
SENATE COMMITTEE ON ENVIRONMENTAL QUALITY

Senator Allen, Chair

2021 - 2022 Regular

Bill No: SB 1013
Author: Atkins
Version: 3/30/2022
Urgency: No
Consultant: Genevieve M. Wong

Hearing Date: 4/20/2022
Fiscal: No

SUBJECT: Beverage container recycling: reports: electronic submittal: wine and distilled spirits.

DIGEST: Revises the definition of “beverage” to include wine and distilled spirits, thereby subjecting those beverage containers to a CRV and the Bottle Bill program.

ANALYSIS:

Existing law:

- 1) Under the California Integrated Waste Management Act of 1989, requires each city or county source reduction and recycling element to include an implementation schedule that shows a city or county must divert 25% of solid waste from landfill disposal or transformation by January 1, 1995, through source reduction, recycling, and composting activities, and must divert 50% of solid waste on and after January 1, 2000. (Public Resources Code §41780). It is a policy goal of the state that not less than 75% of solid waste be source reduced, recycled, or composted by 2020, and annually thereafter. (Public Resources Code (PRC) §41780.01)
- 2) Under the California Beverage Container Recycling and Litter Reduction Act (Act), requires beverage containers, as defined, sold in-state to have a California redemption value (CRV) of 5 cents for containers that hold fewer than 24 ounces and 10 cents for containers that hold 24 ounces or more, and requires distributors to pay a redemption payment to the Department of Resources Recycling and Recovery (CalRecycle) for every beverage container sold in the state. These funds are continuously appropriated to CalRecycle for the payment of refund values and processing fees. (PRC §14500 et seq.)
 - a) Requires a beverage manufacturer to 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,” as specified.

Prohibits a person from offering to sell or selling a beverage container subject to these labeling requirements unless it has the CRV label. (PRC §14561)

- b) Requires CalRecycle to establish a processing payment for a beverage container covered under the program that has a scrap value less than the cost of recycling, to be determined as specified, that is at least equal to the difference between the scrap value of the material and the sum of the cost of recycling and a reasonable financial return. (PRC §14575(b))
- c) Requires beverage manufacturers to pay a processing fee that is equal to 65% of the processing payment. Reduces, or offsets, the processing fee for a container type with money from the Beverage Container Recycling Fund (BCRF) a specified percentage based on the recycling rate for that container type. This percentage ranges from 65% of the processing payment for a container type with a recycling rate of 30% or less to 10% of the processing payment for a container type with a recycling rate of greater than 75%. (PRC §14575(d))
- d) Requires processors and distributors of beverage containers to report specified information to CalRecycle, in the form and manner described by the department.

This bill:

- 1) Revises the definition of “beverage” to include distilled spirits and wine or wine from which alcohol has been removed in whole or in part
- 2) Explicitly authorizes CalRecycle to require the information reported be submitted electronically.

Background

- 1) *Background on the Bottle Bill program.* The Bottle Bill was established by AB 2020 (Margolin, Chapter 1290, Statutes of 1986). The purpose of the program is to be a self-funded program that encourages consumers to recycle beverage containers to prevent littering. The program accomplishes this goal by requiring consumers to pay a deposit for each eligible container purchased. Then the program guarantees consumers repayment of that deposit, the CRV, for each eligible container returned to a certified recycler. Statute includes two main goals for the program: (1) reducing litter; and, (2) achieving a recycling

rate of 80% for eligible containers.

- 2) *Eligible beverage containers.* Only certain beverage containers containing certain beverages are part of the CRV program. Most containers made from glass, plastic, aluminum, and bimetal (consisting of one or more metals) are eligible. Wine, spirits, milk, fruit juices (over 46 ounces), vegetable juice (over 16 ounces), and soy drinks are not eligible for CRV. Container types that are not included in the CRV program are cartons and pouches.

Comments

- 1) *Wine and distilled spirits.* According to information provided by the author, California generates more than 500 million wine and spirits bottles, with less than 30 percent being recycled and over 300 million wine and spirits bottles being landfilled every year. Although the current Bottle Bill program includes beer, it does not include wine or spirits. SB 1013 adds wine and spirits into the program, subjecting those containers to a CRV. Wine and spirits bottles are predominately collected through curbside collection; and according to CalRecycle's latest Semi-Annual Report on the Bottle Bill, published April 1, 2022, glass has a recycling rate of about 60 percent. According to a 2019 report by Eunomia on Bottle Bill, curbside programs received approximately \$172 million from the current Bottle Bill program in 2017, including \$15 million that is annually provided from the BCRF. Stakeholders have long argued that if wine and spirits bottles recycling is handled primarily through curbside, which is part of the beverage container recycling program, those bottles should also contribute financially to the program from which they benefit. Also according to the Eunomia report, adding wine and spirits could potentially add 1.2 billion bottles to the program.
- 2) *This bill.* Adding wine and spirits to the program may have various positive impacts on the program.

BCRF. Adding wine and spirits to the program will potentially increase revenue into the BCRF through new processing fees that will be paid by the wine and spirits distributors and unredeemed CRVs by the consumers. In the past, CalRecycle reports had indicated a structural deficit in the BCRF. However, according to a recent San Francisco Chronicle article, there is a surplus of more than \$529 million in the BCRF.

Reduce contamination, increased recycling rates. Subjecting wine and spirits to a CRV may encourage consumers to redeem their empty wine and spirits containers at a recycling center rather than placing the bottles with curbside

collection. Glass bottles that go through curbside collection often break and become contaminated, making recycling of the glass difficult. By keeping the bottles separate from other curbside materials and redeeming at recycling centers, those bottles are more likely to remain intact, will have less contamination, and more likely to be recycled.

Increased business for recycling centers. As stated above, consumers may be encouraged to redeem their empty wine and spirits containers at a recycling center rather than placing them in the curbside bin. Increased collection at recycling centers could help those centers stay open. In recent years, recycling centers throughout the state have closed.

Lowering processing costs. Additionally, according to a 2015 Legislative Analyst Office report, adding new beverages such as wine and spirits could reduce the average cost to process each container, as well as increase its scrap value. As discussed above, adding a CRV to wine and spirits may encourage consumers to redeem their bottles at recycling centers. Containers returned at recycling centers have lower processing costs and a higher scrap value than containers collected through curbside due to less contamination. Therefore, to the extent consumers begin redeeming wine and spirits containers, which are typically glass, it would provide manufacturers with higher quality material with reduced average processing costs.

Other benefits. According to stakeholders, including wine and spirits in the program would result in recycling of almost 200 million additional wine and liquor containers annually. The expansion would reduce greenhouse gas emissions by almost 200,000 tons of carbon dioxide. Expansion will also greatly reduce litter of wine and spirits containers, a visible and dangerous component of urban litter pollution.

- 3) *Does size matter?* Under the Bottle Bill, the size of the container determines the amount of the CRV. Containers that hold fewer than 24 ounces are subject to a \$0.05 CRV; containers that hold 24 ounces or more are subject to a \$0.10 CRV. Wine and spirits, however, are not labeled in ounces. Instead, containers are based on the metric system using milliliters or liters, and often in amounts higher than 24 ounces. While a standard wine bottle is 750ml (about 25 ounces), wine can come in a variety sizes, as shown on the following page. Spirits bottles can also vary in size. Based on the current CRV thresholds, most wine and spirits bottles, regardless of size, will be subject to a \$0.10 CRV. Should a jeroboam wine bottle, which has the capacity of 6 wine bottles, have the same CRV as a standard size bottle? Then again, how often does one

really come across a Nebuchadnezzar size bottle? *The author may wish to consider whether higher volume containers should be subject to a higher CRV.*

	Milliliters/liters	Ounces (approx)	Applicable CRV
Wine			
Half bottles/Demi	375 ml	12	\$0.05
Standard Bottle	750 ml	25	\$0.10
Magnums (2 bottles)	1.5L	50	\$0.10
Double Magnums (4 bottles) or boxed wine	3L	100	\$0.10
Jeroboam (6 bottles)	4.5L	150	\$0.10
Boxed wine	5L	169	\$0.10
Imperial (8 bottles)	6L	200	\$0.10
Salmanazar (12 bottles)	9L	300	\$0.10
Balthazar (16 bottles)	12L	400	\$0.10
Nebuchadnezzar (20 bottles)	15L	500	\$0.10
Solomon (24 bottles)	18L	600	\$0.10
Spirits			
Miniature	50ml	1.7	\$0.05
Fifth	750 ml	25	\$0.10
Liter	1000L	34	\$0.10
Handle	1750ml	59	\$0.10

- 4) *Boxed wine.* In its current form, SB 1013 does not include boxed wine, a growing market. Since wine packaged in a bottle would be subject to a CRV, shouldn't wine packaged in plastic and a box also be subject? Not including boxed wine or other packaging variations could potentially create a loophole.

The committee may wish to amend the bill to include boxed wine, and its variations, in the Bottle Bill program.

- 5) *CRV labeling.* In 1999, SB 32 (Sher, Chp. 815, Stats. 1999), among other things, added carbonated and noncarbonated water, noncarbonated soft drinks and sports drinks, specified noncarbonated fruit drinks, coffee and tea drinks, and carbonated fruit drinks, as specified, to the definition of beverages. In 2000, SB 1906 added “vegetable juice in beverage containers of 16 ounces or less. Those bills, to give beverage manufacturers time to comply beverage container labeling requirements, provided a one-year buffer before the new beverage and their containers were subject to the labeling requirements.

The committee may wish to amend the bill to provide a similar timeframe for wine and distilled spirits containers to comply with CRV labeling requirements. During that timeframe, wine and distilled spirit containers will be considered “empty beverage containers” for all other purposes of the program, including the ability of a consumer to redeem their CRV at a recycling center.

- 6) *Technical changes to conform with other alcoholic beverages a part of the program.* Bottle Bill currently provides provisions specific to beer and malt beverages and wine or distilled spirit coolers relating to invoicing between distributors and dealers and relating to the Alcoholic Beverage Control Act. Specifically, PRC §14560.5(a)(2) allows the invoice submitted by a distributor of those beverages to a dealer to separately identify the portion of the gross wholesale price attributable to any redemption payment imposed on the beverage containers and permits that the separate identification of the invoice separately state the gross amount of the redemption payment for each type of container included in the delivery. PRC §14560.5(d), with regard to the sale of beer or other malt beverages or wine and distilled spirits cooler beverage, requires any amount of redemption payment imposed be subject to certain Alcoholic Beverage Control Act provisions.

The committee may wish to amend the bill to apply the same technical provisions that are applied to alcoholic beverages that are already a part of the program to wine and distilled spirits.

- 7) *Other logistics.* Redefining “beverage” to include wine and distilled spirits may have other implications in addition to subjecting those beverages to a CRV. For example, certified recycling centers and pilot projects are required to take back all types of empty beverage containers in order to be a certified

recycling center or an approved pilot project. To the extent a recycling center or pilot project is not able to immediately start taking back wine or distilled spirit containers could affect its eligibility as a certified recycling center or pilot project. If a previously certified recycling center or previously approved pilot project becomes uncertified due to its failure to take back all types of empty beverage containers, including wine and distilled spirit containers, that could cause a “served” convenience zone to become “unserved,” thereby requiring dealers within the convenience zone to takeback empty beverage containers. There may be additional logistical adjustments resulting from the expansion of the program that the author may wish to consider.

- 8) *Staff recommends the committee adopt the bolded amendments contained in comments 4, 5, and 6, above.*

Related/Prior Legislation

AB 2779 (Irwin) redefines “beverage,” for purposes of Bottle Bill, to include wine sold in an aluminum beverage container and distilled spirits sold in an aluminum beverage container. At the time this analysis was written, AB 2279 was scheduled to be heard in the Assembly Natural Resources Committee on April 19, 2022.

SB 1625 (Corbett, 2008), among other things, would have expanded the Bottle Bill to include all plastic bottles, excluding food, and revised the term “beverage” to include nut, grain, or soy drinks that contain any percentage of juice. SB 1625 was held in the Assembly Rules Committee.

SB 1906 (Sher, Chapter 731, Statutes of 2000), among other things, added vegetable juice in beverage containers 16 ounces or less to the Bottle Bill.

SB 332 (Sher, Chapter 815, Statutes of 1999), among other things, added carbonated and noncarbonated water, noncarbonated soft drinks and sport drinks, specified noncarbonated fruit drinks, coffee and tea drinks, and carbonated fruit drinks, as specified, to the Bottle Bill.

SOURCE: Author

SUPPORT:

5 Gyres Institute, the
Active San Gabriel Valley
California Association of Local Conservation Corps
California Teamsters Public Affairs Council

Californians Against Waste
Heal the Bay
Monterey Regional Waste Management District
National Stewardship Action Council
Northern California Recycling Association
Plastic Oceans International
Plastic Pollution Coalition
Republic Services - Western Region
Save Our Shores
Save the Albatross Coalition
Seventh Generation Advisors
The Center for Oceanic Awareness, Research, and Education
The Last Beach Cleanup
The Last Plastic Straw
Tri-ced Community Recycling
Upstream
Wishtoyo Chumash Foundation
Zero Waste USA

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to Californians Against Waste,

“SB 1013 has the potential to divert more than 200,000 tons of additional glass and PET from disposal and for recycling into new containers by California glass and PET bottle makers. We know that using increased levels of recycled content in glass and plastic container manufacturing will save energy and reduce pollution, including reducing carbon emissions.

“The most recent data shows that for every six tons of recycled container glass used, a ton of carbon dioxide is reduced. SB 1013 will expand recycling, strengthen end-use markets, and help ensure that the unique cost of recycling each container type is borne by the producers—Producer Responsibility—and not by taxpayers, ratepayers, or local governments”

-- END --