



April 5, 2026

Honorable Damon Connolly
Chair, Committee on Environmental Safety & Toxic Materials
California State Assembly
1020 N Street, Room 171
Sacramento, CA 95814

RE: OPPOSE AB 2245 (Michelle Rodriguez) – OPPOSE

Dear Chair Connolly:

On behalf of the California Retailers Association (CRA), we must respectfully **OPPOSE AB 2245 (Michelle Rodriguez)** as currently written.

CRA is the only statewide trade association representing all segments of the retail industry including general merchandise, department stores, mass merchandisers, on-line marketplaces, restaurants, convenience stores, supermarkets and grocery stores, chain drug and specialty retail such as auto, vision, jewelry, hardware and home stores. The California Retailers Association 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 the goals of California's Extended Producer Responsibility (EPR) and Product Stewardship Programs and has made significant investments in sustainable practices including supporting The California Oil Recycling Enhancement (CORE) Act, which is managed by CalRecycle and mandates responsible management of used oil, funding over 3,000 Certified Collection Centers (CCCs) to accept oil from the public. While AB 2245 is said to no longer impact CORE and instead focuses on creating a separate EPR for the packaging of used-oil related products, CRA still has significant concerns with the bill, which will put into immediate jeopardy the hundreds of free-to-consumer take back recycling programs retailers provide the state. We also question, as the bill is written, whether CORE is still impacted or not.

Currently, CRA members offer free, convenient, and environmentally friendly consumer recycling programs for automotive fluids, batteries, and specifically in California, refrigerant cans. Customers can typically drop off used motor oil, filters, other automotive fluids and vehicle batteries, and in many locations, they can receive incentives like gift cards for merchandise credit with retailers providing the consumer free, labeled containers for collecting and transporting used oil safely.

These programs are paid for by the retailer, at no cost to the consumer and state and make up a significant portion of California's recycling infrastructure for these products.

AB 2245 in its current form will potentially result in many, if not all, of these programs being removed from the state as takeback and recycling of these products will become untenable for retailers with the significant challenges the bill presents in compliance burdens and costs to business. These costs will ultimately be passed on to the consumer at a time when affordability is of increasing concern with the Trump Administration's ongoing and constantly changing tariffs, continued rise in energy prices and the price of everyday necessities such as groceries.

While the latest amendments to AB 2245 improve the bill in some respects, and we appreciate the continued conversations with the bill author and sponsors, the measure still creates significant cost, operational, and due process concerns for retailers and the broader regulated community, which we have summarized below.

Retailers Core Concerns with AB 2245

AB 2245 is an expansive bill that makes major changes to the current recycling system in the state of California. The proposal builds on EPR programs and removes specific products from requirements of the Plastic Pollution Prevention and Packaging Producer Act (SB 54). Among other things, the legislation creates a Producer Responsibility Organization (PRO) to manage end of life recycling for covered liquids and covered packaging. Retailers would be considered producers in certain circumstances.

Retailers value the importance of their customers and the communities they partner with. Overall, retailers support sustainability efforts that protect the environment and promote a circular economy which lowers costs for consumers. Unfortunately, AB 2245 (as currently written) creates complex and inconsistent regulations that will increase costs for consumers and could result in more harmful items finding their way into California landfills.

Specifically, we have concerns about the following items:

- Regulatory Inconsistency
- Space at retail stores
- The definition of collection centers
- Enforcement
- Reporting structure
- Costs for consumers.

AB 2245 still appears to layer a new producer responsibility program onto an already complex EPR structure in California without providing enough guardrails on startup costs, administrative costs, or program accountability. Under the bill, producers would be required to fund CalRecycle and the California Department of Toxic Substances Control

(DTSC) personnel and PRO costs, including startup costs and reserves, without meaningful producer review or control over those expenses (many of these concerns have been communicated from CRA throughout the SB 54 rulemaking process as well).

The bill's cascading producer definition is also overly broad and could sweep distributors, retailers, dealers, or wholesalers into the definition of "producer" if no earlier entity is identified, creating unnecessary compliance risk for entities that are not the true product brand owners.

Regulatory Inconsistency

AB 2245 is inconsistent in several areas and creates uncertainty for producers trying to comply.

- **Covered Liquids Definition**

- The legislation specifies that "covered liquid product" does not include "a product subject to the used oil recycling program described in Article 4 (commencing with Section 48630) of Chapter 4."
- However, the bill says a covered liquid product includes:
 - "but is not limited to, coolants and antifreeze, engine additives designed to remain in the lubricating system, engine oils, fuel additives and treatments designed to remain in mechanical systems for operational use, greases, marine lubricants, hydraulic fluids, heat transfer fluids, specialty industrial oils, oil-based lubricants, transmission and gear oils, two-cycle oils, and other functional fluids typically used in automotive and transportation mechanical applications that are commercially available to a nonbusiness consumer, regardless of formulation, including conventional, synthetic, re-refined, biodegradable, or specialty products.
 - Among others listed, the Used Oil Recycling Program allows for several of these items, including hydraulic fluids, engine lubricating oils, and transmission fluids.
 - Because of the inconsistent definition, it's unclear which regulations to follow in specific situations.

- **Empty Bottles**

- Currently, when retailers recycle hazardous materials, the packaging that is left over is deemed hazardous and not eligible to be put in the blue bin.
- While the aim of the bill is to transform this system, many of the packaging for items listed above are included in both the definition of a covered liquid and in the Used Oil Recycling Program.

- If they are included in the Used Oil Recycling Program, then they are ultimately hazardous materials that can't be recycled.
- The lack of clarity could result in retailers facing increased violations from state regulatory agencies.

Space at Retail Stores, Packaging and Waste Handling

Currently, several retailers offer recycling services for numerous different products, including covered products from the bill. However, not every retailer has the capacity and ability to offer recycling services for every product. Today, retailers can make the decision that is best for their store and employees.

If retailers are forced to become collection centers for new products, it would create space issues and limit square footage for other important services. Several of the covered liquids must be separated into different containers to ensure there aren't harmful chemical reactions. Adding new, separate containers can quickly fill up space in the back of retail stores.

It's unclear how the PRO will meet the obligations of this legislation by creating new collection centers. While it's not the intent today to force retailers to be collection centers, this is something that is not fully addressed in the legislation. It may result in retailers leaving the recycling system altogether, which could ultimately hurt the environment.

The bill's treatment of lubricant containers and liquids remains operationally unworkable for retailers, especially automotive facing retailers, because different waste streams must be sorted and managed separately under state and federal requirements. Retailers have limited storage space and AB 2245 could force them to dedicate that space to state-mandated collection rather than customers and business needs.

In addition, the bill leaves unanswered questions about how collection will work in practice, who will haul the material, how often pickups will be required, and whether the program will increase costs through more frequent waste handling. Those unresolved implementation issues make the bill difficult to support as written.

Collection Center Definition

As written, AB 2245 includes a definition of collection centers that is incorrect. The bill references Section 25218.1 of the CA Code to define collection centers. This definition relates to Household Hazardous Waste and could cause retailers to be excluded from collection center eligibility.

Due process and Oversight

AB 2245 lacks arbitration language to address due process concerns for producers, because the bill as written gives CalRecycle broad authority over plan approval, records access, audits, and enforcement with limited recourse for regulated entities. The bill also

imports the first seven pages of SB 54-style structure and language, which CRA continues to have significant concerns with.

AB 2245 allows CalRecycle to impose substantial civil penalties and to revoke or force resubmission of a producer responsibility plan after a written finding of a material violation, which underscores the need for clearer procedural protections.

Enforcement

AB 2245 requires CalRecycle and DTSC to enforce the bill. Both state agencies will likely utilize the Certified Unified Program Agency (CUPA) to help carry out this mission. CUPAs are local agencies that review compliance and recommend violations. Discretion is left to the CUPA, which can lead to a vast array of opinions. A decision by a CUPA in Oakland can be different from a decision in Los Angeles. The lack of certainty can cause retailers to face new liabilities and potential fines.

Reporting Requirements

Retailers who would be subject to this bill are also subject to other EPR programs, including SB 54. While it's currently unclear who the PRO will be, it's likely that retailers would be forced to report to separate PROs for several products, which could lead to inconsistent reporting requirements and increased costs. The bill sponsors and author attempt to address this, which CRA appreciates, but because definitions are unclear at this time, it's impossible to say how the intention will be implemented.

Costs

Retailers have an important connection with their consumers and communities and want to be good stewards to both. Retailers want to promote sustainability and a circular economy that works for California residents and California's environment. AB 2245 creates a new recycling system built on infrastructure that does not currently exist.

Unlike other EPR programs, there isn't a current infrastructure for recycling covered packaging. As mentioned above, once hazardous waste is in packaging, the packaging becomes hazardous and is not recycled. This is a state requirement that forces retailers to place packaging in waste bins that ultimately go into California landfills.

While the goal should be to find new ways to recycle these materials, AB 2245 requires building a completely new system in just roughly three years. This system likely has an astronomical cost, which will be paid for entirely by producers. These same producers will also be financing other EPR systems. While retailers do their best to get the best price for consumers, they may be forced to raise costs to help pay for these programs.

The increased costs will hurt Californians at a time when affordability is the most pressing issue. Additionally, these costs will be added to items that help consumers

keep their vehicles working properly. Increased costs could potentially harm the primary mode of transportation that many Californians rely on to get to work, drop their kids off at school or take that much-needed vacation. Lawmakers should work with retailers to create policies that meet the goals of EPR programs while also solving the challenges facing California residents.

For these reasons, we respectfully oppose AB 2245 and urge the Committee on Environmental Safety & Toxic Materials to hold the bill until it has been substantially revised to:

- Narrow and clarify producer definitions.
- Exempt smaller containers and clarify packaging scope.
- Add arbitration or similar due process protections.
- Place real guardrails on startup, administrative, and reserve costs.
- Clarify logistics, collection responsibility, and implementation timing.
- Ensure retailers are not treated as default compliance backstops.

Due to the uncertainty that currently exists with EPR in California, we recommend forming a working group in 2026, instead of pushing another bill through the legislature to create yet another layer of EPR program complexity, and instead have a diverse group of stakeholders that includes state agencies to work on a solution over the next year to handle the packaging of these automotive liquid-related products that can be reintroduced at another time.

The California Retailers Association, again, is committed to sustainability and leaning into EPR, but we must get existing EPR frameworks to work before piling on new regulatory schemes. CRA President and CEO Rachel Michelin is an appointee to the SB 54 Advisory Board and serves as an ex-officio member of the Circular Action Alliance (CAA) Producer Responsibility Organization (PRO), CRA's Vice President of Operations and Sustainability Compliance Sarah Pollo Moo serves on the advisory board for CARE, LLC – created under AB 863 (Aguiar-Curry, 2024) – The Carpet America Recovery Effort (CARE) operates the California Carpet Stewardship Program, a state-mandated initiative to increase carpet recycling and diversion from landfills.

The California Retailers Association and our members are deeply invested in creating a more circular economy for plastics and packaging, but we must make sure any current or proposed EPR program is successful both for producers, local governments and, most importantly, consumers. AB 2245 does not solve a problem in the packaging and circularity space, rather it makes the problem bigger.

Rather than create a whole new EPR scheme while the state is finalizing SB 54 regulations, we need to be focused on making existing EPR programs work rather than piling on new regulatory schemes that will only further fracture, confuse and make implementation challenging. AB 2245 risks driving retail business out of state including their free-to-

consumer takeback programs, and sending the income from sales tax that retail business generates out of state, while not preventing the packaging of those products purchased across state lines from coming back into the state.

CRA urges the ESTM Committee Chair to place a hold on this bill and request the author and bill sponsors to instead convene a working group of all stakeholders, state agencies and policymakers to work on solutions throughout the balance of 2026 to existing programs (SB 54) before introducing a whole new EPR program.

For these reasons, the California Retailers Association must respectfully oppose **AB 2245**.

Respectfully,

A handwritten signature in black ink, appearing to read "Sarah Pollo Moo", with a long horizontal flourish extending to the right.

Sarah Pollo Moo
Vice President, Operations and Sustainability Compliance
California Retailers Association

Cc: Assemblymember Michelle Rodriguez
Josh Tooker, Chief Consultant
Members of the Environmental Safety & Toxic Materials Committee