may expend funds for market development payments to reclaimers and product manufacturers, pursuant to Section 14549.2.

(B) For purposes of this paragraph, the definitions in subdivision (a) of Section 14549.2 apply.

(9) (A) For the 2019–20 fiscal year to the 2025–26 fiscal year, inclusive, the department may expend up to a total of five million dollars (\$5,000,000) to support the pilot projects created pursuant to Section 14571.9.

(B) Taking into consideration the recent closure of many of California's recycling centers, the Legislature finds and declares that the appropriation provided for in Chapter 793 of the Statutes of 2019 is necessary in order to ensure the continued support of, and to bolster, consumer redemption opportunities.

(10) The department may expend up to four million dollars (\$4,000,000) annually for glass processing incentive grants authorized pursuant to Section 14543.

(11) The department may expend up to four million dollars (\$4,000,000) annually for empty glass beverage container grants authorized pursuant to Section 14544.

(12) The department may expend up to one million dollars (\$1,000,000) annually for grants to facilitate the transportation of empty glass beverage containers authorized pursuant to Section 14545.

(13) (A) The department may expend up to sixty million dollars (\$60,000,000) annually for glass market development payments for glass authorized pursuant to Section 14549.7.

(B) This paragraph shall become inoperative on January 1, 2028.

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

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

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

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

SEC. 33. Section 14591.1 of the Public Resources Code is amended to read:

14591.1. (a) (1) The department may assess a civil penalty upon a person who violates this division in an amount greater than five thousand dollars (\$5,000) pursuant to this division and any regulations adopted pursuant to this division only after notice and hearing in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(2) The department may assess a civil penalty upon a person who violates this division in an amount equal to, or less than, five thousand dollars (\$5,000), using a notice of violation process established by regulation and may use an informal hearing process pursuant to Article 10 (commencing with Section 11445.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the Government Code.

(3) Each violation of this division is a separate violation and each day of the violation is a separate violation. The department shall deposit all revenues from civil penalties in the Penalty Account specified in subdivision (d) of Section 14580.

(b) Any person who intentionally or negligently violates this division may be assessed a civil penalty by the department pursuant to subdivision (a) of up to ten thousand dollars (\$10,000) for each separate violation, or for continuing violations, for each day that violation occurs.

(c) Any person who violates this division by an action not subject to subdivision (b) may be assessed a civil penalty by the department pursuant to subdivision (a) of up to five thousand dollars (\$5,000) for each separate violation, or for continuing violations, for each day that violation occurs.

(d) No person may be liable for a civil penalty imposed under subdivision (b) and for a civil penalty imposed under subdivision (c) for the same act or failure to act.

(e) In determining the amount of penalties to be imposed pursuant to this division, the department shall take into consideration the nature, circumstances, extent and gravity of the violation, the costs associated with bringing the action and, with respect to the violator, the ability to pay, the degree of culpability, compliance history, and any other matters that justice may require.

SEC. 34. Ten million dollars (\$10,000,000) is hereby appropriated from the California Beverage Container Recycling Fund created pursuant to Section 14580 of the Public Resources Code to the Department of Resources Recycling and Recovery to disburse to community conservation corps in the form of grants for beverage container litter reduction programs and recycling programs. The programs may include, but are not limited to, glass beverage container litter reduction programs and recycling programs.

SEC. 35. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.