

Recycling in California

System Upgrade Needed to Revitalize In-State Recycling, Composting

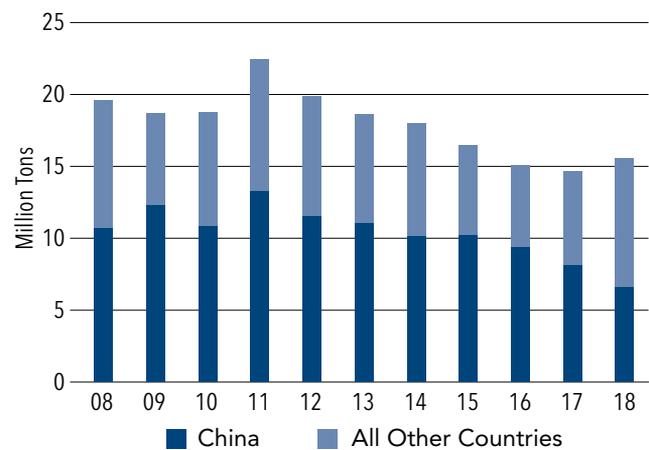
In 2011, the California Legislature passed and the Governor signed AB 341 (Chesbro; D-North Coast; Chapter 476, Statutes of 2011), a law establishing a statewide 75% recycling goal through source reduction, recycling and composting by 2020 and requiring all businesses and public entities that generate 4 cubic yards or more of waste per week to have a recycling program in place. In addition, multi-family apartments with five or more units also were required to form a recycling program. More than nine years later, California has not achieved its AB 341 goals for a multitude of reasons, including recent major changes to the global recycling markets.

For California to reach its ambitious waste diversion goals, the state would need to divert an additional 26 million tons annually from landfills. Unfortunately, California has been going in the opposite direction and analyses by the California Department of Resources Recycling and Recovery (CalRecycle) of California's recycling infrastructure conclude more investments must be made into the system to address California's need for more recycling and composting infrastructure.

GLOBAL RECYCLING MARKET SHAKEUP

In 2017, China shocked many in the western world by announcing its National Sword policy banning the imports of 24 categories of scrap materials, including low-grade plastics and unsorted mixed paper, and setting strict 0.5% contamination standards for allowable bales of recyclable material. China's National Sword policy substantially disrupted California's recycling markets because for decades, the state relied heavily on China to purchase

RECYCLABLES EXPORTED FROM CALIFORNIA PORTS



Source: CalRecycle

much of California's recyclable commodities. Before China's new policy, California was exporting as much as two-thirds of all curbside collected material to China and other foreign entities.

Then, in May 2019, the 187 countries party to the [Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal](#) decided to significantly restrict international trade in plastic scrap to address the improper disposal of plastic waste and reduce its leakage into the natural environment. As a result of these changes, transboundary shipments of most plastic scrap and waste will be controlled, or regulated, for the first-time starting January 1, 2021. Moving forward, international shipments of most plastic scrap and waste will be allowed only with the prior written consent of the importing country and any transit countries.

This new paradigm in the international recycling marketplace has in many instances lowered the worldwide price of some scrap materials. What was once a net positive revenue stream for many California local jurisdictions became a significant cost for them. In response, local jurisdictions raised curbside rates to counteract the declining international demand and value for certain scrap. Local jurisdictions cited China's National Sword policy, rising

Agenda for California Recovery

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labor and fuel costs, new infrastructure and compliance with SB 1383 (Lara; D-Bell Gardens; Chapter 395, Statutes of 2016), as the basis for having to raise curbside rates.

SB 1383 established targets to achieve a 50% reduction in the level of the statewide disposal of organic waste from the 2014 level by 2020, and a 75% reduction by 2025. The law provided CalRecycle the authority to adopt regulations setting stringent organic waste disposal reduction targets and to establish additional reduction targets for edible food. The Department of Finance estimated the cost to implement and build the infrastructure necessary to meet the mandates in SB 1383 would be approximately \$20.9 billion.

SB 54 / AB 1080 FAIL TO PASS AFTER TWO YEARS

The Legislature responded in 2019 with the introduction of SB 54 (Allen; D-Santa Monica) and AB 1080 (Gonzalez; D-San Diego), two identical pieces of legislation with the stated intent of reducing waste and pollution through source reduction, recycling and composting mandates.

SB 54 and AB 1080, titled the “California Circular Economy and Plastic Pollution Reduction Act,” were introduced as identical bills containing a mandate to reduce and recycle 75% of single-use packaging and products in California by 2030. Through the legislative process, the bills were amended to focus only on single-use plastic packaging and single-use service ware instead of all single-use plastic products. The bills later were amended to broaden the scope of what is regulated from single-use plastic packaging to all single-use packaging of any material type, rendering the bills material neutral. Late in the 2020 legislative session, the bills were amended again back to focusing on plastic packaging.

The amended bills always contained three primary mandates on manufacturers:

- First, all single-use plastic packaging and single-use plastic service ware sold or distributed in California must be recyclable or compostable by January 1, 2032.
- Second, all single-use plastic packaging and single-use plastic service ware sold or distributed in California must be recycled by 75% by 2032.
- Finally, all single-use plastic packaging and single-use plastic service ware sold or distributed in California must be source reduced to the maximum extent feasible.

The term “single-use packaging” was broadly defined to include any plastic packaging not intended to be refilled or reused by the manufacturer. This included primary packaging (the material used to hold the product, such as an aluminum soda can), as well as secondary packaging (the material used to

contain the primary packaging, such as a cardboard box for soda cans) and tertiary packaging (the material used for bulk handling, such as a palletized load). The mandates therefore applied to primary, secondary and tertiary packaging.

For companies not in compliance, such as failing to meet recycling rates or failing to source reduce to the maximum extent feasible (as determined by CalRecycle), the bills granted CalRecycle discretion to offer a compliance pathway through “Corrective Action Plans.” A Corrective Action Plan would need to be approved by CalRecycle and could require actions such as shifting production away from packaging and product categories that do not meet the recycling rates, reaching a minimum content standard set by CalRecycle, or establishing a take-back system or deposit fee system for single-use packaging or priority single-use products that would increase the recycling rate of the material, to name a few.

For regulated entities that failed to enter into or comply with an agreed upon Corrective Action Plan, SB 54 and AB 1080 provided CalRecycle with authority to issue fines of up to \$50,000 per violation per day. Additionally, retailers were expressly prohibited from selling any products whose packaging was not in compliance. Any packaging not meeting statewide recycling rates could have led to a ban on the product.

AB 1080 passed the Senate, but SB 54 failed to secure enough votes in the Assembly. Both bills ultimately died on the final night of the 2020 session, as AB 1080 never made it back to the Assembly for concurrence in Senate amendments after SB 54 failed.

NECESSARY INFRASTRUCTURE AND FUNDING MISSING FROM PROPOSED LEGISLATIVE SOLUTIONS

For decades, California’s reliance on international markets allowed it to operate with limited recycling infrastructure. The limited infrastructure for managing and recycling material was built largely based on the Beverage Container Recycling Program and each year shrinks as more and more California beverage container recycling centers close. For example, in 2019, California’s largest recycling redemption center operator shut down 284 facilities and laid off 750 employees. When the value of certain scrap materials on the international market collapsed and local jurisdictions and businesses struggled to turn a profit, the repercussions of an underdeveloped recycling infrastructure became glaringly apparent. Without downstream outlets for many otherwise recyclable materials, companies in California began stockpiling scrap materials as they sought to find acceptable markets for the material.

Tens of billions of dollars would be needed to build enough

recycling infrastructure to process and divert 75% of all single-use material types. [CalRecycle's Standardized Regulatory Impact Assessment](#) (SRIA) calculated the costs to build new infrastructure to process just organic waste would be approximately \$20.9 billion. The cost to build new recycling and composting infrastructure for single-use plastic packaging cost could exceed the SRIA estimates for infrastructure needed for short-lived climate pollutants. Notably, neither SB 54 nor AB 1080 provided funding or a path to streamline for infrastructure. Without funding and without permit streamlining for these facilities, overhauling California's recycling system would be destined to fail.

NO STATEWIDE UNIFORMITY IN RECYCLING

California is home to 482 local jurisdictions, all of which have local control over their waste management systems. While many local jurisdictions offer single-stream curbside collection of recyclables, some do not offer any curbside recycling services. An increasing number of local jurisdictions also are passing ordinances banning certain materials, like expanded polystyrene and single-use plastic food ware. Companies can design for recyclability and compostability, but they cannot design packaging to comply with different local jurisdiction ordinances. Any legislation overhauling California's recycling system should consider standardizing requirements to create a workable statewide circular economy.

CONSUMER BEHAVIOR AND CONTAMINATION

In the early 1990s, several California communities pioneered "single-stream" recycling to simplify and encourage more household participation in the recycling system. Subsequently, large and small municipalities across the United States began single-stream programs of their own. The thought was that single-stream recycling meant households no longer had to painstakingly separate every material type, which was laborious and led to less participation. Instead, consumers could simply throw all their recyclables—whether paper, plastic, glass or metal—into a single bin, drag it to the street, and have it emptied each week.

Although single-stream recycling programs increased household participation in recycling, they came with some significant

unintended consequences, one of which was substantial contamination. Today, the average contamination rate among communities and businesses hovers around 25%. Contamination has reshaped the international recycling market and created serious financial and environmental issues here in California. For example, consumer education could help to reduce contamination in a single-stream system by educating people on how to properly rinse packaging and remove food waste before disposal, as well as how to identify recyclable products versus garbage—which is more difficult than one might initially think.

Manufacturers of single-use packaging can help reduce contamination through design of their packaging to ensure recyclability at the local material recovery facilities.

CALIFORNIA RECYCLING INITIATIVE LIKELY TO QUALIFY FOR 2022 BALLOT

A California resource and recovery company is leading efforts to qualify the "California Recycling and Plastic Pollution Reduction Act of 2020," a [ballot initiative](#) to ban certain packaging types, mandate recycling rates and assess an up to \$0.01 tax on every unit of single-use plastic packaging and plastic food ware.

The proposed ballot initiative is missing several key elements that the California Chamber of Commerce believes are critical to meaningfully overhauling California's recycling system, including the need and pathway for siting additional and upgraded recycling infrastructure, as well as standardizing the program to create a uniform and meaningful statewide recycling program with statewide enforcement and recyclability requirements.

CALCHAMBER POSITION

The CalChamber supports upgrading California's recycling system to revitalize recycling and composting in-state. Any statewide policies regarding the management of California's waste must be balanced and take into consideration the burden on companies and consumers in order to be effective and achieve the intended environmental benefits. The CalChamber supports maintaining legislative oversight to ensure that any proposed regulations complement other state goals and policies.



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