September 19, 2017

The Honorable Edmund G. Brown
Governor, State of California
California State Capitol
Sacramento, CA 95814

SUBJECT: AB 1158 (Chu) – Carpet Recycling
REQUEST FOR SIGNATURE

Dear Assembly Member Chu,

The National Stewardship Action Council (NSAC) is proud to both sponsor and strongly support AB 1158 by Assemblymember Kansen Chu (D – San Jose), which will take needed measures to improve California’s existing carpet stewardship program and ensure it provides maximum benefits to California fee payers.

NSAC is a network of governments, non-government organizations, businesses, and individuals advocating for policies and projects where producers share in the responsibility for funding and managing difficult-to-manage products at the end of their useful lives. NSAC supports the Extended Producer Responsibility (EPR) framework to drive a circular economy to conserve resources, reduce costs to local governments, and create jobs in remanufacturing.

EXISTING CARPET PROGRAM BACKGROUND, STRUCTURE, AND PERFORMANCE
California’s Carpet Stewardship Law (AB 2398, Chapter 681, Statutes of 2010), which is paid for by a consumer fee per yard of carpet sold in the state, requires carpet manufacturers that sell carpet in California to implement a stewardship program to increase the recycling rate of carpet inside California. Carpet is 3.2% of the waste disposed in California each year, according to CalRecycle’s 2008 Statewide Waste Characterization Study. Its weight and bulk make it hard to handle and impose a significant cost on local governments. Numerous secondary products can be manufactured from recycled carpet, including carpet itself, carpet cushion, and plastic pellets that can be remanufactured into various plastic products, so a stewardship program is both economically and environmentally beneficial.

The industry’s stewardship organization, the Carpet America Recovery Effort (CARE), submits plan updates to CalRecycle for approval, to demonstrate how the industry plans to achieve “continuous meaningful improvement” of carpet recycling. In December of 2016, CalRecycle disapproved CARE’s Proposed Plan for 2017-2021, deeming the stewardship organization out of compliance. CalRecycle’s staff report states, “Most of the activities described in the Plan continue existing initiatives at much the same level as the current Plan that expires in 2016, at a time when CalRecycle already found the Program lacked continuous meaningful improvement three years in a row. Thus it is incumbent upon
CARE to propose Program improvements that will exceed the status quo.” As part of CalRecycle’s disapproval, several potential changes to statute are outlined, signaling that the Department needs legislative fixes to ensure California has an effective stewardship program.

According to CalRecycle, CARE has not “sufficiently address[ed] reasonable consumer access to recycling services in critical population centers in California,” nor made sufficient effort to “establish and grow critical California infrastructure for long-term carpet recycling.” CalRecycle’s disapproval also indicates that CARE has not taken all possible steps to boost market development, stating that “the Plan neglects a key market development strategy that is within the control of the carpet manufacturers...which is to increase their own use of PCC materials in manufacturing new carpet.”

Further, the staff report notes that the Plan “fails to identify or evaluate the education and outreach...activities most likely to result in increased recycling and diversion.” While CARE plans to submit a third Revised Plan to CalRecycle in October, the industry’s ongoing lack of compliance has demonstrated a critical need for improvements to the original statute. Cleanup legislation to the original Carpet Stewardship Law is long overdue.

**AB 1158 IMPROVES CALIFORNIA’S CARPET STEWARDSHIP LAW**

AB 1158 was crafted in response to an extensive stakeholder process that included carpet manufacturers, local governments, recyclers and remanufacturers, environmental groups, and labor unions. While there are still a few detractors, AB 1158 enjoys broad support among these stakeholders because it improves California’s Carpet Stewardship Law. The bill:

1. **Formalizes Stakeholder Role:** In the December 2016 staff report, CalRecycle recognized CARE’s silence on stakeholder input, and stated that CalRecycle expects CARE to “address major recommendations flowing from the stakeholder consultation process, and CARE’s rationale for accepting or rejecting these recommendations.” **AB 1158 (Chu)** will establish a multi-stakeholder advisory committee under CalRecycle and require the stewardship organization to communicate with and respond to the committee’s recommendations, in writing. This provision will help promote transparency, hold industry accountable and ensure consideration of input from a diverse range of stakeholders.

2. **Sets Clear Performance Goals:** Current law defines compliance in terms of “continuous meaningful improvement”, which is unclear for the regulated community, and difficult to enforce for regulators. AB 1158 sets a goal to achieve a reasonable recycling rate of 24% by 2020 (the state’s goal is 75% by 2020), and will allow CalRecycle to set goals for out years to allow for flexibility in markets and new recycling innovations.

3. **Protects Consumer Assessment Money:** AB 1158 reinforces provisions in current law that require consumer assessment money to be spent “for the purposes of this chapter”. The bill makes it clear that consumer assessment money cannot be spent to pay civil penalties, litigation against the state of California, or for the incineration of carpet. This provision strengthens current law so that consumer assessment funds are clearly protected and continue to be spend on recycling efforts.
4. **Improves Data Reporting:** AB 1158 improves the flow of information between the carpet stewardship organization and CalRecycle. This will ensure that stakeholders and regulators have a clear understanding of the program’s performance, and can help steer the program toward success.

5. **Provides Enforcement Flexibility:** Stakeholders agreed to include a provision allowing manufacturers to operate under the most recently approved plan for one year if the broader stewardship organization’s plan is disapproved. This allows for the continuation of the recycling program and protects manufacturers from penalties while the stewardship organization resolves issues that to plan disapproval.

6. **Supports Training of Apprentices:** There was broad agreement among stakeholders that proper training of carpet installers on methods of removing and storing carpet will improve the quality of the product being recycled, and lead to a higher recycling rate. Ab 1158 provides incentives for the training of apprentices as a method of improving program performance.

NSAC would like to thank your administration (staff in both the legislative unit and at CalRecycle) for their technical support and involvement in the development of language for AB 1158. For the reasons outlined above, NSAC respectfully requests that you sign AB 1158.

Sincerely,

[Heidi Sanborn]

Heidi Sanborn
Executive Director

cc: Assemblymember Kansen Chu, 25th District