Carpet Differential Assessment FAQs

1. What is the carpet differential assessment?

A law (AB 729) that went into effect on January 1, 2020 requires CARE, or any stewardship organization, to implement a “system of differential assessments that takes into account the financial burden that a particular carpet material has on the stewardship program, and the amount of post-consumer recycled content contained in a particular carpet. Based on market history and modeling, if a certain carpet material requires a higher subsidy to incentivize use in the marketplace, then that material shall have a proportionally higher assessment assigned to it. The amount of the assessment shall be sufficient to meet, but not exceed, the anticipated cost of carrying out the plan. The amount of the assessment shall not create an unfair advantage in the marketplace.”

Due to increased operational costs and a decrease in carpet sales, the carpet differential assessment is increasing on April 1, 2023.

2. Who has to pay the differential assessment?

All California retailers, distributors or importers who bring carpet into California are responsible for collecting the assessment from consumers/end users and remitting the funds to their mill supplier, or directly to CARE if they import into the state.

3. How do I calculate the assessment?

Based on product type (tile or broadloom) and recycled content (equal to or greater than 10% or less than 10%), mills will charge the assessment on their invoices to retailers and distributors. The assessments are structured as follows:

<table>
<thead>
<tr>
<th>Product</th>
<th>&gt; or = 10% Post-Consumer Content</th>
<th>&lt; 10% Post-Consumer Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadloom</td>
<td>$0.56 / square yard</td>
<td>$0.58 / square yard</td>
</tr>
<tr>
<td>Carpet Tile</td>
<td>$0.71 / square yard</td>
<td>$0.73 / square yard</td>
</tr>
</tbody>
</table>

CARE seeks to:

- Comply with all requirements of AB 729
- Support increasing the program’s recycling rate
- Design a system that is understandable and implementable at scale
- Minimize the burden on retailers and carpet dealers
- Validate all conclusions reached with supporting data.
4. How will I know the percentage of Post-Consumer content (PC) in the carpet/carpet tile I sell?
CARE has established a validation approach with the mills to ensure the PC content meets the minimum 10% content level. That content may be in the face fiber, the backing, or a combination of the two. The mills will let you know which carpets fall into which category by assessing the proper amount on their invoice to you.

5. Why is the assessment so much higher for carpet tile?
Experience has shown the cost to recycle carpet tile is much higher than broadloom. Current results of tile recycling have been extremely low (<3%), both for reuse and recycle applications. In addition, at this time, the vast majority of carpet tile recycling occurs on the East Coast and transportation costs have more than doubled recently.

6. How is the assessment collected?
The assessment will be paid the same way it has always been paid.

7. When will the new assessment amounts start to be due?
The increased Carpet Differential Assessments take effect on April 1, 2023.

8. How do I communicate about this assessment with my customers?
CARE is updating signage and brochures to help train your management team and sales staff.

9. How do I adjust my accounting software to track this change?
CARE is reaching out to all known providers of software to alert them to work with their client base to make the necessary programming changes.

10. What if I am unhappy about this development?
We understand this may present a burden to your business, but we are required by law to enact this differential assessment. We encourage you to express your views to the following:

   Email CARE: Feedback@CarpetRecovery.org

   Email CalRecycle: Carpet@CalRecycle.ca.gov

Check the CARE website (CarpetRecovery.org/Assessment) regularly for the latest news and developments.