



September 29, 2021

URGENT NOTICE: CARPET DIFFERENTIAL ASSESSMENTS

Dear California Carpet Retailers, Distributors & Mills:

The purpose of this communication is to update you on a recent CalRecycle decision regarding implementation of carpet differential assessments under California statute.

Your business should take action now to be prepared by April 1, 2022 to comply with the new law.

As you know, California passed additional carpet legislation that went into effect January 1, 2020 (AB 729). That law requires CARE to implement a differential assessment on each square yard of carpet that reflects its cost burden to recycle. CARE proposed a system of differential assessments, and implementation by Jan 1, 2023, which would coincide with a new 5-year carpet stewardship plan. CalRecycle responded with a conditional approval, requiring CARE to revise its proposal and accelerate its implementation.

CalRecycle is requiring implementation of Carpet Differential Assessments by April 1, 2022.

CARE's proposed differential assessment system, which CalRecycle has conditionally approved, is based on two factors:

- **Broadloom vs. tile.** All broadloom carpet (residential and commercial) will be treated the same, and all tile carpet (residential and commercial) will be treated the same.
- **Post-Consumer Content.** Another provision of the law requires that we provide recognition of carpet products containing post-consumer (PC) content. This requirement will be reflected in the assessment being reduced by 2 cents/yd² for any product, broadloom or tile, that has 10% or more certified PC content. Carpet mills will be responsible for advising retailers on which products qualify in terms of post-consumer content.

As a result, there are four different levels of assessment:

Differential Assessment Levels as of April 1, 2022		
Product	> or = 10% Post-Consumer Content	<10% Post-Consumer Content
Broadloom	\$0.33 /square yard	\$0.35 /square yard
Tile	\$0.48 / square yard	\$0.50 / square yard

CARE intends to expend best efforts to meet the April 1, 2022 implementation date mandated by CalRecycle. For example, CARE will be developing sales force training information and consumer explanation flyers for your use. With approximately 2,000 California retailers and 79 mills, we recognize there will be many different perspectives. We believe well-designed Point of Purchase system modifications and sales force training will be key to a smooth implementation. CARE has been reaching out to inform these companies of the pending changes as well.

CARE is required to respond to CalRecycle by October 26th with changes to its proposed differential assessment plan, including with the April 1, 2022 implementation date. Additionally, CARE must establish a process and schedule to reevaluate the amounts and factors for differential assessment as part of its next 5-Year Plan. We will provide more details in future communications.

In the interim, your feedback is welcome regarding your ability to manage this change in the timeframe CalRecycle is mandating to CARE for implementation.

- Feedback may be sent directly to CARE via email at Feedback@CarpetRecovery.org
- Feedback to CalRecycle may be sent directly at Carpet@CalRecycle.ca.gov
- A webpage on the CARE site provides more information, answers frequently asked questions, and solicits online feedback. Visit CarpetRecovery.org/Assessment.

While CARE did not introduce or support the legislation requiring differential assessments, we are required by statute to implement the requirement. Our primary objective is to design and deliver this mandatory program while avoiding unnecessary burdens on our stakeholders and supporting the overall program goal of increasing carpet recycling in California.

Thank you for your understanding and your continued participation in the California carpet recycling program.

Sincerely,



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 Executive Director
 Carpet America Recovery Effort
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