



California Carpet Stewardship Program

An initiative of CARE: Carpet America Recovery Effort

CA CARPET STEWARDSHIP PROGRAM NOTICE TO SUBSIDY PARTICIPANTS

NOVEMBER 2017

This document serves as notice to Subsidy Participants including Collector/Sorters, Tier 1 processors and Tier 2 Manufacturers, of new program changes for participants.

1. *Three New Pilot Subsidies — Launched (various effective dates)*

Effective October 1, 2017, CARE launched the first of three new pilot subsidies designed to support program goals. Additional details about each subsidy, including effective dates, is presented below. CARE is providing details about these subsidies in advance to assist program participants in making necessary business decisions to take advantage of these incentives.

Details of New Pilot Subsidies

A. Tier 2 Nylon 6 Subsidy – Launched Oct 1, 2017

- Eligible Subsidy Participants: Tier 2 Manufacturers
- Subsidy Effective date: October 1, 2017 (Q3 2017)
- Eligible Materials: Recycled products manufactured using Nylon 6 Type 1 Recycled Output (RO)
- Subsidy Amount: 10 cents per pound
- Requirements:
 - Subsidy is payable on Type 1 nylon 6 RO used only in secondary product manufacturing (to produce a recycled product made from CA post-consumer carpet recycled content)
 - Products made with nylon 6,6 are not eligible for Tier 2 nylon 6 subsidy
 - Pellets are considered a finished secondary product, eligible for Tier 2 subsidies
 - Manufacturers are required to keep meticulous records on all nylon 6 received, including sources and weights of all received and processed material, any yield losses, and maintain records subject to AUP review
 - Additional testing requirements are anticipated to ensure only nylon 6 is reported
 - Payable only on pounds shipped/sold after October 1, 2017
 - Subject to all other requirements of subsidy participants

B. Tile Collection Reuse/Recycle Subsidy – Effective January 1, 2018

- Eligible Subsidy Participants: Collector/Sorters
- Subsidy Effective Date: January 1, 2018
- Subsidy Amount: 5 cents per pound
- Eligible Materials: Carpet Tile Collected (for reuse or recycling)
- Requirements:
 - Subsidy is payable on CA Carpet Tile only

- Carpet Tile must be collected by a collector/sorter, sorted/shipped/sold for either Reuse or Recycling
- For Tile Reuse: 5 cents is paid in addition to 10 cents payable for carpet tile reuse by collector/sorter
- For Tile Recycle: 5 cents is payable to collector/sorter; 10 cents is payable to Tier 1 processor once tile is recycled/shipped/sold
- Collector/sorters are required to keep meticulous records on all tile received, including sources and weights of all received and sorted/sold/donated material, and maintain records subject to AUP review
- Payable only on pounds shipped/sold after January 1, 2018
- Subject to all other requirements of subsidy participants

C. Commercial Broadloom Subsidy – Anticipated July 1, 2018

- Eligible Subsidy Participants: Tier 1 Processors
- Subsidy Effective Date: July 1, 2018
- Subsidy Amount: 2 cents per pound (in addition to regular Type 1 subsidy)
- Eligible Material: Commercial Broadloom
- Requirements:
 - Subsidy is payable on commercial broadloom converted to Type 1 RO only
 - 2 cents is paid in addition to Type 1 RO subsidy
 - Carpet tile is not eligible for commercial subsidy
 - Only source-separated commercial PCC is eligible; Processors are required to keep meticulous records on all commercial PCC received, including sources and weights of all received and processed commercial material, and maintain records subject to AUP review. Processor must source from a collector/sorter or have a contract from a commercial contractor or building manager to certify origin.
 - If processor is also collecting commercial goods directly, it will be necessary to obtain a signed contract from project/site manager of commercial location to document sourcing.
 - Payable only on pounds shipped/sold after July 1, 2018
 - Subject to all other requirements of subsidy participants

2. Collector/Sorter Whole Carpet for Recycling Subsidy – Update

Effective upon approval of a new Plan, CARE will discontinue the cap for collector/sorter whole carpet collected, sorted and shipped/sold for recycling, which previously limited CSEs from receiving more than \$150,000 per quarter or \$400,000 per year. This sorter subsidy remains 2 cents/lb, subject to all other previous requirements.

3. No Other Subsidy Changes At This Time

- No other changes have been made to any other subsidies, at this time.
- A summary of all current subsidies is provided on the following page.
- If you have any questions about subsidies, reporting or material eligibility, please contact *Brennen Jensen, CA Program Manager* at bjensen@carpetrecovery.org

Table 1. Summary of Tier 2 Subsidies, as of October 2017

#	Subsidy	Eligible	Payout	Notes
COLLECTION/SORTING				
1	Reporting incentive	Collector/sorters ¹	\$1,000/period	Incentive paid per period; not subject to guarantee timeline
2	Sorting (whole carpet shipped and sold for recycling)	Collector/sorters ¹	2 cents/pound (Payable for broadloom carpet only; 2 cents not payable for reuse pounds; not payable for carpet tile recycling)	Paid on pounds of PCC broadloom collected, sorted, shipped, and sold or donated for recycling; currently subject to quarterly and annual caps of \$150K/qtr and \$400K/yr
3	Tile Collection (sold and shipped for recycle or reuse)	Collector/Sorters	5 cents/pound (Payable for carpet tile only)	Pilot program effective January 1, 2018
REUSE				
4	Tile reuse	Collector/sorters Processors	10 cents/pound (pounds not eligible for 2-cent collection subsidy)	For materials shipped and sold or donated;
5	Broadloom reuse	Collector/sorters Processors	10 cents/pound (pounds not eligible for 2-cent collection subsidy)	For materials shipped and sold or donated;
PROCESSING (Tier 1)				
6	Tile recycling	Processors	10 cents/pound	For carpet tile only;
7	Type 1 recycled output	Processors	10 cents/pound	RO ash content must be less than 25%
8	Type 2 recycled output	Processors	3 cents/pound	RO ash content is above 25%
9	PC4 (Calcium carbonate)	Processors	17 cents/pound	Application areas that qualify under review
10	Commercial broadloom Type 1 recycled output (pilot)	Processors	Additional 2 cents/pound	Pilot anticipated beginning July 1, 2018 (Q3) providing that feedstock is purchased from an independent collector or a signed contract for a project is in hand; RO ash content must be less than 25%
RECYCLED CONTENT MANUFACTURING (Tier 2)				
11	Tier 2 Manufacturer incentive for non-nylon recycled products	Manufacturers	25 cents/pound	For Non-Nylon (e.g. PET, PTT, PP) Type 1 recycled output only
12	Tier 2 Manufacturer incentive for nylon 6 recycled products	Manufacturers	10 cents/pound	For Nylon 6 Type 1 recycled output only; Pilot program effective October 2017 (Q4)

¹ Processors who also act as collector/sorters are also eligible for collector/sorter whole carpet shipped and sold for recycling subsidy.

4. Reporting Form Changes

New reporting changes were adopted for Tier 1 Processors and Tier 2 Manufacturers, effective October 2017 reporting period to accommodate new subsidies. Additional changes may be adopted in future reporting periods. Please pay careful attention to new forms, as the Program is now requesting specific details on fiber types sold and shipped/received. Please begin tracking your outputs by fiber type if not doing so at this time and continue tracking and reporting this data in monthly reports moving forward.

If you have any questions in preparing your report, please contact CARE.CA.Reporting@aprio.com for assistance.

For additional information about this notice, or how questions about whether your recycled products may qualify for subsidies, please contact:

Brennen Jensen, CA Program Manager at bjensen@carpetrecovery.org

END OF NOTICE