



November 13, 2024

Zoe Heller, Director
California Department of Resources Recycling and Recovery
P.O. Box 4025
Sacramento, CA 95812-4025

Via Email: Carpet@CalRecycle.ca.gov

Subject: Cal Retailers Response to CARE's urgent request to CalRecycle to approve an increase in carpet differential assessment

Dear Director Heller,

The California Retailers Association (Cal Retailers) writes to express concerns with Carpet America Recovery Effort (CARE) request to the California Department of Resources Recycling and Recovery (CalRecycle) to approve an increase in the carpet differential assessment, which would take effect on February 1, 2025.

While retailers support recycling efforts, CARE's proposed increases in carpet recycling fees could have unintended consequences for both consumers and business operations. Given the already challenging market conditions in California, these increased costs could drive consumer prices higher and further reduce demand, undermining the state's ambitious recycling goals and putting further strain on individuals and families already struggling with higher prices for everyday items. Under CARE's fee increase request, the recycling fee per square yard will increase approximately 50% for Carpet Tile and Carpet. The continued increase of the assessment will have a direct impact on Carpet purchases in the State of California in 2025, which has seen purchases steadily decrease by 50% since the fees began.

We have outlined specific concerns with the fee increase request below.

2024 Current Price & Proposed Feb. 1st, 2025

- *Carpet Fee Less 10% Post Consumer Content WAS \$.68 per SY **NOW \$.96 Sq yard***
- *Carpet Fee Greater 10% Post Consumer Content WAS \$.70 per SY **NOW \$1.05 Sq. yard***
- *Carpet Tile Less than 10% Post Consumer Content WAS \$.99 per SY **NOW \$1.49 SY***
- *Carpet Tile Greater than 10% Post Consumer Content WAS \$.97 per SY **NOW \$1.40 SY***

1. Cost Impact on Consumers:

- a. The proposed fee increases would add **\$0.11 per square foot** to residential carpet (~4%) and **\$0.17 per square foot** to carpet tiles (~6.5%).
- b. California already has the lowest performing carpet market in the country, and we fear these additional costs could further reduce demand.

2. Implementation Challenges:

- a. Each increase causes implementation challenges – and there has been an influx of increases in recent years. Implementing these changes would require training, and updates to retailer point-of-sale (POS) systems across all CA retail stores, a task that requires significant internal resources and coordination for retail companies. CRA believes that a more balanced approach would better support both environmental goals and the practical realities of doing business in California and we would be happy to provide recommendations or participate in ongoing discussions around what a successful balance would look like.

Cal Retailers is the only statewide trade association representing all segments of the retail industry including general merchandise, department stores, mass merchandisers, on-line marketplaces, supermarkets and grocery stores, retail pharmacies and specialty retail such as auto, vision, jewelry, hardware, and home stores. Cal Retailers works on behalf of California's retail industry, a driving force of California's economy, with over 400,000 retail establishments, an annual gross domestic product of \$330 billion and one fourth of California's total employment.

The retail industry is committed to environmentally sustainable and responsible practices including ensuring California's Carpet Stewardship Program is successful. Environmental responsibility is a fundamental part of the retail business model and part of California retailers' commitment to our customers and the communities in which our stores operate. The retail industry is leading the way in making voluntary commitments to address key sustainability issues and the California Retailers Association is actively participating in legislative and regulatory policymaking decisions and processes to further California's recycling goals while ensuring the state's economy continues to thrive. Cal Retailers' President and CEO Rachel Michelin is an appointee of the SB 54 Advisory Board and serves on the board of the new SB 54 Producer Responsibility Organization furthering the retail industry's commitment to circular environment and the CRA team has been an integral part of the policymaking process in collaborating on statewide legislation specific to the carpet industry.

Given our concerns outlined in this letter, we urge CalRecycle to consider the negative impacts these fee increases could have on California consumers and the state's environmental goals and find a more balanced approach to the carpet fee assessment by rejecting the request to dramatically increase the carpet fee assessment.

If you have any questions or would like additional information, please do not hesitate to reach out to me directly at 916/443-1975 or via email at Sarah@calretailers.org.

Sincerely,



Sarah Pollo Moo
Legislative and Policy Advocate

Cc: Bob Peoples, Ph.D., Executive Director, Carpet America Recovery Effort (via email Feedback@CarpetRecovery.org)