



August 18, 2020

Honorable Gavin Newsom  
Governor of California  
State Capitol  
Sacramento, CA 95814

Re: Don't Give Retailers Another Waiver From Having To Recycle

Dear Governor Newsom,

California's bottle deposit system is on the edge of collapse. We were dismayed that you extended an executive order ending in June that allows supermarkets and other chains selling deposit-carrying beverages to deny legally required redemption services to California consumers. As this letter details, that waiver has caused serious harm to the bottle deposit system and the consumers who depend upon it. We urge you not to extend this exemption for yet another 60 days when it expires on August 21.

These exemptions are a disaster that unnecessarily and severely restrict access to refunds of consumer bottle deposits totaling hundreds of millions of dollars annually.<sup>i</sup> A growing segment of the population, including those who recently joined California's now seven million unemployed, depends on deposit refunds to meet basic expenses.

The deposit system built on the backbone of redemption centers was already in crisis before the pandemic hit. More than half of all centers closed since 2013 and many retail stores refused to step into the breach as the 1986 bottle law requires. Prior to the pandemic, consumers were paying about \$1.5 billion a year in nickel and dime deposits and getting back little more than half that money directly, effectively turning the refundable deposit into a tax.<sup>ii</sup>

Now, Covid has pushed up to a third of existing centers, severely underpaid by the state for years, to close. If consumers cannot turn to beverage dealers for refunds—something that the bottle law requires when stores lack nearby redemption centers— even more deposits will be lost to consumers.

Counties are decimated. Humboldt County currently has no open redemption center.<sup>iii</sup> San Francisco is down to one redemption center for 883,305 people. San Mateo has two centers serving 384,773 each. Alameda has six centers serving 277,792 people apiece, while Santa Clara has eight serving 242,196 people each. Santa Barbara has not one open. Imagine the lines and the hours it takes to redeem nickels and dimes at existing centers.

Some redemption centers are overwhelmed as more consumers enter the ranks of the unemployed. Anthony Bonilla with Universal Service in Stockton told KCRA-3 TV that the number of customers has doubled since before the pandemic to as many as 700 a day, overwhelming the center and lengthening wait times. “In Northern California there’s one recycling center for every 50,000 people-- and if you go back five years it was about double that.” Bonilla said. “(People) shouldn’t have to wait in an hour line to redeem their nickels and dimes.”<sup>iv</sup>

As of May 7, less than 1,000 of the 1,248 certified redemption centers in California were open due to the Covid crisis, according to Protect CRV, a redemption center advocacy group petitioning you for financial aid.<sup>v</sup> By now, industry sources estimate that some 400 redemption centers may be out of business.

After the pandemic hit, California experienced an estimated 30% drop over last year in the volume of beverage containers reclaimed through its deposit program from mid-March to mid-May, according to CalRecycle.<sup>vi</sup> CalRecycle estimates the drop represents about \$61 million more left unredeemed in its swelling coffers totaling \$400 million. That number could now be as high as \$75 million, industry sources tell us.

A huge drop in redemption center empties has also severely disrupted the manufacturing supply chain in California and threatened 8,000 recycling center jobs. One big processor that buys empties from centers and resells them to manufacturers told Consumer Watchdog that the amount of materials offered fell by up to 50% between mid-March and May alone. That means large amounts were either hoarded, went to blue bins waste haulers operate, or went into trash cans. As of June, volumes of empties brought by consumers to redemption centers started to rise but are still not back to normal.

Processors purchase the bulk of their empties from redemption centers that take in 88% of them. The other 12% are collected by waste haulers offering single bin recycling services. Processors prefer empties diverted from recycling centers because they are far cleaner than waste haulers’ empties. This means that

manufacturers in California are facing shortages of feedstock and turning to purchases of new and energy-intensive plastic, metal and glass instead.

State management of this bottle deposit system, battered by a pandemic, economic crisis, growing unemployment, and a total lack of consumer convenience is simply not working. Everyone—from the well-to-do to those living on the edge—deserve ready access to their deposit money. The more convenient the system, the cleaner, energy-saving recyclable feedstock is sold to local, in state-manufacturers and the more recycling jobs are preserved while less materials are littered and landfilled.

It is up to you to preserve and strengthen the bottle deposit system, not allow it to be degraded further by again exempting retail stores from taking back empties in store and refunding deposits as the law requires. By extending the retailer exemption you risk irreparable damage to the bottle deposit system.

We are sure that you agree this would be an unacceptable outcome for a state that prides itself on its green credentials. We stand ready to assist you in any way possible.

Sincerely,



Jamie Court  
Consumer Watchdog



Liza Tucker  
Consumer Watchdog

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<sup>i</sup> The handling of empties by store personnel is not a main source for the spread of COVID-19, particularly if workers follow common sense rules by washing their hands frequently. The main source of spread is proximity to people who are infected.<sup>i</sup> See: <https://www.cdc.gov/coronavirus/2019-ncov/community/organizations/waste-collection-recycling-workers.html>

<sup>ii</sup> For Consumer Watchdog reports on the California bottle deposit system, see: <https://www.consumerwatchdog.org/report/half-nickel-how-california-consumers-get-ripped-every-bottle-deposit-they-pay> and <https://www.consumerwatchdog.org/report/trashed-how-california-recycling-failed-and-how-fix-it>

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iii See: <https://www.times-standard.com/2020/08/06/covid-19-when-will-crv-buyback-resume-locally-not-for-a-while-local-companies-say/>

iv For the KCRA-3 story, see: <https://www.kcra.com/article/recycling-centers-reopen-to-customer-spike-and-little-profit/32691900>

v For a Protect CRV letter about redemption centers to Gov. Gavin Newsom, see: <https://www.consumerwatchdog.org/sites/default/files/2020-08/Protect%20CRV%20Relief%20Request%20to%20Gov%20Newsom.pdf>

vi For more on the drop in recycling volumes, see: See: <https://www.wastedive.com/news/california-crv-beverage-redemption-decline-coronavirus/578799/>