SB 54 Regulatory Implementation

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Initial Statement of Reasons, Page 15

"The express intent behind the Act, as explained in section 42040, and the policy priorities referenced in section 42050 make clear that the Act concerns materials that *reach their end of life in the state, not materials that merely move through it*."

CalRecycle, August 2025

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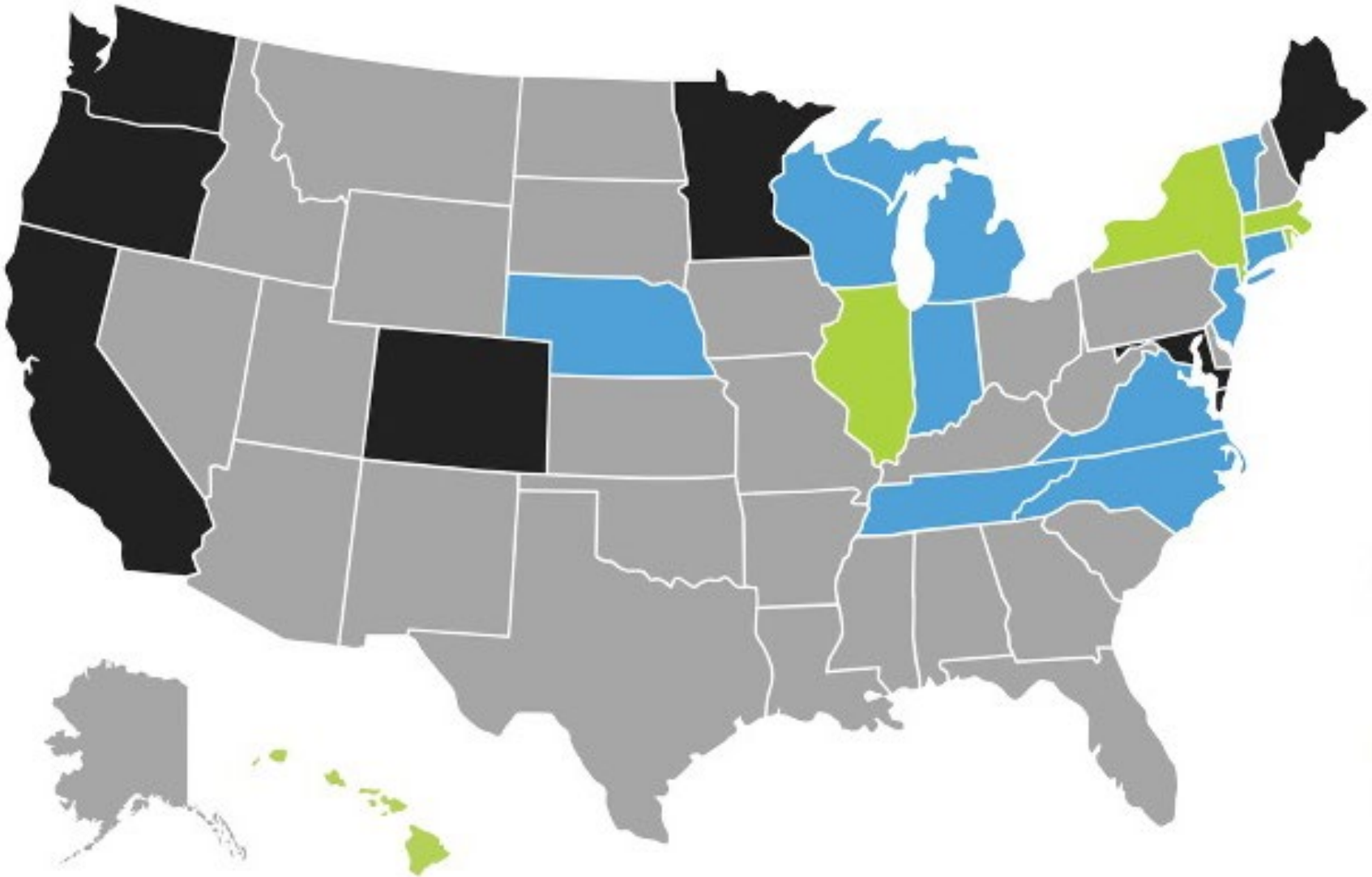
EPR ACCELERATION



New since last time:
Wisconsin & New Hampshire

EPR for Packaging
Passed

EPR for Packaging
Expected or Being Discussed

EPR for Packaging
Needs Assessment or Study Bill Passed

*Current as of February 1, 2026

Source: https://www.atlanticpkg.com/deep-dive-extended-producer-responsibility-epr-for-packaging-explained/

The Bottom Line

SB 54 establishes a new Extended Producer Responsibility (EPR) program that requires producers selling single-use packaged product (covered material) into California to fund and meet statewide recycling and plastic-reduction targets.

By 2032, the law requires:

- 100% of single-use packaging to be recyclable or compostable
- 25% reduction (collectively) in the total amount of plastic packaging sold in California, compared to the 2023 baseline.
- 65% recycling rate for single-use plastic packaging



Covered Material

Material classes include:

- Glass
- Ceramic
- Metal
- Paper & Fiber
- **Plastic**
- Wood & Organics

This definition includes:

- Single-use packaging that is routinely recycled, disposed of, or discarded after its contents have been used or unpackaged, and typically not refilled or otherwise reused by the producer.
- Plastic single-use food service ware.

Packaging Definition

Any separable and distinct material component used for the containment, protection, handling, delivery, or presentation of goods by the producer for the user or consumer, ranging from raw materials to processed goods.

This could include:

Sales packaging or primary packaging
Individual serving or unit of the product and most closely containing the product, food, or beverage

Grouped packaging or secondary packaging
Intended to bundle, sell in bulk, brand, or display the product

Transport packaging or tertiary packaging
Intended to protect the product during transport

Packaging components and ancillary elements integrated into packaging
Ancillary elements directly hung onto or attached to a product and that perform a packaging function

Who is a Producer?

"In the State" Definition:

A person is in the state if the person is subject to the jurisdiction of California courts pursuant to section 410.10 of the Code of Civil Procedure with respect to the Act and any of the following is true:

(1) Service of summons, excluding service in a manner requiring a court order, on the person may be completed in the state pursuant to sections 413.10 through 417.40 of the Code of Civil Procedure or section 2110 of the Corporations Code.

(2) The person consents to being considered in the state, being served notices and accusations by any means chosen by the Department pursuant to section 18980.13.3 and being personally subject to the jurisdiction of California courts. To be considered in the state, such person must be registered as a producer pursuant to section 18980.10 and must, upon demand, confirm the foregoing consent in writing, such as by affidavit or written agreement, and through conduct consistent with such consent. Conduct consistent with such consent includes responding to an accusation, filing a pleading, or otherwise appearing in a legal proceeding in the state.

Producer, for items not foodservice ware, and as defined in Public Resources Code section 42041(w) 1 and further detailed in the regulation (CCR §18980.1.1), follows this hierarchy:

1) A person in the state who manufactures a product using covered material **and** owns or is the exclusive licensee of the brand/trademark under which it is used in a commercial enterprise, sold, offered for sale, or distributed in the state.
2) If no such person exists in-state, the producer is the brand or trademark owner (if in the state).
3) If there is no producer according to (1-2), the producer is the licensee of the designated brand/trademark in the state (with additional conditions).
4) If no producer can be identified under (1)–(3): where a brand owner or licensee is in the state, it is the producer of all covered material items used by the good when the good is sold or distributed by the owner or a person acting on the behalf of the owner or licensee.
5) If there is no brand owner in the state, the first person who sells, offers for sale, or distributes the product using the CM in or into the state.

Field-Pack Provision: If a person produces, harvests, and packages an agricultural commodity on the site where it was grown or raised, they are not a producer under PRC §42041(w)(4)

Producer Examples from an Agricultural Perspective

A Producer Under this Definition Could Include:



A mill, dryer, shipper/handler/processor that packs an ag commodity into a covered material (depending on relationship to brand, licensing agreements)



A shipper/handler/processor that that applies pallet wrap or a modified atmosphere packaging system and/or utilizes cardboard containers for shipping



A retailer or distributor of ag commodities packed into covered material, depending on relationship to the covered material when it is imported, sold, distributed or used in California.



A producer or retailer of agricultural inputs including seed, plant containers, or feed sold in CM.

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Producer & Covered Material Exemptions or Exclusions

Exemptions or Exclusions May Include:

- Small producers, retailers, or wholesalers (gross annual sales of less than $1 million in CA)
- Covered material that cannot comply for health and safety reasons, or because it is unsafe to recycle
- Reusable or refillable packaging (e.g., pallets)
- Packaging designed to protect or store products that have a lifespan of five years or longer
- De minimis exclusions may be considered if it a plastic component is not independent and does not affect recyclability
- Producers of specific materials with demonstrated recycling rates

Implementation: Data and Plan Reporting Timelines

Deliverable	Due Date
California Baseline Producer Report (2023 data) One-time submission	June 1, 2026
Annual Producer Supply Report Covered-material supply by category, plus California's plastic weight and component counts; annual submission	June 1, 2026 Annually on May 31 thereafter
Annual Source Reduction Report Reduction activity and outcomes against the 2023 baseline; annual submission	June 1, 2026 Annually on May 31 thereafter
Individual Source Reduction (ISR) Plan A producer’s forward-looking forecast through 2032; one-time submission	August 1, 2026 Effectively August 3, 2026 due to date falling on weekend



Annual Source Reduction Reporting

All covered material categories, including plastic and non-plastic are reported annually.

Producers are also required to submit an Annual Source Reduction Report. The source reduction obligation they're measured against is **plastic-material specific**.

Plastic Packaging Types Include:

- Primary
- Secondary
- Tertiary
- Business to business (B2B)
- Business to consumer (B2C)
- Foodservice

Does Not Include:

- Categorically excluded materials, CRV beverage containers
- Qualifying reuseable packaging is excluded as a covered material, but important for source reduction reporting

SB 54 Source Reduction Targets (PRC § 42057(a))

	2027	2030	2032
Reduction by weight vs. 2023 baseline	10%	20%	25%
Reduction in number of components vs. 2023 baseline	10%	20%	25%
Reuse/refill (all target years) and elimination (2032 target year only) vs. 2023 baseline	2%**	4%**	10%**

- Targets are collective, meaning producers do not need to meet these specific rates individually
- Although producers are required to report to CAA on specific covered material categories (CMCs), the source reduction targets set out in the Act apply to the aggregate of all plastic covered material by weight and number of components.
- Targets are measured as of January 1 of each target year using the prior calendar year's supply data. Operative packaging-change deadlines are effectively year-end 2026, 2029, and 2031.



Individual Source Reduction Plan Elements

One-time, forward-looking forecast of how much plastic (by weight and components) a producer plans to reduce for target years 2027, 2030 and 2032

Includes how reduction is allocated across various pathways, including written explanations of methodology and planned actions.

All reporting based on packaging that stayed in California and was not distributed to any other state or international markets.

Producers may request that the information be considered a trade secret exempt from public disclosure. CalRecycle has the ultimate authority to decide whether to disclose submitted data.



Individual Source Reduction Plan Elements

History, Baseline & PCR Data Reporting

- Share prior source reduction achieved in 2013 and 2022 based on weight (pounds) and number of plastic components, including post-consumer recycled (PCR) content. If no records are available producer is unable to qualify for net source reduction credits for those years.
- Include the total 2023 plastic weight (pounds) and number of components provided in the 2023 baseline report
- Include the amount of Association of Plastic Recyclers (APR) post-consumer recycled (PCR) plastic content used in 2023. CAA advises producers to input this value as the sum of PCR certified to the four certifications APR endorsed in 2023

Individual Source Reduction Plan Elements

Projections

Report the total plastic weights and numbers of components projected to be supplied by the producer in California in 2026, 2029 and 2031.

Describe the methodology used to calculate these figures.

Input total projected PCR plastic weight that can be counted toward source reduction producer credits for the same reporting years.

Common Question: Is PCR Source Reduction?

Statutorily, PCR is not considered source reduction. However, use of PCR in packaging can count toward the source reduction *targets* only as capped "alternative compliance" at a maximum of 8%, measured at the program (PRO-aggregate) level. That 8% cap limits target attainment, **not** the amount an individual producer may claim for the PCR bonus credits, which CAA does not cap at this time.

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Individual Source Reduction Plan Elements

Pathway Allocation

For each of the reporting years, producers report the plastic weight and number of components they plan to reduce in the data supply years of 2026, 2029 and 2031, by source reduction activity pathway. Producers are also asked to describe each of these efforts as a narrative, in addition to weight and component reporting.

Pathway Examples

Type	Examples
Reuse/Refill	Pooled RPCs, returnable bins, reusable pallet wrap
Bring Your Own Container (BYOC)	Consumer-facing programs that allow for such packaging choices
Elimination	Overwrap removal, absorbent-pad removal, loose sale, etc. Elimination is removal of a plastic component without replacing it with any plastic or non-plastic material.
Switches to Alternative Materials	Transition from a plastic package to a recyclable or compostable non-plastic material such as molded fiber, paperboard, glass, or metal. Because the Pathway 3 rule requires the switch to be to a non-plastic covered material category, switches within plastic (e.g., PET to HDPE, or virgin plastic to compostable plastic) do not appear to qualify under this pathway.
Right-Sizing	Lightweighting – downgauged film, thinner clamshell walls that reduces weight. Does not count if the change makes the material non-recyclable or less likely to be recycled or composted. Tighter secondary packaging, smaller formats or bulk/large format.



Annual Source Reduction Report Elements

This annual report data is what is measured against the overall targets

The 2027–2031 reporting years:

1. Provide the data CAA must include in its annual reports to CalRecycle
2. Enables CAA to track results toward the source reduction targets
3. Provide CalRecycle with the data to determine source reduction compliance in target years

Credits or malus fees are assessed based on progress toward total source reduction targets. These credit and fee rates will be adjusted annually based on aggregated producer reporting and published in October of each year, prior to invoicing (January).

Trade secrets may be claimed, CalRecycle has ultimate authority whether to disclose.



Fees, Bonuses & Maluses

What it Means if a Producer Achieves Zero Source Reduction Year-Over-Year

- The ISR Plan itself is a forecast
- Fees are triggered by what producers report in their supply and source reduction data
- Malus is applied to every pound of virgin plastic supplied into California, so a producer that does not source-reduce pays malus on its full virgin plastic tonnage
- Malus rates will rise year over year as other producers earn bonuses, because the mechanism is designed to be revenue-neutral (bonuses paid out = maluses collected)
- A producer not source reducing is progressively more exposed to higher malus fees as time goes on



Recycling Rate

Measures the percentage of plastic covered material actually recycled into a new package, by covered material category

- Escalating targets: 30% (2028) → 40% (2030) → 65% (2032).
- Recycling rate is separate from whether a material is deemed "recyclable." CalRecycle publishes both determinations by CMC.
- Recycling is measured based on material actually recovered and returned to productive use, rather than simply collected or sorted.
- If a CMC fails the applicable rate, individual producers can face producer-specific compliance obligations, including the market-share pathway in PRC § 42083.
- Failure can trigger:
  - Corrective Action Plan (§ 42081(b)), potentially requiring material shifts, recycled content, take-back systems, or cessation of sales.
  - Backstop regulations (§ 42084).
  - Penalties/enforcement for noncompliance.



Recycling Rate

The recycling rate isn't just a statewide aspirational target. It's measured at the material-category level, and if a category doesn't meet the target, SB 54 has mechanisms that can push compliance down to the individual producer.

Table 16: Scope of Unique Challenge Exemption Applications Related to Recycling Rate Compliance

Applications with a Phase-In Plan to Comply with Recycling Rate Targets, by CMC	Applications with a Plan to Phase Out Use, by CMC
Have a viable pathway to full SB 54 compliance but at risk of missing initial recycling rate targets	Do not appear to have a viable pathway to full SB 54 compliance and targeted for phase-out, but will miss initial recycling rate targets during phase-out process
25_G2P - Glass - Other Forms w/ plastic component	25_C1P - Ceramic - All Forms w/ plastic component
25_M2P - Aluminum - Foil sheets w/ plastic component	25_C2P - Ceramic - Small - Two or more sides measuring 2" or less w/ plastic component
25_M3P - Aluminum - Foil Molded Containers w/ plastic component	25_PF8P - Paper/Fiber - Waxed Cardboard w/ plastic component
25_M5P - Aluminum - Other Forms w/ plastic component	25_P11P - PVC (#3) - Rigid Items
25_M9P - Other Nonferrous - All Forms w/ plastic component	25_P27P - PS (#6) - Utensils
25_M10P - Other Ferrous - All Forms w/ plastic component	25_P35P - Other/Mixed Plastics - Rigid Items
25_M12P - Metal - Small - Two or more sides measuring 2" or less w/ plastic component	25_P12P - PVC (#3) - Flexible and Film Items
25_P47P - Plastic - Small - Two or more sides measuring 2" or less	25_P29P - PS (#6) - Flexible and Film Items
25_PF15P - Paper/Fiber - Aseptic Cartons	25_WO1P – Wood / Organics - All Untreated Forms w/ plastic component
25_PF5P - Paper/Fiber - Gable-top Cartons	25_WO2P – Wood / Organics - All Treated or Painted Forms w/ plastic component
25_PF14P - Paper/Fiber - Molded Fiber - All Forms w/ plastic component	25_WO4P – Wood / Organics - Other Forms w/ plastic component
25_PF7P - Paper/Fiber – Multi-Material Laminate - Other Forms w/ plastic component	25_WO6P – Wood / Organics - Small - Two or more sides measuring 2" or less w/ plastic component
25_PF17P - Paper/Fiber – Multi-Material Laminate - Paperboard with a Plastic Coating / Lining	25_P34P - Other/Mixed Plastics - Textiles
25_PF16P - Paper/Fiber - Small - Two or more sides measuring 2" or less w/ plastic component	25_WO3P – Wood / Organics - Textiles w/ plastic component
25_P1P - PET (#1) - Bottles, Jugs, and Jars (Clear / Natural)	
25_P2P - PET (#1) - Bottles, Jugs, and Jars (Pigmented / Color)	

PRO Draft Plan Unique Challenges Exemption Materials

Categorical Exclusion

Applies to regulations, rules, or guidelines issued by USDA, FDA, or others applicable to food and ag.

The current regulation draft includes a framework for entities to notify CalRecycle of categorical exclusions for packaging or packaging components used with food or agricultural commodities, if it is ***not reasonably possible*** for other packaging material to comply with regulations, rules, or guidelines issued by the United States Department of Agriculture (USDA) or the United States Food and Drug Administration (FDA) or other applicable food or agricultural regulations, rules, or guidelines.

Potential to justify continued use of packaging materials that cannot currently meet regulatory requirements, due to various factors, which could include:

- Food Safety
- Transportation/Quality
- Shelf-Life/Food Waste

Categorical Exclusion

What needs to be included in a notification?

Step 1 — Get your PEPRS WebPass — Provide entity and contact information

Step 2 — Identify each packaging or packaging component

Step 3 — Select if identified packaging and/or packaging components are food or agricultural commodity

Step 4 — Describe the material of each component

Step 5 — Identify the products associated with each component. This may include the following, or more generically describe a category of products:

- Brand name
- Packaging Producer Responsibility Law 4
- SKU - Stock Keeping Unit
- UPC – Universal Product Code
- EAN – International Article Number
- GTIN – Global Trade Item Number

Categorical Exclusion

What needs to be included in a notification?

Step 6 — Identify the legal conflicts justifying the exclusion

For each component, provide:

- The relevant requirements of the Act, or its implementing regulations, including the specific Public Resource Code sections or regulations sections containing the requirements.
- The food and agricultural requirements in federal regulations, rules, or guidelines that conflict with those provisions of the Act or implementing regulations.
- A brief description of the conflict if it is not obvious from the citation.

Examples may include federal food safety or packaging sterility requirements.

Categorical Exclusion

What needs to be included in a notification?

Step 7 — Demonstrate that no reasonable alternative exists

All of these must be true:

(i) there is no such alternative that satisfies all applicable mandatory standards for safety and structural integrity of packaging, creates no new unavoidable legal conflict with any law, and otherwise is lawful to use in California;

(ii) it is not possible to avoid all legal conflicts by eliminating or replacing the components that cause the conflict cited in the notice; and

(iii) it is not possible to avoid all legal conflicts by redesigning or replacing the packaging as a whole.

Entities may reference guidance, best practices, and recommendations for the specific type, format, and material, or components of food or agricultural commodity packaging, issued by government agencies, industry associations, standards development organizations, or academic institutions, to support the demonstration that no reasonable alternative exists.

Step 8 — Upload any supporting documentation (if applicable)

Step 9 — Certify and submit

Fees

Applies to all registered producers.

Status: Beginning Now

First invoices came out in September 2026

Next phase of invoices come out in January 2027

August 2026 Invoices: Based on 2025 Supply Data Reports

- Fees recoup pre-program plan costs including CalRecycle, CAA, needs assessment, etc.
- Expected to be relatively smaller than annual invoices (e.g., plastic-flexible fee range estimated at 1.4 cents – 3.3 cents/lb.)

January 2027 Invoices: Based on 2025 Supply Data Reports

Invoice #1 – EPR & Reuse Investment Fee

- Funds program costs, including reimbursements, investments, reserves, administration (CAA & CalRecycle), etc.
- Expected to be higher than August 2026 invoice (e.g., plastic-flexible fee range estimated at 32 cents – $1.02/lb.)

Invoice #2 – Plastic Pollution Mitigation Fund Fee

- Paid only by producers of plastic packaging, by weight and plastic components
- Estimated at 17-25 cents/lb. by weight and 0.10 - 0.12 cents/lb. by plastic components across all plastic packaging types

Compliance Considerations

Currently, producers are required to register, submit data and ISR Plans to Cal Recycle. If you haven't already, CalRecycle is encouraging producers to do so now.

Beginning January 1, 2027, a producer shall not sell, offer for sale, import, or distribute covered materials in the state unless the producer is approved to participate in the plan of a PRO that is approved by the department for the source reduction, collection, processing, and recycling of covered material to meet the requirements of this chapter (Cal. Pub. Res. Code § 42081.1(a)).

Questions & Discussion

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This presentation is for informational purposes only and does not constitute legal advice. The SB 54 regulations are complex and fact specific. Speak to your business counsel or consult KSC for assistance.

