



May 30, 2019

Honorable Jared Blumenfeld
Secretary for Environmental Protection
California Environmental Protection Agency
1001 I Street
P.O. Box 2815
Sacramento, CA 95812-2815

Re: Budget Proposal To Address Recycling Crisis

Dear Secretary Blumenfeld,

California's system of recycling empty beverage containers is in crisis and needs your urgent action.

More than 40 percent of all state-certified redemption centers have closed in the last several years. This leaves consumers with fewer and fewer options to recycle and redeem their nickel and dime deposits that totaled \$1.5 billion last year.

The trend will accelerate without a budget fix to help the recycling centers stay open another year.

We appreciate your stated concerns about recycling in California and ask that you work with us to make sure that recycling centers stay open until a long-term solution to the problem is found. We pledge to work with you on that solution, but a short-term fix is needed to protect consumers and the environment.

Below Consumer Watchdog proposes an immediate budgetary solution that is easily funded.

The budget urgency heightened just recently when Senate legislation (SB 724 - Stern), that would have thrown a life line to the recycling centers, failed after the grocers' lobby, which sought greater exemptions from being the recycler of last resort, were denied new exemptions in the Senate Appropriations Committee.

The state's effective container redemption rate, setting aside curbside pickup and drop off where consumers do not redeem deposits, is now a mere 66 percent. Consumer

Watchdog issued a comprehensive report¹ on the problem in March showing consumers get about half the deposits they pay in directly. We also recently completed a grocery store investigation demonstrating that two-thirds of the grocery stores that are required to redeem bottles and cans don't.²

We are heartened that you have described recycling as a “personal passion” and told *Politico Pro* that it was “insane” that Californians consumed 24 billion beverages last year and shuddered to think of even a fraction of the empty containers ending up in the ocean. We agree with you that the closure of redemption centers and other recycling issues present “... a crisis, but there's also an opportunity to rethink it.”³

Currently, the container recycling program's regulator, CalRecycle, has stockpiled more than \$360 million in unredeemed consumer deposits that can be used to help reopen and keep open redemption centers. We recommend that a small portion of this fund be used to save the centers in this year's budget.

We ask that the Administration enact a Supplemental Beverage Container Redemption Center Financial Stabilization Payment:

- \$2,000 per month per site, both Convenience Zone (CZ) and Old Line (OL), doing business as of 1/1/19
- Effective 1/1/19
- Sunsets on 12/31/20
- No new CZ or OL sites established in 2019 and 2020 would be eligible for the supplemental payment
- A recycling site that accepts the supplemental payment must keep the site open through 12/31/20 or forfeit the previous supplemental payments accepted.

¹ https://www.consumerwatchdog.org/sites/default/files/2019-02/Half%20a%20Nickel_0.pdf

² <https://www.consumerwatchdog.org/energy/consumer-watchdog-report-shows-66-grocery-stores-surveyed-refused-recycle>

³ March 12, 2019 Q&A with by Debra Khan Politico Pro

Cost: Assuming roughly 1,500 total redemption centers (750 CZ and 750 OL), an annual cost of \$36,000,000 in each of the two calendar years. We propose that the supplemental payment be made retroactive to 1/1/19. So, $1,500 \times \$2,400 \times 24 = \$72,000,000$ or \$36,000,000 each in calendar 2019 and 2020. It would end 12/31/20 when a newly restructured program would begin on 1/1/21.

A major factor in lack of consumer access to recycling is supermarkets, including major grocery, drug, and convenience store chains, refusing to be recyclers of last resort. These stores, which our recent survey shows shirk their legal duties, should not be permitted to kill the recycling program by holding it hostage for greater exemptions from their obligation to be providers of last resort.

The supermarkets are renegeing on California's landmark 1986 bottle deposit law that let them out of having to take back empties in exchange for stepping in to redeem deposits if centers in convenience zones folded. Out of ten states with bottle bills, only California and Hawaii exempted beverage dealers from the recycling and redemption requirement. The other eight require redemption at centers and/or retail stores. Two such states, Oregon and Michigan have container recycling rates of 90 and 92 percent respectively.

Longer term, we agree bigger steps are needed to reform recycling. To save the program now, however, so it can be reformed later, we ask that the Administration allocate short-term funding to maintain hard-hit recycling centers.

We hope we can discuss this proposal as soon as possible. The crisis is dire and the budget process well underway.

Thanks for your consideration.

Sincerely,



Jamie Court



Liza Tucker

CC: Ann O'Leary, Chief of Staff