

AB 1005 (Gordon)

Plastic Market Development Program

SUMMARY

AB 1005 would extend the sunset on California's successful plastic market development program, which was created to encourage increased use of California generated recycled beverage container material, create and maintain jobs in California, and close the loop on plastic beverage container recycling.

BACKGROUND

The current Plastic Market Development (PMD) Program is largely the product of two bills.

- AB 3056 (Ch. 907, Stats. 2006), among other items, created a Plastic Market Development (PMD) program which authorized what is now CalRecycle to provide an incentive to companies that reclaim plastics. The original enactment authorized up to \$5 million to be expended annually.
- AB 1149 (Ch. 486, Stats. 2011) extended the sunset on the PMD program for 5 years, until January 1, 2017, and authorized up to \$10 million to be expended annually for this purpose.

While California's PMD program has succeeded in increasing processing and use of recycled plastic in-state, California continues to export significant quantities of plastic collected for recycling. For example, when the program was last reauthorized and expanded, Californians collected more than 250,000 tons of PET and HDPE plastic beverage containers for recycling, with all but 25,000 tons exported overseas (primarily to China) for processing and manufacturing. The most recent figures show that about half of the containers are now processed and remanufactured in California.

The PMD program assists with the expansion of California's recycling infrastructure by incentivizing California-based manufacturers of products and packaging to utilize this material, reducing pollution and waste, and increasing jobs and economic opportunity in California.

The PMD program uses surplus redemption funds (money from beverage containers not recycled) from the Beverage Container Recycling Fund, to make payments of up to \$150 per ton to California-based processors who wash and process empty plastic beverage containers into flake or pellet for manufacturers, and manufacturers who use the flake or pellet to manufacture plastic products in California.

Currently, there are approximately seven companies doing plastic processing, and more than a dozen California manufacturers that can use recycled plastic. Together, these companies are employing about 1000 people, whose jobs are supported by the current program. Should the program and accompanying financial support sunset, a portion of these jobs could be at risk.

In addition to waste diversion and job creation/retention, there are environmental benefits from using this recycled material in California – there is a 71% reduction in GHG emissions from the use of recycled PET compared to virgin resin, and 67% reduction for using recycled HDPE compared to virgin resin.

THIS BILL

As proposed to be amended, AB 1005 would extend the sunset on California's successful PMD program for one additional year. This short extension is consistent with the Administration's plan to comprehensively

examine the state's Bottle Bill program in 2017.

SUPPORT

Californians Against Waste
California Nevada Beverage Association
CarbonLITE
Clean Water Action/Clean Water Fund
Ecopet Plastics
Global Plastics
Marin Sanitary Service
National Association for PET Container Resources (NAPCOR)
Peninsula Packaging Association
RePET Inc
Recycle Smart (Central Contra Costa Solid Waste Authority)
Sonoma County Waste Management Agency
Talco Plastics Inc.
Tri-CED Community Recycling
UPSTREAM
Verdeco Recycling, Inc.
Zanker Recycling

OPPOSITION

None on File

FOR MORE INFORMATION

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