Why AB 2398

- Over 400 Million lbs of carpet are discarded in California landfills every year
- Carpet will not degrade in the landfill
- Discarding carpet wastes valuable resources
What is AB 2398?

- California law AB 2398 passed in 2010 to increase landfill diversion and recycling of post-consumer carpet generated in California.
- The law requires all retailers to add a stewardship assessment of $0.05 per square yard onto carpet sold in the state as of July 1, 2011.
- This assessment will be used to keep carpet out of landfills and recycle it. Funds will be used to:
  - Make it easier to recycle carpet
  - Create new consumer products with recycled content
  - Increase ways to reuse carpet
Flow of Funds

- Carpet Manufacturer Adds Assessment to Retailer Invoice
- Manufacturer pays Carpet Stewardship Organization (CARE)
- Retailer Bills Customer
- Customer
- Funds used to make it easier to recycle carpet, new product development, recycling and diversion in California
How are the Funds Distributed?

• Funds are distributed to the carpet recycling processor, in order to meet the goals of AB 2398

• This information will be made public through the CARE Carpet Stewardship Organization Annual Report
How to Apply for AB2398 Funds

Who May be Eligible, Information Required and Timing
Who May be Eligible for Funds

• Any processor who has processed post-consumer carpet from landfills in the state of California, beginning July 1, 2011, may be eligible for funds from AB 2398.
Definition of Eligible Recipients

- The recipients of funds generated from the AB 2398 Carpet Stewardship Assessments are post-consumer carpet processors.
- Post-consumer carpet processors are companies or facilities that take used carpeting (whether handled by a sorting facility or brought directly by a collector) from California and process it for use as a feedstock in a manufacturing facility.
Point of Collection
- Landfill
- WTE
- Carpet Processor

Collection/Sorting Facility
- Reuse
- CAAF
- Cement Kiln
- WTE
- Incineration
- Landfill

Carpet Processor
- Shearing
- Shredding
- Hammer Mill

Manufacturer
- Secondary Manufacturer/feed stream

Finished Products
- Pelletizing/Compounding/Densifying
- Carpet Fiber/Carpet Backing
- Filler/Carpet Filler
- Carpet Cushion
- molded/ Extruded Products
- Injection Molded Products

Examples:
- Dealers
- Haulers
- Installers
- Transfer Station

Examples:
- ID Carpet by Material Type
- Cut-to-Size to prepare for processing
- Baling
### Table VI
AB 2398 Processing Technologies

Processing Technologies for AB2398

<table>
<thead>
<tr>
<th>Included</th>
<th>Excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shredding</td>
<td>Collecting</td>
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<tr>
<td>Shearing</td>
<td>Sorting</td>
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<tr>
<td>Chemical Processing</td>
<td>Cutting to Flats</td>
</tr>
<tr>
<td>Thermo-forming</td>
<td>Repelletizing</td>
</tr>
<tr>
<td>100% wool products (face fiber)used for weed control/erosion</td>
<td>Conduxing</td>
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<tr>
<td>Wet Separation Methodologies</td>
<td>Repurposing</td>
</tr>
<tr>
<td>Fuel Preparation (size reduction)</td>
<td>Reuse</td>
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<tr>
<td>Sifting (calcium carbonate)</td>
<td>Materials processed for WTE (or whole ca</td>
</tr>
</tbody>
</table>
How Will Funds Be Distributed

<table>
<thead>
<tr>
<th>Stewardship Funding Management Hierarchy</th>
<th>Higher Value Recycling Options (Highest and Best Value)</th>
<th>Lower Value Recycling Options</th>
<th>CAAF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Included Applications Examples</td>
<td>Post-Consumer Carpet Fiber</td>
<td>Carpet Filler</td>
<td>Alternative Fuel</td>
</tr>
<tr>
<td></td>
<td>Post-Consumer Carpet Backing</td>
<td>Non-functional Filler</td>
<td>Cement Kiln</td>
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<td></td>
<td>Engineered Resins</td>
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<tr>
<td></td>
<td>Carpet Cushion</td>
<td></td>
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<tr>
<td>Sustainable Funding Value Options</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Definitions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timing Options</td>
<td>Unlimited</td>
<td>Unlimited</td>
<td></td>
</tr>
<tr>
<td>Limits</td>
<td>None</td>
<td>None</td>
<td>CAAF is no more than 30% of total diversion/year; CAAF qualifies for no more than 15% of total funding/year</td>
</tr>
</tbody>
</table>

• Year One
  – $0.06/lb for Higher Value Recycling Options
  – $0.03/lb for Lower Value Recycling Options
  – $0.03/lb for material to be used as Carpet As Alternative Fuel (CAAF) or to Cement Kilns
• No more than 15%/year of funds for this application
The reporting period is quarterly. The first reporting period is July 1, 2011 - September 30, 2011.
To qualify for funds, you must complete the following:

1. Survey for Request for Funds
2. Request for Payment Statement
3. 12 Month Rolling Forecast and Prior 12 month History
Survey for Request for Funds

- Survey Monkey Web-based Survey
- Available October 1, 2011
- Report ONLY California data
  - Post-Consumer Carpet Collected from California and/or diverted from California landfills
- Survey Must be Submitted before November 30, 2011
Request for Payment Statement

- Signed by Officer of the business requesting funds from AB 2398
- Non compliance with statues could result in a civil penalty on any person who is in violation ($1000/day)
  - Significantly higher if the violation is knowing, intentional or negligent ($10,000/day)
- Retain Records for a period of three fiscal years
- Business is a member of CARE, in good standing
- Business is processing post-consumer carpet material from California
- Meet Goals of AB 2398
- All statements made are true
- Falsified statements may be prosecuted
- Allow Audits
- Current level of funding is not a guarantee of the same/similar payments in the future for processing output
- 12 Month Rolling Forecast
By submitting this request for payment, I hereby certify:

1. I am an officer of the business requesting funds from AB 2398.
2. I recognize that non compliance with State statues governing receipt of recycling assessments could result in a civil penalty administratively imposed on any person who is in violation. The penalty may be significantly higher if the violation is knowing, intentional or negligent.
3. I commit to retaining supporting evidence of these claims (such as proof of origination and delivery) for a period of three fiscal years.
4. Our business is a member of CARE, in good standing.
5. Our business is processing post-consumer carpet material in California.
6. This request for payment is for processing carpet that increases the diversion, recycling and market development results supporting the goals of AB 2398.
7. All statements made on the request for payment are true.
8. Falsified statements may be prosecuted.
9. I will allow officials and agents of the Carpet Stewardship Organization (CSO), (i.e. CARE), such as Accounting firm representatives, to visit facilities, access relevant documents/data and verify statements made.
   a. Accounting/auditing Firm will sign non-disclosure as needed
10. I acknowledge that current level of funding is not a guarantee of the same/similar payments in the future for processing output.
11. Along with the request for payment, I am submitting a confidential forecast, including the current level of Post Consumer Carpet pounds recycled for the most recent reporting period(s). Additionally, this submittal includes the projected pounds planned to be recycled during the next 12 month period in total and in each upcoming quarterly period.
   a. This information will be used by CARE for the purpose of planning potential fund payment requirements in future periods.
   b. Further, this information could be used to assess potential for Growth Funding options.
   c. This information would allow for the projection of Fund balances or shortfalls.

Name (Printed): __________________________
Title: __________________________
Signature: __________________________
Company: __________________________
• Qualified applicants must submit a CONFIDENTIAL 12 month rolling forecast when applying for funds.
Then What?

- Submit all required application information to CARE
  - Instructions on [www.carpetrecovery.org](http://www.carpetrecovery.org)
- CARE will review each application to determine eligibility
  - Submitting Documents is NOT a guarantee that applicants will receive funds
- CARE will inform applicants of their status in the qualification process
Timing

• Applications for funds for processing post-consumer carpet from July 1- Sept 30, 2011 must be received no later than November 30, 2011

• The plan is to distribute funds to qualified applicants in First Quarter of 2012
Why Carpet recycling is good for all of us

AB 2398 will increase carpet diversion and recycling in California. Recycling carpet:

• Saves precious landfill space
• Reduces our dependence on fossil fuels
• Creates green jobs in California communities
• Gives consumers more choices for products with recycled content
For More Information:

- Copies of AB 2398 may be found at: http://info.sen.ca.gov/pub/09-10/bill/asm/ab_2351-2400/ab_2398_bill_20100930_chaptered.pdf
- www.carpetrecovery.org
- www.calrecycle.ca.gov