

# California Aims to Revolutionize Packaging and Food Ware: Answers to Key Questions about Recycling, Composting and Source Reduction Requirements

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Plastic packaging and food ware are some of the first targets of California's ambitious and far-reaching program to achieve a "Circular Economy" that reduces waste and pollution. The California Department of Resources, Recycling and Recovery (CalRecycle) is constructing a complex structure of procedures and requirements to reduce the total amount of plastic used in the state by at least 25 percent, to increase recycling of packaging and food service ware to 65%, and to ensure the use of recyclable or compostable materials in single-use packaging and containers for most products by 2032.

Businesses should be preparing now for major changes in the design and cost of products with covered materials (*i.e.*, the vast majority of goods delivered and food served informally in the state). With few exemptions, companies with more than \$1 million in gross annual sales in the state could be identified as the "Producer" of a covered product or products, and therefore responsible for program costs and compliance.

This program raises a variety of questions for manufacturers, food producers, wholesalers and distributors, retailers and restaurateurs, and indeed, all businesses participating in the production, distribution or sale of products sold in California. We provide answers to five of those questions here.

## **Which products and materials will be covered, and which will be exempt?**

Proposed regulations apply to single-use packaging and food service ware (*e.g.*, trays, plates, bowls, hinged or lidded containers, and wraps or wrappers). CalRecycle has identified six main types of covered materials:

- Glass
- Ceramic
- Metal
- Paper and Fiber
- Plastic
- Wood and Other Organics

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Products made from plastic-coated paper or plastic-coated paperboard, paper or paperboard with added plastic, and multilayer flexible material all fall within the scope covered materials. CalRecycle has issued a [list of 95 covered materials](#) categories.

Proposed regulations do not extend to reusable or refillable products, or to packaging for medical devices and prescription drugs, infant formula, medical products and devices, certain nutritional supplements, or drugs and medical products for animals. Packaging or containers used to contain and ship hazardous or flammable products or pesticides, and packaging designed for the storage of products that have a lifespan of at least five years, are also exempt. Beverage containers subject to separate recycling requirements are also not included. [Materials](#) that are recycled at a designated rate (65% for at least three years and 70% thereafter), that are not collected through residential recycling, and that do not undergo separation at recycling processing facilities, are also exempt.

### **Who are the Producers that will be responsible for compliance?**

For each covered product sold in the state, including products ordered or purchased online or outside of the state but delivered within the state, there will be an identifiable Producer responsible for compliance. The Producer is the entity highest on the following list:

1. The person or entity that manufactures a regulated product, and that owns or is the licensee of the brand or trademark under which it is used, sold, offered for sale, or distributed in the state.
2. The owner or the exclusive licensee of a brand or trademark under which a regulated product is used, sold, offered for sale, or distributed in the state.
3. The person who sells, offers for sale, or distributes a regulated product is used, sold, offered for sale, or distributed in the state.

A company does not need to be located in California, or have any operations in the state, to be identified as a Producer. Producers must register by July 30, 2025, or within 30 days of identification.

Agricultural operations that grow and package products at the same site within California are *not* considered to be Producers, so responsibility for those products will fall on the brand or trademark holder, distributor or retailer. Marketing cooperatives, wholesalers, grocery stores, restaurants and even farmers' market organizations could potentially be considered Producers for some products.

### **What is the “Producer Responsibility Organization” and what role will it play?**

The Act requires that a Producer Responsibility Organization (PRO) be responsible for a large portion of program funding and much of its administration. The [Circular Action Alliance](#), a nonprofit formed in 2022, was approved as the PRO in January 2024. All Producers will either need to participate in the PRO, or to register and comply with requirements as an Independent Producer. The PRO and Independent Producers will be responsible for registration, reporting, and recordkeeping, and will be required to issue budgets and annual reports.

Among other things, the PRO and Independent Producers must be able to document a chain of custody for covered materials, from their disposal and recovery, through recycling, composting or final disposal. Program recycling targets are met when covered products reach a “responsible end market,” which is defined as “a materials market in which the recycling and recovery of materials or the disposal of contaminants is conducted in a way that benefits the environment and minimizes risks

to public health and worker health and safety.”

### **How much will this cost?**

The PRO is required to establish a charge and fee structure for participating Producers sufficient to ensure that all compliance responsibilities are met. Until that happens, the likely cost of the program for individual Producers will be difficult to estimate. But the overall costs of program development and implementation to Producers will be significant.

In addition to compliance costs, the PRO and Independent Producers will pay a variety of fees and charges starting in 2027, including reimbursements to CalRecycle for the cost of past studies and administration. The PRO also will be authorized to collect up to \$150,000,000 from plastic resin manufacturers who sell plastic covered material to participating Producers.

In addition to compliance and administration costs, Producers will be required to contribute \$5 billion over 10 years to create the California Plastic Pollution Mitigation Fund, which will be used to mitigate impacts on communities from plastic pollution and climate change.

### **How will recycling and composting programs work, and when will they go into effect?**

CalRecycle will finalize implementing regulations by January 1, 2025. A Statewide Needs Assessment, guided by CalRecycle in collaboration with the PRO and interested parties, including local jurisdictions and recycling service providers and processors, must be completed by January 1, 2026. The Needs Assessment will include a Source Reduction Baseline Study; a Collection, Processing and End Markets Study; a Source regulation and Material Design Study; a Consumer Education and Access Study; and a Current and Needed Statutory Funding Provisions Study. Expect CalRecycle to announce presentations and workshops on these studies and other aspects of the Needs Assessment throughout 2025.

The PRO and Independent Producers must develop plans and budgets for achieving compliance informed by the Needs Assessment. Baseline reports to establish benchmarks for compliance are due by April 1, 2027, and the PRO and Independent Producers must submit annual compliance reports thereafter.

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National Law Review, Volume XIV, Number 319

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