

Handling Fee Guidelines (Revised July 2015)



California Department of Resources Recycling and Recovery

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STATE OF CALIFORNIA

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Introduction

These guidelines are intended to provide information and procedures that the operator of a recycling center (recycler) should understand and follow in order to apply for and receive handling fee payments. The Department of Resources Recycling and Recovery (Department) provides these guidelines based on the California Beverage Container Recycling & Litter Reduction Act (Act) and the California Code of Regulations (CCR). The most updated version of the Act and CCR can be found on the Department's website: <http://www.calrecycle.ca.gov/BevContainer/LawsRegs/>. Public Resources Codes (PRC) in this text are detailed in Appendix A.

While the Department made every attempt to ensure accuracy and completeness, these guidelines are advisory only and do not replace or supersede either the Act or CCR. Questions relating to handling fees ultimately will be resolved using the provisions of statute and regulation and not by reference to these guidelines.

Definition and Purpose of Handling Fees

What Are Handling Fees?

Handling fees are monthly payments made by the Department to recycling centers that meet certain eligibility requirements. A recycler can receive a monthly handling fee payment for each eligible container redeemed at an eligible center. The most current payment per container rate information can be found at the Department's website: <http://www.calrecycle.ca.gov/BevContainer/Notices/#HandlingFees>. Notices are posted with the most recent date at the top. Click on the link titled "Handling Fee Changes, Effective (most current date)."

What Is the Purpose of Handling Fees?

The Department makes handling fee payments to recyclers to provide incentives for the convenient redemption of empty beverage containers. These payments encourage increased redemptions and reward operational efficiency at supermarket site recycling centers, nonprofit convenience zone recycling centers, and rural region recycling centers operating within convenience zones.

Eligibility

What Makes a Recycling Center Eligible for Handling Fees?

To be eligible for handling fees, a recycling center is required to be certified and operational as of the first day of the month for which a handling fee application is submitted, according to PRC 14585. (a)(1); it must be located within one or more convenience zones; and it must be the only recycling center within the convenience zone or zones (PRC Section 14513.4. and Section 14585(c) (1).)

In addition, the recycling center must be one of the following types of recycling centers:

- **Supermarket Site Recycling Center**
To qualify as a “supermarket site,” a recycling center must be located within, or outside and immediately adjacent to the entrance of, or at, or within a parking lot or loading area surrounding, a supermarket which is the focal point of a convenience zone, or at, or adjacent to a beverage retailer (dealer) that is located within the zone, and which is accessible to motor traffic. (PRC Section 14526.6.)
- **Nonprofit Convenience Zone Recycling Center**
To be qualified as a nonprofit convenience zone recycling center, the operator of the site must be a nonprofit organization as established under Section 501(c) or 501(d) of Title 26 of the United States Code and have a recycling center which is certified and located within a convenience zone. For a nonprofit recycling center, the location is not required to be at a supermarket site, but still must be the only recycling center in the zone. (PRC Section 14514.7.)
- **Rural Region Recycling Center**
The Department offers a single handling fee payment to a rural region recycler located anywhere inside a convenience zone if that zone is not served by another certified recycling center and the rural regional recycler does either of the following:
 - (A) Operates a minimum of 30 hours per week in one convenience zone; or
 - (B) Serves two or more convenience zones and meets all of the following criteria:
 - (i) Is the only certified recycler within each convenience zone
 - (ii) Is open and operating at least 8 hours per week in each convenience zone and is certified at each location
 - (iii) Operates at least 30 hours per week in total for all zones served
 - (iv) Is the only certified recycler within each zone

What Makes Recycling Centers Ineligible for Handling Fees?

A variety of situations can make a recycling center ineligible to receive handling fees. For example:

Recycling Center Is Grandfathered

A grandfathered recycling center is a recycling center that can electively accept less than all material types and/or electively operate less than 30 hours per week (PRC Section 14572. (b), CCR 2516 (a)(4))

Second Recycling Center Becomes Operational / Permanent Ban

When a second recycling center begins operation in a zone in which a recycling center that is eligible for handling fees is already operating, the second recycling center is subject to a permanent ban and will never be eligible to receive handling fees in that zone. The term “permanent” is used since this eligibility ban applies even after the original recycler in that zone decertifies. The permanent ban can also apply to a grandfathered recycling center if it is the second recycling center in a zone, and if and when that grandfathered recycling center elects to begin accepting all material types (PRC Section 14585 (c)(1).)

Deactivation of a Zone

In this case, the convenience zone served by a handling fee eligible recycling center is deactivated due to the permanent closure of the supermarket that creates the zone. In this situation, the handling fee eligible site loses its eligibility at the end of the month during which the supermarket closes. If a handling fee eligible recycling center is operating at a supermarket-anchored commercial parking lot, and that supermarket closes indefinitely, the recycling center operator must inform the Department within 10 calendar days. Once it is determined that the supermarket is closed indefinitely, the recycling center will no longer be eligible for handling fees. (PRC 14585. (5)(A), (B), and (C), and CCR Section 2505. (a), CCR Section 2517. (a)(2))

Supermarket or Dealer Closure (Temporary)

If a dealer where a supermarket site, nonprofit convenience zone recycler, or rural region recycler is located ceases operations for remodeling or for a change of ownership, the operator of the supermarket, nonprofit convenience zone recycler, or rural region recycler shall be eligible to apply for handling fee payments for a period of three months following the date of closure of the dealers (PRC 14585. (5)(A).) The definition of “Dealer” is a retail establishment which offers the sale of beverage containers to consumers (PRC 14510.)

Dealer Closure (Permanent)

If a recycling center is located within a convenience zone, but is on-site at a dealer instead of a supermarket site, and the dealer closes, handling fee eligibility will cease in the month in which dealer closes. (PRC 14526.6. and CCR Section 2517 (a)(2).)

Non-Operation or Decertification

In this case, a recycling center that is eligible for handling fees decertifies, or ceases to operate without properly informing the Department of its intent to cease operation. If either condition is evident, the recycling center will not receive handling fee payments for any period during which the site was not certified and operational as of the first day of the reporting month. A recycling center operator must notify the Department in writing of closure within ten (10) calendar days (PRC 14585. (a)(1) and CCR Section 2505. (a)(5)).

Applying for Handling Fees

How Do You Apply?

A recycler wanting to apply for handling fees must submit a handling fee application (DR-14) for each calendar month. Submission of a DR-14 requires the use of the Division of Recycling Integrated Information System (DORIIS) portal. Operators who do not yet have DORIIS portal access must complete a Portal Access Request form available at: <http://www.calrecycle.ca.gov/BevContainer/Forms/CalRecycle769.pdf>

Instructions for submitting a DR-14 are located in Appendix B. The “reporting month” is the calendar month for which a handling fee is being claimed. A recycling center operator must accurately report the receipts-and-logs redemption weights, in tenths of pounds, for all material types redeemed from consumers during the reporting month. The information submitted on this application must correspond to daily summaries, which are based on receipts and logs.

Each DR-14 must cover only one calendar month and one eligible recycling site (See Eligibility Section). Handling fee application must be submitted monthly and must be entered in the DORIIS portal no later than the first business day of the second month following the reporting month. For example, for the reporting month of April, the DR-14 is due no later than June 1 of the same year. Handling fee denial will result if:

- (1) DR-14 is received after the submission deadline
- (2) DR-14 is incorrectly completed

If a DR-14 is denied, the operator of the recycling center for which it was submitted will not receive a handling payment for that reporting month.

It is entirely the responsibility of the recycling center operator to meet the reporting deadline and for submitting accurate data. **Accordingly, recycling center operators are strongly encouraged to submit their DR-14s early.** By doing so, problems with an operator’s entry, or a problem with DORIIS itself, can be addressed before the due date. DORIIS support staff are available Monday through Friday from 8:00 a.m. to 5:00 p.m. via email at DORIISHelp@CalRecycle.ca.gov, or by phone at (916) 322-1655. If problems surface outside these business hours, there will be no staff available to assist.

Please note that denial for one month will not affect handling fee eligibility for any future month.

What Considerations Pertain to the DR-14?

Several considerations pertain to DR-14s, all of which are issues a recycling center operator should keep in mind.

- As previously mentioned, the DR-14 covers one calendar month only. To continue receiving handling fees, a new submission is required for each subsequent month.
- By checking the “I Agree” box on the DORIIS portal DR-14 form, the recycling center operator is certifying that the reported redemption weights were redeemed: (1) only by the recycling center at the site reported on the application, (2) only from consumers, (3) only during the reporting month, and (4) only during periods when the recycling center was open for business.
- By checking the “I Agree” box, a recycling center operator is acknowledging the understanding that the DR-14 is only an application for handling fees and that the final determination of eligibility for, and amount of, handling fee payments will be made by the Department.
- A DR-14 may be selected for an audit by Department staff.
- Submission of false information on a DR-14, with intent to defraud the Department, may result in substantial fines and/or applicable civil or criminal penalties.

Calculations and Payments

How Will the Department Calculate Your Handling Fee?

After determining that a site meets the eligibility criteria as described in the Eligibility Section, the Department will then calculate your handling fee following the steps below.

Step One: Weight-to-Container Conversion

The Department first converts the reported redemption weights to containers using, for each material type, the Department's statewide-average container-per-pound rates. Current container per pounds rates are posted at the Department's website under Official Notices. <http://www.calrecycle.ca.gov/BevContainer/Notices/>

For example:

The site reports redemption weights for April 2015 that the Department has converted to the following container counts:

Aluminum = 125,000

Plus Glass = 31,000

Plus PET = 15,000

Plus HDPE = 5,000

Plus Bimetal = 0

Equals 176,000 Total Containers

Step Two: Eligible Containers Determination

The Department then determines the site's number of eligible containers by taking the lesser of the site's total containers or the site's total glass and plastic (plastic #1 through #7) containers divided by the eligibility percentage, which is fixed at 10 percent, effective January 1, 2000.

Aluminum

Plus Glass

Plus PET

Plus HDPE

Plus Bimetal

Equals Eligible Containers

OR

Glass

Plus PET

Plus HDPE

Equals Total Glass and Plastic

Total Glass and Plastic Divided by Eligibility Percentage

Equals Eligible Containers (whichever is less).

What is the site's eligible monthly volume?

(Containers)

125,000

Plus 31,000

Plus 15,000

Plus 5,000

Equals 176,000

OR

31,000

Plus 15,000

Equals 46,000

46,000

Divided by 10 percent

Equals 460,000 containers (whichever is less).

The site's eligible volume is 176,000 containers.

Step Three: Handling Fee Calculation

The Department then calculates the site's handling fee award amount by multiplying the total eligible containers times the current payment per container (for example \$.01046, which was effective July 1, 2015). The handling fee rate is subject to change, and the most up-to-date information can be found at the Department's website:

<http://www.calrecycle.ca.gov/BevContainer/Notices/#HandlingFees>

Eligible Containers

Multiplied by \$0.01046

Equals Handling Fee Payment

176,000

Multiplied by \$0.01046

Equals \$1,840.96

How Will Your Handling Fee Claims Be Processed?

The Department will process handling fee payments as follows:

- **Eligibility Determination**
The Department determines recycling center handling fee eligibility each month.
- **Application Submission**
Recyclers submit DR-14s using the DORIIS portal.
- **Application Processing**
The Department processes handling fee applications on a monthly basis. Handling fee payments are calculated and, for eligible sites, a claim is created.
- **Claims Status**
Recycling centers can access their handling fee claim status by using the DORIIS Handling Fee Lookup Tool (see Appendix C). The Department authorizes and initiates a claims schedule, which is submitted to the State Controller's Office.
- **Checks**
The State Controller's Office produces checks based on the claim schedules prepared by the Department's Accounting Office and sends those checks to the mailing address on record in DORIIS.

- **Denial Notices and Hold Notices**

The Department sends a Notice of Denial to sites not eligible to receive handling fees. Sites that are on hold due to audit or enforcement actions receive a Hold Notice.

Payment Process

What Processes Do Handling Fee Payments Undergo Before the Check Is Issued?

When a DR-14 is approved by the Convenience Zone Unit for handling fee payment, it is assigned a claim number and forwarded for review by several other organizational units, within and external to CalRecycle:

- 1) Recycling Program Certification & Registration Branch/Convenience Zone Unit
- 2) Recycling Program Operations Branch/Statistical Information Section
- 3) Fiscal Services Branch/Accounting Section
- 4) State Controller's Office

Handling fee checks are released to recycling center operators from the State Controller's Office, not from the Department.

Handling Fee Payment Timing

Please note that due to complexities of the aforementioned process, the handling fee payment timeline is not always a fast process. A variety of situations beyond the scope and control of the Convenience Zone Unit can result in delayed handling fee payments, so it is always advisable for recycling center operators to make business plans accordingly.

Changes and Interruptions in the Handling Fee Program

The Department cannot guarantee the indefinite preservation of the present handling fee payment structure. Since the inception of the beverage container recycling program, the structure of the handling fee program has undergone several legislative redesigns. There have also been several occasions when financial impacts on the Beverage Container Recycling Program Rendered the Department unable to pay handling fees to eligible recycling centers for several months at a time. **Therefore, it is strongly advised that a recycling center operator always be judicious with the use of handling fee monies. Handling fee payments should not be assumed as an entitlement.**

Record Keeping, Reviews, and Appeals

What Records Need to Be Retained?

An operator of a site receiving handling fees must maintain certain records for each location where beverage containers are redeemed, and also must be prepared to take any other action necessary for the Department to determine that their recycling center does not receive an excessive or incorrect handling fee payment. Specifically, the Department requires that a recycling center operator retain the following records for every recycling site:

- Daily transaction receipts and logs
- Daily summaries
- Since DR-14s are entered through the DORIIS portal, always save or print a copy of the online submission and make sure there is a transaction number.

The Handling Fee Lookup tool is available in DORIIS. Participants can review DR-14 submission and track payment status using this feature (see Appendix C).

In event of a handling fee review, receipts and logs and daily summaries will be requested by the Department for the month or months subject to the review. In this situation, a recycling center operator is strongly encouraged to make copies of all these documents for backup records, before sending the original records to the Department.

These record-keeping requirements are in addition to, and do not supersede, any other requirements imposed by statute or regulation.

Handling Fee Reviews

The handling fee expenditure is one of the largest components of the Beverage Container Recycling Fund, so the Department must ensure that handling fee payments are not obtained in a fraudulent manner. In accordance with PRC 14552 (a) and PRC 14580 (e), the Department may select a recycling center for a review if certain conditions are observed.

How to Appeal a Handling Fee Denial

If a recycling center operator believes that the Department incorrectly determined or denied a handling fee claim, the operator may appeal the Department's decision.

A formal appeal must be submitted in writing within 30 calendar days of the payment date or of the date of the applicable Notice of Denial. Appeals submitted after this 30-day period will be rejected by the Department (CCR Section 2519).

To ensure a timely review, your written appeal must include all of the following:

- A list of the certification number(s) and facility address(es) involved

- The month(s) and year(s) in question
- A copy of the Notice(s) of Denial
- A copy of the remittance advice, if this appeal is a payment determination
- A short explanation of why each denial or determination is believed to be in error
- Any other documentation that supports the appeal

Appeals are to be submitted to:

CalRecycle
ATTN: Handling Fee Appeals
801 K Street MS 15-59
Sacramento, CA 95814-3533

The Department will respond to your appeal in writing within 15 working days of the receipt of the letter of appeal. This departmental appeal process may not exhaust administrative and legal options beyond the appeal, in event the appeal is denied. Recycling center operators who are not satisfied with the Department's decision may seek legal advice on available remedies.

Additional Information

Important Contact Information

If you have questions regarding handling fee payments, physical site eligibility, appeals, or DORIIS, please use the following contact information:

Payments: HFPaymentStatus@CalRecycle.ca.gov or (916) 322-2234

Eligibility: HFSiteEligibility@CalRecycle.ca.gov or (916) 322-2231

Appeals: HFAppeals@CalRecycle.ca.gov or (916) 322-4026

DORIIS Support: DORIISHelp@CalRecycle.ca.gov or (916) 322-1655

Appendix A: Excerpts from the California Beverage Container Recycling & Litter Reduction Act & Related Code Sections

The following excerpted sections of the California Beverage Container Recycling and Litter Reduction Act (the Act), Public Resources Code Division 12.1, effective January 1, 2015, are provided here to assist you in completing the Handling Fee Application. A complete and most recent copy of the Act may be obtained on the Department's website: <http://www.calrecycle.ca.gov/BevContainer/LawsRegs/>

Definitions

14509.4. “*Convenience zone*” means either of the following:

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

14571.5. Convenience Zones in Rural Regions: The department may, in a rural region, as identified pursuant to subparagraph (A) of paragraph (2) of subdivision (b) of Section 14571, upon petition by an interested person, do either of the following:

- (a)
 - (1) Increase a convenience zone to include the area within a three-mile radius of 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.

14510. *“Dealer”* means a retail establishment which offers the sale of beverages in beverage containers to consumers. However, any lodging, eating, or drinking establishment, or soft drink vending machine operator who engages in the sale of beverages in beverage containers to consumers, shall not be deemed a dealer for the purposes of this division, except that these sales 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.

14513.4. *“Handling fees”* means an amount paid to an operator of a supermarket site, a rural region recycler, as defined in Section 14525.5.1, or a nonprofit convenience zone recycler, as defined in Section 14514.7, that is located in a convenience zone for every beverage container redeemed by the operator at the supermarket or within the zone in which the supermarket site is located, by the rural region recycler, or by the nonprofit convenience zone recycler.

14514.7. *“Nonprofit convenience zone recycler”* means a recycling center that meets the criteria described in subdivision (a) or (b): (a) The recycling center is all of the following: (1) Operated by an organization established under Section 501(c) or 501(d) of Title 26 of the United States Code. (2) Certified by the department pursuant to Section 14538. (3) Located within a convenience zone, but is not necessarily a supermarket site. (b) The recycling center is all of the following: (1) Operated by an organization established under Section 501(c) or 501(d) of Title 26 of the United States Code and has operated in the same location for a period of not less than five years. (2) Certified by the department pursuant to Section 14538. (3) Located within one mile of a supermarket that is in a convenience zone that is exempt from the requirements of subdivision (a) of Section 14571.

14522.5. *“Redemption”* and *“redeem”* means the return to a recycling center or location of an empty beverage container for a refund of at least the refund value.

14525.5.1. “*Rural region recycler*” means an operator that is certified pursuant to subparagraph (A) of paragraph (2) of subdivision (b) of Section 14571, and who accepts or collects empty beverage containers from consumers pursuant to Section 14572 with the intention to recycle them.

14526.6. “*Supermarket site*” means any certified recycling center which redeems all types of empty beverage containers in accordance with Section 14572, and which is located within, or outside and immediately adjacent to the entrance of, or at, or within a parking lot or loading area surrounding, a supermarket which is the focal point of a convenience zone, or a dealer that is located within that zone, and which is accessible to motor traffic.

Related Statutory Sections

14538. (e) The department may recover, in restitution pursuant to paragraph (5) of subdivision (c) of Section 14591.2, payments made from the fund to the certified recycling center pursuant to Section 14573.5 that are based on the documents specified in paragraph (7), that are not prepared or maintained in compliance with the department’s regulations and that do not allow the department to verify claims for program payments.

14552. (a) The department shall establish and implement a handling fee auditing system to ensure that the information collected, and refund values and redemption payments pursuant to this division, comply with the purposes of this division. Notwithstanding Sections 14573 and 14573.5, the auditing system adopted by the department may include prepayment or post-payment controls.

14571(b)(2)(A).

(A) The recycling center is in a rural region. For purposes of this subparagraph, “rural region” means a nonurban area identified by the department on an annual basis using the loan eligibility criteria of the Rural Housing Service of the United States Department of Agriculture, Rural Development Administration, or its successor agency. Those criteria include, but are not limited to, places, open country, cities, towns, or census designated places with populations that are less than 10,000 persons. The department may designate an area with a population of between 10,000 and 50,000 persons as a rural region, unless the area is identified as part of, or associated with, an urban area, as determined by the department on an individual basis.

14572. (b) Any recycling center or processor that was in existence on January 1, 1986, and that refused, as of January 1, 1986, to accept at a particular location a certain type of empty beverage container may continue to refuse to accept at the location the type or types of empty beverage containers that the recycling center or processor refused to accept as of January 1, 1986. A certified recycling center that refuses, pursuant to this subdivision, to accept a certain type or types of empty beverage containers is not eligible to receive handling fees unless the center agrees to accept all types of empty beverage containers and is a supermarket site. This subdivision does not preclude the

certified recycling center from receiving a handling fee for beverage containers redeemed at supermarket sites that do accept all types of containers.

14580. (e) The legislature finds and declares that the maintenance of the fund is of the utmost importance to the state and that it is essential that any money in the fund be used solely for the purposes authorized in this division and should not be used, loaned, or transferred for any other purpose.

Handling Fees

14585. (a) The department shall adopt guidelines and methods for paying handling fees to supermarket sites, nonprofit convenience zone recyclers, or rural region recyclers to provide an incentive for the redemption of empty beverage containers in convenience zones. The guidelines shall include, but not be limited to, all of the following:

(1) Handling fees shall be paid on a monthly basis, in the form and manner adopted by the department. The department shall require that claims for the handling fee be filed with the department not later than the first day of the second month following the month for which the handling fee is claimed as a condition of receiving any handling fee.

(2) The department shall determine the number of eligible containers per site for which a handling fee will be paid in the following manner:

(A) Each eligible site's combined monthly volume of glass and plastic beverage containers shall be divided by the site's total monthly volume of all empty beverage container types.

(B) If the quotient determined pursuant to subparagraph (A) is equal to, or more than, 10 percent, the total monthly volume of the site shall be the maximum volume which is eligible for a handling fee for that month.

(C) If the quotient determined pursuant to subparagraph (A) is less than 10 percent, the department shall divide the volume of glass and plastic beverage containers by 10 percent. That quotient shall be the maximum volume that is eligible for a handling fee for that month.

(3)(A) On and after the effective date of the act amending this section during the 2011-12 Regular Session, and until March 1, 2013, the department shall pay a handling fee per eligible container in the amount determined pursuant to subdivisions (f) and (g).

(B) On and after July 1, 2014, the department shall pay a handling fee per eligible container in the amount determined pursuant to subdivision (f).

(4) If the eligible volume in any given month would result in handling fee payments that exceed the allocation of funds for that month, as provided in subdivision (b), sites with higher eligible monthly volumes shall receive handling fees for their entire eligible monthly volume before sites with lower eligible monthly volumes receive any handling fees.

(5) (A) If a dealer where a supermarket site, nonprofit convenience zone recycler, or rural region recycler is located ceases operation for remodeling or for a change of ownership, the operator of that supermarket site nonprofit convenience zone recycler, or rural region recycler shall be eligible to apply for handling fees for that site for a period of three months following the date of the closure of the dealer.

(B) Every supermarket site operator, nonprofit convenience zone recycler, or rural region recycler shall promptly notify the department of the closure of the dealer where the supermarket site, nonprofit convenience zone recycler, or rural region recycler is located.

(C) Notwithstanding subparagraph (A), any operator who fails to provide notification to the department pursuant to subparagraph (B) shall not be eligible to apply for handling fees.

(b) The department may allocate the amount authorized for expenditure for the payment of handling fees pursuant to paragraph (1) of subdivision (a) of Section 14581 on a monthly basis and may carry over any unexpended monthly allocation to a subsequent month or months. However, unexpended monthly allocations shall not be carried over to a subsequent fiscal year for the purpose of paying handling fees but may be carried over for any other purpose pursuant to Section 14581.

(c)(1) The department shall not make handling fee payments to more than one certified recycling center in a convenience zone. If a dealer is located in more than one convenience zone, the department shall offer a single handling fee payment to a supermarket site located at that dealer. This handling fee payment shall not be split between the affected zones. The department shall stop making handling fee payments if another recycling center certifies to operate within the convenience zone without receiving payments pursuant to this section, if the department monitors the performance of the other recycling center for 60 days and determines that the recycling center is in compliance with this division. Any recycling center that locates in a convenience zone, thereby causing a preexisting recycling center to become ineligible to receive handling fee payments, is ineligible to receive any handling fee payments in that convenience zone.

(2) The department shall offer a single handling fee payment to a rural region recycler located anywhere inside a convenience zone, if that convenience zone is not served by another certified recycling center and the rural region recycler does either of the following:

(A) Operates a minimum of 30 hours per week in one convenience zone.

(B) Serves two or more convenience zones, and meets all of the following criteria:

(i) Is the only certified recycler within each convenience zone.

(ii) Is open and operating at least eight hours per week in each convenience zone and is certified at each location.

(iii) Operates at least 30 hours per week in total for all convenience zones served.

(d) The department may require the operator of a supermarket site or rural region recycler receiving handling fees to maintain records for each location where beverage containers are redeemed, and may require the supermarket site or rural region recycler to take any other action necessary for the department to determine that the supermarket site or rural region recycler does not receive an excessive handling fee.

(e) The department may determine and utilize a standard container per pound rate, for each material type, for the purpose of calculating volumes and making handling fee payments.

(f)(1) On or before January 1, 2008, and every two years thereafter, the department shall conduct a survey pursuant to this subdivision of a statistically significant sample of certified recycling centers that receive handling fee payments to determine the actual cost incurred for the redemption of empty beverage containers by those certified recycling centers. The department shall conduct these cost surveys in conjunction with the cost surveys performed by the department pursuant to subdivision (b) of Section 14575 to determine processing payments and processing fees. The department shall include, in determining the actual costs, only those allowable costs contained in the regulations adopted pursuant to this division that are used by the department to conduct cost surveys pursuant to subdivision (b) of Section 14575.

(2) Using the information obtained pursuant to paragraph (1), the department shall then determine the statewide weighted average cost incurred for the redemption of empty beverage containers, per empty beverage container, at recycling centers that receive handling fees.

(3) Except as provided in subdivision (g), the department shall determine the amount of the handling fee to be paid for each empty beverage container by subtracting the amount of the statewide weighted average cost per container to redeem empty beverage containers by recycling centers that do not receive handling fees from the amount of the statewide weighted average cost per container determined pursuant to paragraph (2).

(4) The department shall adjust the statewide average cost determined pursuant to paragraph (2) for each beverage container 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.

(5) The cost information collected pursuant to this section at recycling centers that receive handling fees shall not be used in the calculation of the processing payments determined pursuant to Section 14575.

(g)(1) On and after the effective date of the act amending this section during the 2011-12 Regular Session, and until March 1, 2013, the per-container handling fee shall not be less than the amount of the per-container handling fee that was in effect on July 1, 2011.

(2) The department may update the methodology and scrap values used for calculating the handling fee from the most recent cost survey if it finds that the handling fee resulting from the most recent cost survey does not accurately represent the actual cost incurred for the redemption of empty beverage containers by those certified recycling centers.

14586. This division does not create any guarantee of a continuing level of support, or other obligation on the part of the State of California, the department, or any agency thereof, to pay any specified amount to any local conservation organization, community conservation corps, or statewide nonprofit private agency.

14587. This division does not require or create any obligation that payments made pursuant to this division to any local conservation organization, community conservation corps, or statewide nonprofit private agency in any given fiscal year be made in any subsequent fiscal year at the same or greater level.

California Code of Regulations Pertaining to Handling Fees and Reporting

The following excerpted sections of the California Code of Regulations (CCR) Title 14. Natural Resources, Division 2, updated April 2014. The complete and most recent copy of the CCR may be obtained on the Department's website:
<http://www.calrecycle.ca.gov/BevContainer/LawsRegs/>

2505. NOTIFICATION REQUIREMENTS.

(a) Notwithstanding the requirements of section 2040 of these regulations, certified recycling centers shall notify the Division in writing ten (10) calendar days prior to any of the following events:

- (1) Change of name under which the recycling center is doing business,
- (2) Change of business address, mailing address or phone number of operator,
- (3) Separation from parent company, if applicable,
- (4) Merger with another company,
- (5) Discontinuance of operation,
- (6) Dissolution of the organization type identified in the application for certification,
- (7) Change in the type of redeemable beverage containers accepted,

(8) Any change in the hours of operation as presented in the application for certification or by subsequent notification to the Division,

(9) For recycling centers which consist of reverse vending machines, a change in the method approved by the Division for redeeming empty beverage containers which are odd-sized, made of materials other than aluminum, glass, and plastic, or otherwise not accepted by the reverse vending machine,

(10) Change in the agent for service of process, if applicable,

(11) Change in the type of organization,

(12) Change in the name of the contact person for the operator,

(13) Change in corporate officers, if applicable,

(14) Change in the name of the organization,

(15) Any change in business ownership.

(b) Within five (5) calendar days of the date the recycling center began redeeming empty beverage containers, the operator of the recycling center shall notify the Division in writing of the actual date the recycling center began redeeming by submitting the Operation Date Card. The Operation Date Card shall contain the date of operation and confirmation that the operator obtained all applicable local, county, state, and federal authorization, permits and licenses required for operation of the recycling center at that location. The Operation Date Card shall be signed by the operator under penalty of perjury. Failure to do so or to provide an accurate date will result in denial of handling fee payments for the months the operator failed to notify, or provide an accurate date to, the Division.

(c) The operator of a supermarket site shall notify the Division in writing, within ten (10) working days, of the closure of the supermarket or dealer where the recycling center is located.

(d) The operator of a certified recycling center who intends to be decertified shall submit a written notification to the Division, which includes the proposed effective date.

(e) The operator of a supermarket site shall notify the Division in writing, within five (5) calendar days, if the recycling center is moved within the supermarket or dealer parking lot. Nothing in this section is intended to require a recycling center to report to the Division movement related to the emptying of recycling equipment.

(f) Should the person named on the application voucher become disassociated with the operator of a certified recycling center, the operator shall notify the Division in writing, within ten (10) calendar days of the change.

Authority: Section 14536(b), Public Resources Code. Reference: Section 14515.6, 14526.6, 14538, 14571(d), and 14585, Public Resources Code.

Article 2. Handling Fees

2516. ELIGIBILITY CRITERIA.

(a) In addition to meeting the requirements of Section 14585 of the Act, a recycling center shall meet all of the following criteria for handling fees eligibility on the first day of the calendar month for which they are claimed. A recycling center must be:

(1) certified, operational, and accepting and paying refund value to consumers for all empty beverage container material types; and

(2) located within a convenience zone; and

(3) a “supermarket-site” recycling center as defined in Section 14526.6 of the Act, or a nonprofit convenience zone recycler as defined in Section 14514.7 of the Act, or a rural region recycler as defined in Section 14525.5.1 of the Act; and

(4) the only certified, non-grandfathered recycling center in the convenience zone.

(b) The Division shall inspect each supermarket site, nonprofit convenience zone recycler, or rural region recycler to determine whether such sites satisfy the requirements of this section.

(c) Commencing January 1, 1993, a recycling center, which locates within a convenience zone, thereby causing a preexisting recycling center to become ineligible to receive handling fees, shall never be eligible to receive handling fees in that convenience zone. Such ineligibility shall apply to the parent company, its subsidiaries and affiliates even if the preexisting recycling center ceases to operate within the convenience zone. Such ineligibility shall also apply to the parent, the subsidiaries and the affiliates of any grandfathered recycling center which elects to begin accepting all material types.

(d) A rural region recycler may combine total monthly beverage container purchases from two or more of its convenience zone sites to establish eligibility for a single handling fee payment by submitting the following information monthly in writing:

(1) The certification numbers and addresses of the locations where receipt and/or log transactions are to be combined;

(2) The month and year of the transactions to be combined;

(3) The company name, address, contact person and business phone number, signed and dated by the contact person.

(e) The additional information required in subsection (d) shall be submitted no later than the fifth day of the first month following the reporting month. A rural region recycler that fails to provide this information by the date specified in this subsection shall not be eligible for a single handling fee payment based on combined monthly beverage container purchases from two or more of its convenience zone sites.

(f) A rural region recycler shall submit a separate Handling Fee Application Form (Form DR-14 (1/00)) for each convenience zone site which is combined with one or more convenience zone sites to establish eligibility for a single handling fee payment.

2517. TERMINATION OF ELIGIBILITY.

(a) A recycling center's eligibility for handling fees shall terminate if that supermarket-site recycling center, nonprofit convenience zone recycler, or rural region recycler, fails to meet the criteria established in Section 2516 of this subchapter or any other criteria established in Section 14585 of the Act or if, commencing January 1, 1993:

(1) Another recycling center certifies and begins operation, or a grandfathered recycling center amends their certification application to begin accepting all beverage container types, within the convenience zone in which a recycling center is eligible to receive handling fees. Eligibility will terminate sixty (60) days from the effective date of the second recycling center's certification and operational date; or,

(2) The convenience zone served by a recycling center is deleted due to the closure of a supermarket, or exempted by the Department pursuant to Section 14571.8 of the Act, or the dealer where the supermarket site is located closes. Eligibility will terminate at the end of the month in which the supermarket or dealer closes or a convenience zone exemption is granted.

2519. HANDLING FEE APPEALS.

(a) Recycling centers may file a formal appeal by writing to the Division within thirty (30) calendar days of the warrant date of the payment or the date of the Notice of Denial (NOD). Appeals submitted after this time period will be rejected. All written appeals must include:

- (1) A list of applicable certification numbers and corresponding facility addresses; and,
- (2) the month(s) and year(s) in question; and,
- (3) the canceled, original Form(s) DR-14 (1/00) and NOD(s), if this is an appeal of a denial; and,
- (4) a copy of the remittance advice, if this is an appeal of a payment determination; and,
- (5) a short explanation of why you believe the determination was in error; and,
- (6) any other documentation that supports your appeal.

(b) A decision on the appeal will be sent, in writing, within fifteen (15) working days of receipt of the appeal.

Appendix B: Instructions on Submitting a Handling Fee Application (DR-14) via DORIIS

	Action																																																																																				
1.	<p>Go to the DORIIS portal -> https://doriis.ca.gov</p> <p>Enter your User Name and Password. Click the  button.</p> <p>*Note: The first time you login to DORIIS you may need to disable your popup blocker.</p>																																																																																				
2.	<p>Open Handling Fees Folder </p> <p>Click the File Handling Fees Application responsibility.</p> 																																																																																				
3.	<p>The Handling Fees Submission window will appear.</p> <p>The Certification Number and Business Address fields will prepopulate based on login credentials if user is assigned as a contact to one certification ID#. Otherwise, the fields will be left blank and the certification ID# will need to be entered. After doing so, click on the magnifying glass and then select the RC#.</p> <p>Click the * Month <input type="text" value=""/> dropdown menu.</p> <p>Select the month for the Handling Fee application.</p>																																																																																				
4.	<p>Click the * Year (YYYY) <input type="text" value=""/> dropdown button.</p> <p>Select the year for the Handling Fee application.</p>																																																																																				
5.	<p>Click in the Receipt & Logs Redemption Weight (Tenth of Lbs.) field and enter the redemption weight for each of the applicable material types.</p> <table border="1" data-bbox="277 1392 743 1581"> <thead> <tr> <th>Material Type</th> <th>Receipt & Logs Redemption Weight (Tenth of Lbs.)</th> <th>Material Type</th> <th>Receipt & Logs Redemption Weight (Tenth of Lbs.)</th> </tr> </thead> <tbody> <tr><td>Aluminum</td><td></td><td>Auto Vinyl (1)</td><td></td></tr> <tr><td>Clay</td><td></td><td>Auto Vinyl (2)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (3)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (4)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (5)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (6)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (7)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (8)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (9)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (10)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (11)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (12)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (13)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (14)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (15)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (16)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (17)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (18)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (19)</td><td></td></tr> <tr><td>Flint</td><td></td><td>Auto Vinyl (20)</td><td></td></tr> </tbody> </table>	Material Type	Receipt & Logs Redemption Weight (Tenth of Lbs.)	Material Type	Receipt & Logs Redemption Weight (Tenth of Lbs.)	Aluminum		Auto Vinyl (1)		Clay		Auto Vinyl (2)		Flint		Auto Vinyl (3)		Flint		Auto Vinyl (4)		Flint		Auto Vinyl (5)		Flint		Auto Vinyl (6)		Flint		Auto Vinyl (7)		Flint		Auto Vinyl (8)		Flint		Auto Vinyl (9)		Flint		Auto Vinyl (10)		Flint		Auto Vinyl (11)		Flint		Auto Vinyl (12)		Flint		Auto Vinyl (13)		Flint		Auto Vinyl (14)		Flint		Auto Vinyl (15)		Flint		Auto Vinyl (16)		Flint		Auto Vinyl (17)		Flint		Auto Vinyl (18)		Flint		Auto Vinyl (19)		Flint		Auto Vinyl (20)	
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6.	<p>Repeat the previous step for each additional applicable material type by entering the redemption weight in the Receipt & Logs Redemption Weight (Tenth of Lbs.) field.</p>																																																																																				

	Note: Filling out all the fields is not mandatory. Only the material with redemption weights need to be entered.
7.	Once all weights have been entered, click the <input type="checkbox"/> I Agree to agree to the terms and conditions.
8.	Click the Submit button.
9.	The Handling Fees Report page will appear. Review the <u>report information for data entry accuracy</u> . <ul style="list-style-type: none"> ✓ If information is incorrect, click the Return and Edit button to make changes. ✓ If information is correct, click the Continue Submission button and continue.
10.	The Handling Fees Report has been submitted. Please verify that there is a transaction number, i.e. HF#####. (You may use the HF LookUp Tool to review the data submitted.) Print or Save the report for your records. To print the report for your records, click the Print button.
11.	A print screen version of the Handling Fees Report will appear. Select File from the Menu bar and click Print .

Appendix C: Using the Lookup Tool in DORIIS

Step	Action
1.	<p>Go to the DORIIS portal -> https://doriis.ca.gov</p> <p>Enter your User Name and Password. Click the  button.</p> <p>*Note: The first time you log in to DORIIS you may need to disable your popup blocker.</p>
2.	<p>Open Handling Fees Folder </p> <p>Click Lookup Handling Fee Applications</p> 
3.	<p>The Lookup Handling Fee Applications window will appear.</p>  <p>Enter the Handling Fee transaction number, the Cert Number or the Cert Name for the site you are looking up.</p> <p>Click the  dropdown menus to change the Period From or Period Through. Press the  button.</p>
4.	<p>The following handling fee data will be displayed:</p> <p>Handling Fee Number, Cert Number, Cert Name, Period, Submission Date, Postmark date (prior to “DORIIS only” requirement), Status, Claim Amount, Payee Name, Claim Schedule Number, Claim Schedule Date, Warrant, Warrant Date. Note: You can sort by each of these fields by clicking on the field name and hitting the sort arrow (to the right) after it displays, e.g. Handling Fee ▲ or Claim Schedule Date ▲. To reverse the sort order, click the field name again and the arrow will change direction e.g. Handling Fee ▼.</p>

5.	If you want to search based on different criteria, hit the Clear button. Follow Step 3 above.
6.	If desired, hit the Export button to export the data to an Excel worksheet.

Glossary

The definitions provided below are intended to assist you in understanding the information presented in these guidelines. Like the guidelines themselves, however, these definitions are only advisory and do not replace or supersede the definitions contained in the Public Resources Code or the Department's regulations. Questions about the meaning of any term related to handling fees will be resolved using the provisions of statute and regulations and not by reference to these guidelines.

Appeal

A recycler's request for resolution of a handling fee payment problem

Application

The Handling Fee Application (DR-14), submitted online using DORIIS

Certified

An operator of a recycling center that has met the requirements for certification, pursuant to PRC Section 14538

Claims Schedules

Direction for the State Controller's Office on how to issue checks. Includes the name of the payee and the dollar amount and is accompanied by a Remittance Advice

Convenience Zone

A zone designated by the Department, defined as an area within a one-half mile radius of a supermarket with annual gross sales exceeding \$2 million. For more information, check the Department website at

<http://www.calrecycle.ca.gov/BevContainer/Retailers/Zones.htm>

Department

Department of Resources Recycling and Recovery

Division

Division of Recycling

DORIIS

Acronym for Division of Recycling Integrated Information System

DR-14

Handling Fee Application

Eligibility

Eligibility refers to a recycler's qualification to receive handling fees.

Eligible Center

A recycling center that meets the site requirements for handling fees

Eligible Containers

The lesser of the site’s total containers or the site’s glass and plastic containers divided by the eligibility percentage, which is fixed at 10 percent effective January 1, 2000

Eligibility Percentage

The eligibility percentage is fixed at 10 percent and is set by legislation. Historically, the eligibility percentages have amounted to the following:

Year Eligibility Percentage

1993.....	30%
1994.....	24%
1995.....	26%
1996.....	20%
2000	10%

Fiscal Year

The 12-month period beginning July 1 and ending June 30

Grandfathered

A status given to any recycling center that was in existence on January 1, 1986, and has chosen not to accept all types of empty beverage containers, pursuant to PRC Section 14572(b).

HF

Handling fee

Handling Fee Application

Form DR-14 filled out and submitted via DORIIS by recyclers to apply for handling fees

Nonprofit convenience zone recycler

“Nonprofit convenience zone recycler” means a recycling center that meets all of the following criteria:

- (a) The recycling center is operated by an organization established under Section 501(c) or 501(d) of Title 26 of the United States Code.
- (b) The recycling center is certified by the Department pursuant to Section 14538.
- (c) The recycling center is located within a convenience zone, but is not necessarily a supermarket site. (See PRC Section 14514.7.)

Notice of Denial

A notice sent by the Department to the operator of sites that were denied handling fees. One notice is sent for each denied site for a particular month and explains why the site was denied. Notice of Denial is abbreviated as NOD.

PRC

Public Resources Code



Plastic

There are seven types of plastic beverage containers as identified below:

- #1 PET (Polyethylene Terephthalate)
- #2 HDPE (High Density Polyethylene)
- #3 PVC (Polyvinyl Chloride)
- #4 LDPE (Low Density Polyethylene)
- #5 PP (Polypropylene)
- #6 PS (Polystyrene)
- #7 Other

Receipts and Logs

Records kept by recycling centers to record and substantiate their purchases, pursuant to PRC Section 14573.7. Used as a basis for reports and program payments.

Receipts-and-logs Redemption Weights

Redemption weights reported on the DR-14 that reflect the recycling center's receipts and logs

Recycling Center

A recycling operation that is certified by the Department and that accepts from consumers, and pays or provides the refund value for, empty beverage containers intended to be recycled. Recycling Center is abbreviated as RC.

Redemption Weight

The weight of the materials redeemed by consumers at the recycling center's facility

Remittance Advice

A document for mailing the check to the proper entity (recycler), which includes the payee's name and address and a description, for the participant, of what is being paid

Reporting Month

The calendar month for which the handling fee application is submitted

Rural Region

"Rural region" means a nonurban area identified by the Department on an annual basis using Farmers Home Loan Administration criteria. Those criteria include, but are not limited to, places, open country, cities, towns, or census-designated places with populations that are less than 10,000 persons. The Department may designate an area with a population of between 10,000 and 50,000 persons as a rural region unless the

area is identified as part of, or associated with, an urban area, as determined by the Department on an individual basis. (See PRC Section 14571(b)(2)(A).)

Rural Region Recycler

“Rural region recycler” means an operator that is certified pursuant to subparagraph (A) of paragraph (2) of subdivision (b) of Section 14571, and who accepts or collects empty beverage containers from consumers pursuant to Section 14572 with the intention to recycle them. (See PRC Section 14525.5.1.)

State Controller’s Office

Agency responsible for the actual distribution of the checks for handling fees, based on the claims schedule provided by the Department. State Controller’s Office is abbreviated as SCO.

Supermarket Site Recycling Center

Any certified recycling center that redeems all types of empty beverage containers in accordance with Section 14572 and is located within, or outside and immediately adjacent to the entrance of, or at, or within a parking lot or loading area surrounding, a supermarket that is the focal point of a convenience zone, or a dealer that is located within that zone, and is accessible to motor traffic.

