



## DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

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**December 14, 2018**

### **NOTICE**

**To: All Interested Parties**

**Subject: 2019 Processing Fees**

Section 14575 of the Public Resources Code (PRC) requires the Department of Resources Recycling and Recovery (CalRecycle) to establish a processing payment and a processing fee for any beverage container type that has a scrap value less than the cost of recycling. CalRecycle makes processing payments to processors, who then pay recyclers the entire processing payment. Beverage manufacturers pay processing fees to CalRecycle. This notice announces the 2019 processing fees.

Pursuant to PRC Section 14575, the calculation of the 2019 processing payments is based on the difference between the scrap values offered to recyclers and the sum of the actual costs of recycling for certified recycling centers, excluding centers receiving handling fees, plus a reasonable financial return. In addition, a cost of living adjustment will be applied to the 2019 calculations.

CalRecycle has an emergency regulation that amends California Code of Regulations Section 2975 that changes how the reasonable financial return is calculated for calendar year 2019. This change will help support beverage container recycling by taking into account rural and non-rural costs associated with recycling.

Scrap values are based on the average scrap values paid to recyclers for the period between October 1, 2017, and September 30, 2018.

Other than as specified in Section 14575(f), Section 14575(e) provides that a processing fee will equal 65 percent of the processing payment. Section 14575(f) provides that a processing fee be equal to a specified percentage of a processing payment based on the recycling rate for the specified material.

Section 14575(j) directs CalRecycle to reduce total processing fees for glass and PET plastic if sufficient surplus funds remain in the respective processing fee accounts and if the recycling rates equaled or exceeded 45 percent in the preceding calendar year. Since there are sufficient funds in the processing fee accounts, a reduction for glass and PET plastic will be provided.



The processing fees shown below become effective January 1, 2019.

<i>2019 Processing Fees per Container Sold</i>	
<i>(effective January 1, 2019)</i>	
Glass	\$0.00288
Plastic	
#1 – PET (Polyethylene Terephthalate)	\$0.00055
#2 – HDPE (High Density Polyethylene)	\$0.00383
#3 – PVC (Polyvinyl Chloride)	\$0.06572
#4 – LDPE (Low Density Polyethylene)	\$0.01172
#5 – PP (Polypropylene)	\$0.03731
#6 – PS (Polystyrene)	\$0.00233
#7 – Other	\$0.09061
Bi-metal	\$0.03268

Table 1, attached, shows the following detailed information for glass, plastic, and bimetal beverage containers:

- The cost of recycling
- The scrap value paid to recyclers
- The processing payment (if any)
- The processing fee payable by manufacturers (if any)

**Note to beverage manufacturers:** Pursuant to PRC Section 14575(g)(1), beverage manufacturers shall pay applicable processing fees for each container sold or transferred to a distributor or dealer within 40 days of the sale.

To review notices of changes impacting participants in the beverage container recycling program, please visit CalRecycle's Beverage Container Recycling Program website at [www.calrecycle.ca.gov/BevContainer/](http://www.calrecycle.ca.gov/BevContainer/) or call the Department of Resources Recycling and Recovery at (916) 323-3836.

For further information on the determination of processing fees, please contact Mr. Hieu Le, Recycling Operations Branch, Division of Recycling, at (916) 323-5778. If you have any questions concerning processing fee reporting requirements, please contact your assigned account representative in the Accounts Management Section at (916) 323-1837.

Scott Smithline  
Director

Attachment

**Table I  
2019 Processing Fees  
Effective January 1, 2019  
Glass, Bimetal and Plastic**

	Glass	Plastic							Bimetal
		PET	HDPE	Vinyl	LDPE	PP	PS	Other	
Cost of Recycling per Ton with Reasonable Financial Return & COLA (Statewide)	\$120.87	\$503.93	\$654.10	\$1,031.36	\$1,468.28	\$1,321.02	\$815.19	\$894.02	\$823.32
Scrap Value per Ton	-\$2.97	\$206.44	\$207.18	\$0.00	\$4.79	\$138.72	\$12.44	\$1.88	\$8.74
<b>Processing Payments to All Participant Types (Statewide)</b>									
Processing Payment Per Ton Redeemed	\$123.84	\$297.49	\$446.92	\$1,031.36	\$1,463.49	\$1,182.30	\$802.75	\$892.14	\$814.58
<b>Processing Payment Per Pound Redeemed (To be used on DR6)</b>	\$0.06192	\$0.14875	\$0.22346	\$0.51568	\$0.73175	\$0.59115	\$0.40138	\$0.44607	\$0.40729
<b>Processing Fees to be Paid by Beverage Manufacturers</b>									
Manufacturers' Percentage of Processing Payment	11%	11%	12%	65%	65%	65%	65%	65%	65%
Processing Fee Pursuant to Section 14575(f)	\$0.00349	\$0.00071	\$0.00383	\$0.06572	\$0.01172	\$0.03731	\$0.00233	\$0.09061	\$0.03268
Section 14575(j) Processing Fee Reduction	\$0.00061	\$0.00016	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Processing Fee to be Paid by Beverage Manufacturers</b>	<b>\$0.00288</b>	<b>\$0.00055</b>	<b>\$0.00383</b>	<b>\$0.06572</b>	<b>\$0.01172</b>	<b>\$0.03731</b>	<b>\$0.00233</b>	<b>\$0.09061</b>	<b>\$0.03268</b>

\*The cost of recycling is based on a weighted average for rural and nonrural recyclers.