



Revenue Opportunities

presented by
Division of Recycling
Industry Services Section
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Why Pursue Revenue Opportunities?

The Beverage Container Recycling Fund is projected to be in deficit, and absent other policy changes or solutions, proportional reductions will be implemented at the beginning of FY 2015-16*.

(per Quarterly Report 11-18-2013)*



Burning Questions:

**What can we do to ensure that all
legally required payments are
collected?**

**Are we collecting all the
nickels and dimes (CRV)?**



Beverage Container Recycling Fund Revenues*:

What are the actual current CRV collections?

FY 2011-12: \$1,138,020,000

FY 2012-13: \$1,167,884,000

* *Per Quarterly Report dated November 18, 2013 and January 31, 2013.*



A Closer Look at Possible “Missing CRV”

- Potential causes:
 - Registered distributors did not report and pay correctly
 - Unregistered distributors



CRV at a Glance

- 1,753 registered distributors as of 12/2013
- 90% of CRV, or \$1.05 billion, came from 80 distributors which is 4.6% of total registered distributors
- The rest of 1,673 distributors made up the remaining \$116 million of CRV



Outreach to Registered Beverage Manufacturers and Distributors

- Under-payers: dunning letter process resulted in \$3.9 million revenue collected in FY 2012-13 (avg. 39 letters/month)
- Non-reporters: dunning letter process with limited reviews by auditors resulted in \$16.4 million receivables recorded in FY 2012-13 (avg. 167 letters/month)



Registered Beverage Manufacturers and Distributors (cont'd)

- Using DORIIS:
 - Avoid calculation errors
 - Updated Processing Fee rates
 - Eliminate possible mail loss/delay



Registered Beverage Manufacturers and Distributors (cont'd)

- **Whistle Blowers:**

Beverage manufacturers and distributors are encouraged to let us know who out there also needs to be registered and pay.

Email: DORClientServices@Calrecycle.ca.gov



Outreach to Unregistered Beverage Manufacturers and Distributors:

- To make it easy to register, the Beverage Manufacturer and Distributor Online Registration Form went live July 2013
- Received 88 online registration applications as of November 30, 2013; which is 44% of total applications received
- Working to add Online Registration Form link to other state departments' websites



Identifying unregistered entities - Industry Research Institute (IRI)

- Under the current Act, beverage manufacturer and distributor registration in the Program is on an “honor system”.
- To complement existing database for registered beverages manufacturers and distributors, IRI data was purchased in 2013
- Assigned staff to analyze the data to identify potential beverage manufacturers and distributors that are not registered
- Analyzed 43,000 line items

IRI (cont'd)

- **First step:** discard items not subject to the Act:
 - × 13,479 wine product
 - × 4,855 distilled spirits
 - × 1,156 coconut milk
 - × 1,413 milk
 - × 1,156 aseptic containers
 - × 4,194 beverage containers not in the program

In addition, 3,261 incomplete line items cannot be researched

- **Results:** Remaining 13,486 line items resulted in 1,887 prospective leads

IRI (cont'd)

- **2nd step**: verify leads against DORIIS
- Of 1,887 potential leads, 1,360 are no longer leads (already in the Program, out of business, etc.)
- As of December of 2013, 527 are potential distributors:
 - 48 in California
 - 155 out-of-state
 - 47 out-of-country
 - 277 need to be researched
- Based on unit sales reported in IRI, these potential distributors could bring in est. \$1m in CRV during a 3-year period *
- *IRI data is from 1/1/2010 to 12/31/2012*
- *Best case scenario*



IRI (cont'd)

- **3rd Step**: send contact letters base on sales volumes.
 - As of December 12, 2013:
 - 116 letters have been sent
 - 20 responded; 96 no response
 - 12 dry leads (products no longer sold in CA, etc.)
 - 2 companies registered as “Beverage Manufacturers” – no CRV
 - 6 pending registrations – potentially **\$10k** in CRV



Questions?

A collage of recycled plastic bottles and a metal can lid. The image shows a blue metal can lid with a pull tab, a clear plastic bottle, a blue plastic bottle, and a green plastic bottle, all set against a light blue background with a diagonal white line.

Contact Information

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