



Brewer's Brief: How the California Redemption Value Works for Brewers

COMPLIANCE FACT SHEET: LABELING, REPORTING AND INVOICING

Updated: June 6, 2019

THE BRIEF:

Beer manufacturers are required to account for California Redemption Value (CRV) whenever they sell their products – whether the sale is direct to consumers **or** when they sell through a wholesaler or self-distribute directly to retailers.

A business that fills and sells cans or bottles in California is responsible to ensure the container is properly labeled with an approved CA CRV message and must report and pay the CRV and processing fees on those beverages, which were sold and/or transferred, to retailers or consumers in the state of California.

Incorrect CRV allocation or accounting can result in penalties and fines for beer manufacturers. To help our members identify the requirements and how they apply to beer manufacturers the CCBA has developed the following factsheet.

WHICH STATE AGENCY REGULATES CRV?

The Department of Resources Recycling and Recovery (CalRecycle), is the state agency charged with regulating CRV through the California Beverage Container Recycling and Litter Reduction Act (Act). CalRecycle oversees the collection of CRV from manufacturers, distributors and retailers.

The current redemption payment amounts made by manufacturers/distributors are 5¢ for beverage containers under 24 oz. and 10¢ for containers 24 oz. and greater. The revenue generated by CRV is placed into a fund designated to pay out the value of each applicable container deposited by a consumer at a registered recycling facility.

CalRecycle CRV regulations for beer manufacturers include:

- Labeling
- Registration/Reporting
- Invoicing/Record Keeping



WHAT ARE THE CRV LABELING REQUIREMENTS FOR BEER MANUFACTURERS?

CalRecycle regulates a number of different [containers](#) with limited exemptions (the **only** such exemption for beer manufacturers are [growlers](#) as they are considered refillable containers).

The following types of containers are subject to CRV regulations:

- Crowlers
- Glass Bottles
- Plastic Bottles
- Metal Cans/Bottles

California law requires each container to include a CRV notification.

This notification must be displayed clearly and prominently on the container or label. There are several factors brewers need to consider when preparing their labels for approval.

CRV MESSAGE PHRASING OPTIONS:

The CRV message you choose to label the container with is limited to the following five options:

- CALIFORNIA REDEMPTION VALUE
- CA REDEMPTION VALUE
- CALIFORNIA CASH REFUND
- CA CASH REFUND
- CA CRV

CRV MESSAGE CHARACTERISTICS (BY CONTAINER TYPE):

1. Metal Containers (Cans/Crowlers/Aluminum Bottles)

- (a) Metal can containers shall be marked on the top end of the container in minimum lettering size at least 3/16" (inch) in height. Metal containers with a top lid of two inches or less in diameter shall have a minimum lettering size of at least 1/8" in height
- (b) Metal bottles shall be marked on the side of the bottle in minimum lettering size at least 3/16" (inch) in height.

2. Glass Containers (Bottles)

There are a few options for labeling glass bottles, each option comes with a different standard for the size of the text and the location the CRV notification should be placed:



- (a) Along the bottom edge of the container body label in minimum lettering size at least 3/16" (inch) in height
- (b) On or in a secondary label minimum lettering size at least 3/16" (inch) in height
- (c) On a container body label or secondary label with contrasting colors with legible lettering size at least 1/8" (inch) in height

3. Submitting your Label for Approval:

Once you have applied the CRV message in the proper format the label needs to be reviewed and approved by CalRecycle:

CalRecycle Label Approval:

- (a) **By mail:** CalRecycle requests that an empty sample container for each beverage is sent to CalRecycle for verification. Upon determination, they will provide you with a letter showing what container labels were approved or not approved.
- (b) **By email:** you can email a copy of the entire label(s) in a digital format (.pdf) with the dimensions of the label(s) and container material type to Reg.CRVLabeling@Calrecycle.ca.gov. they will provide you with an email showing what container labels were approved or not approved.

NOTE: In either case, be sure to include your name, address, telephone number and if applicable, your participant identification number.

4. Additional CRV Labeling Requirements

- (a) Notification is Clearly and Prominently Displayed
 - The redemption message is displayed so that it is easily found and read by consumers and recyclers. Each letter comprising the message is complete, legible, and cannot be readily obscured. The message must be distinguishable from refund messages of other states.
- (b) Notification Uses Contrasting Colors for Text/Background
 - Clear differentiation in hue, value, and intensity with the background on which the redemption message appears, surrounding artwork, and other nearby printed information.
- (c) Notification/Message Indelibility
 - The CRV message is permanently affixed on the beverage container from the point of purchase until the point of redemption and cannot be smeared or removed during regular use.



For more information see the CalRecycle [fact sheet to clarify CRV labeling requirements](#).

CRV REGISTRATION & REPORTING REQUIREMENTS FOR BEER MANUFACTURER

CAL-RECYCLE REGISTRATION

Beer manufactures are required to submit regular CRV reports to CalRecycle.

In order to submit these reports, you must first register with CalRecycle. You can register [online](#) or by mail by filling out [this form](#) and submitting it by mail or fax to CalRecycle.

CAL-RECYCLE REPORTING

Required information for CRV reports includes the number of beverage containers sold, transferred, given as samples or donations to distributors, retailers or consumers in California for each material type.

What Needs to Be Reported?

- Container count, per bottle/can based on actual sales for the specific month for which you are reporting.
- If **no** beverage sales or transfers have occurred, you are still required to report. Simply mark the box “Nothing to Report.”

Is There Anything I Shouldn't Report?

- Do not include unsold beverage product/inventory or out of states sales.
- **ONLY** report the data from the current reporting period, if something was missed on a previous report you should contact CalRecycle to amend a previous report.

How Often Do I Need to File Reports with CalRecycle?

Beverage Manufacturer Reports are required to be submitted to CalRecycle on a monthly basis. However, if a beverage manufacturer displays a pattern of operation in compliance with CalRecycle, the beverage manufacturer may make a single annual payment of the processing fees upon approval from CalRecycle.

How to Submit Monthly Reports:

Reports can be submitted by mail or online through the Division of Recycling Integrated Information System (DORIIS) (Note: to file online you must request a login ID and password by submitting a [Portal Access Request \(PAR\) form](#)).



To read more about reporting requirements check out CalRecycle's [Beverage Manufacturer Responsibilities](#) report which identifies the requirements in detail.

CRV INVOICING REQUIREMENTS FOR DIRECT TO RETAIL SALES

Another important area that brewers need to properly account for is CRV invoicing. The requirements for reporting are not limited to simply paying CRV fees to CalRecycle, they also require brewers to accurately invoice retailers for CRV costs when self-distributing their products.

Pursuant to the California Public Resources Code, combining or incorporating the cost of CRV with wholesale price of the product is prohibited, you must separate and identify the CRV changes for retail transactions:

Division 12.1. California Beverage Container Recycling and Litter Reduction Act 14560.5(a)(2):

*"[T]he invoice or other form of accounting of the transaction submitted by a beverage distributor of beverages to a retailer **shall separately identify the amount of any redemption payment imposed on beverage containers** pursuant to Section 14560 and the separate identification of the invoice or other form of accounting of the transaction shall not combine or include the gross wholesale price with the redemption payment but shall separately state the gross amount of the redemption payment for each type of container included in each delivery."*

Even though you pay CRV costs to CalRecycle when submitting your monthly report, the CRV cost **MUST** be reflected on the invoice to a retailer.

A self-distributing manufacturer is required account for the wholesale cost of the product **AND** the CRV cost separately. Some beverage manufacturers have submitted reports and kept records that reflect a single cost, incorporating the CRV in to the invoice submitted to a retailer. CalRecycle has determined this method is incorrect and can fine a manufacturer for violating reporting policies.

Note: You DO NOT have to pay CRV on sales made to wholesalers but are still required to pay the normal "processing fee" to CalRecycle.

BEER MANUFACTURERS SHOULD MAINTAIN CRV RECORDS

Beer manufacturers should maintain records of all CRV labeled items for sales. Including both on-site and off-site sales. If you self-distribute your products it is paramount that you maintain up-to-date records relating to CRV data.

Best Practices for CRV Record Keeping:

- If you self-distribute: maintain two sets of records (The amount you pay to CalRecycle and the amount invoiced to retailers)
- Maintain shipping documents for out-of-state sales
- Keep track of all monthly invoice submission of reports and corresponding



redemption payments to the Division

- Maintain proper record keeping and record retention
- Notification to the Division in writing if closing business or change in ownership occurs

COMPLIANCE RESOURCES FOR BEER MANUFACTURES

The following list is a set of resources to help beer manufacturers better understand what is required when selling direct to retail or direct to consumers:

- [How California's Recycling Program Works](#)
- [California Beverage Container Labeling Requirements](#)
- [CRV Payment Flowchart](#)
- [2017 CalRecycle Notice: Crowlers Subject to California Redemption Value](#)
- [California Code of Regulations, Department of Resources Recycling and Recovery](#)
- [Highlights of Beverage Manufacturer Responsibilities within the California Beverage Container Recycling Program](#)