
SENATE COMMITTEE ON ENVIRONMENTAL QUALITY

Senator Allen, Chair

2021 - 2022 Regular

Bill No: AB 2779

Author: Irwin

Version: 2/18/2022

Hearing Date: 6/8/2022

Urgency: No

Fiscal: Yes

Consultant: Evan Goldberg

SUBJECT: Beverage containers: wine and distilled spirits

DIGEST: Adds aluminum containers that hold distilled spirits or certain wine products to the California Beverage Container Recycling and Litter Reduction Act (Bottle Bill).

ANALYSIS:

Existing law establishes the Bottle Bill (Public Resources Code (PRC) 14500), which:

- 1) Requires certain beverage containers sold in-state to have a California redemption value (CRV) of 5 cents for containers smaller than 24 ounces and 10 cents for containers of 24 ounces or more. Beverage distributors are required to pay a redemption payment to the Department of Resources Recycling and Recovery (CalRecycle) for every beverage container sold in the state. (PRC 14560)
- 2) Continuously appropriates these funds to CalRecycle for, among other things, the payment of refund values and processing payments. (PRC 14580)
- 3) Requires CalRecycle to establish a processing payment for Bottle Bill containers that have a scrap value less than the cost of recycling. The payment must be equal to or greater than the difference between the scrap value of the material and the sum of the cost of recycling and a reasonable financial return. (PRC 14518.5)
- 4) Defines “beverage” as:
 - a) Beer and other malt beverages;
 - b) Wine and distilled spirit coolers;
 - c) Carbonated water;
 - d) Noncarbonated water;
 - e) Carbonated soft drinks;
 - f) Noncarbonated soft drinks and sports drinks;

- g) Noncarbonated fruit juice drinks that contain any percentage of fruit juice;
- h) Coffee and tea drinks;
- i) Carbonated fruit drinks; and,
- j) Vegetable juice in beverage containers of 16 ounces or less. (PRC 14504(a))

5) Specifies that “beverage” does not include:

- a) Any product sold in a container that is not aluminum, glass, plastic, or bimetal;
- b) Wine and wine from which the alcohol has been removed, in whole or in part;
- c) Milk, medical food, and infant formula; and,
- d) 100% fruit juice sold in containers that are 46 ounces or more in volume. (PRC 14504(b))

6) Defines “beverage container” as the individual, separate bottle, can, jar, carton, or other receptacle in which a beverage is sold, and which is made of metal, glass, plastic, or any other material, or any combination of these materials. Specifies “beverage container” does not include cups or other similar open or loosely sealed receptacles. (PRC 14505)

This bill:

- 1) Adds aluminum beverage containers that contain wine and wine from which the alcohol has been removed, in whole or in part, whether or not sparkling or carbonated, and distilled spirits to the definition of “beverage.”
- 2) Specifies that “beverage” does not include wine and wine from which the alcohol has been removed, in whole or in part, whether or not sparkling or carbonated, and distilled spirits sold in a container that is not an aluminum beverage container.

Background

- 1) *Bottle Bill 101*. The Bottle Bill was created in 1986 to be a self-funded program to encourage people to recycle beverage containers and to reduce littering. The program requires buyers to pay a deposit (now \$0.05 or \$0.10, depending on the container size) for each eligible container purchased. The buyer can get that deposit back when they return it to a certified recycler.

- 2) *It's The Container & What's In The Container That Dictates Whether It's In The Program.* Only certain containers holding certain beverages are part of the CRV program. Most containers made from glass, plastic, aluminum, and bimetal (consisting of one or more metals) are included. Containers for wine, spirits, milk, fruit juices over 46 ounces, vegetable juice over 16 ounces, and soy drinks are not part of the program. Container types that are not included in the CRV program include cartons and pouches.
- 3) *I Just Want To Say One Word To You. Just One Word. Are You Listening? Aluminum.* There has been a significant increase in the packaging and sale of wine and spirits in aluminum cans in recent years, driven in part by a rise in home alcohol consumption and consumers' desire to buy ready-to-drink cocktails. The International Wines and Spirits Record (IWSR) found the premixed cocktail category grew by 50% in the United States in 2019 and 2020. Similarly, the NielsenIQ Beverage Alcohol Practice states canned wine sales increased from 0.7% of wine sales in March 2020 to 1.2% this past summer. The overall category of ready-to-drink alcoholic beverages, which includes cocktails, hard kombuchas, and flavored alcoholic beverages, documented an 80% growth rate between April 2019 and April 2020. Although these beverages take up a small percentage of total alcohol sales, their growth is expected to continue.

Comments

- 1) *Purpose of Bill.* According to the author, "Californians can find pre-mixed canned cocktails and canned wine in virtually every grocery store across our state on the same shelves as beer, soda, and hard seltzers. They look identical to these other CRV eligible products; yet do not require a deposit, creating consumer confusion and barriers to recycling. AB 2779 would add these products to California's Bottle Bill, a sensible expansion to ensure all aluminum beverage cans are recycled in California."
- 2) *You Two Look So Much Alike.* The Bottle Bill includes wine and spirit products with less than 7% alcohol (think wine coolers and distilled spirit coolers), but this excludes many of the newer ready-to-drink products in aluminum cans that look identical to Bottle Bill containers. This can be confusing for consumers and recycling centers when trying to determine if a particular aluminum can is in or out of the Bottle Bill program.

This bill tries to eliminate that confusion by including these beverage containers in the Bottle Bill program.

- 3) *Why Only Aluminum?* Under current law, 10 types of “beverages” are in the Bottle Bill program provided they are sold in aluminum, glass, plastic, or bimal containers. This bill adds two new beverages – distilled spirits and wine, or wine from which alcohol has been removed, in whole or in part, whether or not sparkling or carbonated – but only if they are sold in aluminum containers. *The author and committee may wish to consider* whether this limitation should be removed, so that if these beverages are ever sold in glass, plastic, or bimal containers, those containers will automatically be included in the Bottle Bill program.
- 4) *The Dating Game.* Under this bill, the two aluminum cans added to the Bottle Bill program would go in on January 1, 2023, when this bill would take effect if it is signed into law.

SB 1013 (Atkins) proposes to add the two containers covered by this bill and many other plastic, glass, and bimal containers to the Bottle Bill. That measure – assuming it is signed into law – would also take effect on January 1, 2023, however the requirement to label the containers in compliance with the Bottle Bill would not take effect until January 1, 2024.

At some point, those timing differences will have to be resolved.

Related/Prior Legislation

SB 1013 (Atkins) proposes to revise the definition of “beverage” to include wine and distilled spirits, meaning the glass, plastic, aluminum, and bimal containers used by those beverages would be included in the Bottle Bill program and subject to a CRV. SB 1013 is pending in the Assembly Natural Resources Committee.

SB 38 (Wieckowski) proposes to replace the current Bottle Bill program with an industry-run bottle and can recycling program known as the Beverage Container Recycling Program. SB 38 is pending in the Assembly Natural Resources Committee.

SOURCE: Author

SUPPORT:

Anheuser-busch Companies
Association of California Recycling Industries
Ball Corporation

California Association of Local Conservation Corps
California Product Stewardship Council
Californians Against Waste
Can Manufacturers Institute
Consumer Watchdog
Container Recycling Institute
Ming's Resources - East Bay
National Stewardship Action Council
Recology
Recyclesmart
Republic Services - Western Region
Stopwaste

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: Californians Against Waste writes, “Currently, only wine and distilled spirits coolers with an alcohol volume of 7% or less are covered under the CRV program, leaving out new products that are entering the marketplace which contain more than 7% alcohol. According to the NielsenIQ Beverage Alcohol Practice, these products are steadily growing in popularity and data published by the organization noted that ready-to-drink alcoholic beverages, including canned wine and spirits, documented an 80% growth rate between April 2019 and April 2020.

“By excluding these beverages, California is missing an opportunity to reclaim a growing segment of disposable aluminum cans entering the waste system. This exclusion also creates consumer confusion when determining what products are recyclable under the program, especially as the packaging of these products are nearly identical to other CRV eligible beverages.

“Adding distilled spirits packaged in single-serve aluminum cans to California’s Bottle Bill is a logical step to ease confusion over which products have a deposit and will ensure program operations function smoother for participants throughout the value chain.”