



LEGISLATIVE POSITION: UNFAVORABLE

House Bill 307

Environment – Packaging Materials – Producer Responsibility

Environment and Transportation and Economic Matters Committee

February 2, 2022

The Honorable Kumar Barve, Chair, House Environment and Transportation Committee
The Honorable Dana Stein, Vice Chair, House Environment and Transportation Committee
The Honorable C.T. Wilson, Chair, House Economic Matters Committee
The Honorable Brian Crosby, Vice Chair, House Economic Matters Committee

Dear Chairs Barve and Wilson, Vice Chairs Stein and Crosby, and Members of the Environment and Transportation and Economic Matters Committees:

The American Forest & Paper Association¹ (AF&PA) appreciates the opportunity to share our perspective on House Bill 307 on behalf of our members and their employees who are an integral part of the circular economy. In Maryland the forest products industry employs nearly 6,000 individuals in facilities that produce packaging, sales displays, corrugated boxes and other products with an annual payroll of over \$374 million.²

AF&PA must respectfully oppose HB 307, which would require producers to create or participate in a product stewardship organization in order to sell or distribute products for use in Maryland. The paper industry has a demonstrated, measurable record of success in making paper and paper-based packaging more circular and sustainable through market-based approaches. Extended producer responsibility (EPR) policies are typically applied as a solution for hazardous, hard-to-handle materials with low recycling rates, such as batteries, paint, mattresses, or electronics. For a highly recycled material like paper, with widely accessible collection programs and robust and resilient end markets, EPR could disrupt efficient and successful paper recycling streams in an attempt to improve the least effective streams. We respectfully ask policymakers to focus on improving recycling for materials with low recovery rates, instead of creating mandates and fees for paper producers that could direct capital away from investing in recycling infrastructure.

¹ The American Forest & Paper Association (AF&PA) serves to advance U.S. paper and wood products manufacturers through fact-based public policy and marketplace advocacy. The forest products industry is circular by nature. AF&PA member companies make essential products from renewable and recycle resources, generate renewable bioenergy and are committed to continuous improvement through the industry's sustainability initiative — [Better Practices, Better Planet 2030: Sustainable Products for a Sustainable Future](#). The forest products industry accounts for approximately four percent of the total U.S. manufacturing GDP, manufactures nearly \$300 billion in products annually and employs approximately 950,000 people. The industry meets a payroll of approximately \$60 billion annually and is among the top 10 manufacturing sector employers in 45 states.

² Data sources: U.S. government, AF&PA, and RISI. Figures are the most recent available as of December 2020.

The Paper Industry Is Already a Responsible Producer

Paper recycling rates in the U.S. have consistently increased in recent decades, with nearly 66 percent of paper recovered for recycling in 2020.³ The paper industry recycles about 50 million tons of recovered paper every year — totaling more than 1 billion tons over the past 20 years. According to the EPA, more paper by weight is recovered for recycling from municipal waste streams than plastic, glass, steel, and aluminum combined.⁴ The 2019 Maryland Solid Waste Management and Diversion Report affirms this, stating that “compostables and paper materials constituted the largest portion of materials recycled.”⁵ The paper industry has planned or announced around \$5 billion in manufacturing infrastructure investments by the end of 2023 to continue the best use of recycled fiber in our products, resulting in an over 8 million ton increase in available capacity.⁶

This success has been driven by the paper industry’s commitment to providing renewable, sustainable, and highly recycled products for consumers. Recycling is integrated into our business to an extent that makes us unique among material manufacturing industries – our members own 114 materials recovery facilities and 80 percent of paper mills use some amount of recycled fiber. Any EPR system must fully and fairly credit the early, voluntary action our industry has taken advancing the recycling rate of our products, and strictly prohibit use of fees generated by one material to subsidize development of recycling infrastructure for competing materials.

In fact, our industry’s recycling rates are so successful that some products are approaching the maximum achievable recycling rate possible. The recycling rate for containerboard (corrugated cardboard) in 2020, for example, was 88.8 percent. The three-year average recycling rate for the material that would be most impacted by EPR, old corrugated containers (OCC), is already 92.3 percent.⁷ In addition, 95.1 percent of Marylanders have access to residential curbside recycling.⁸ The state already has a well-developed and accessible paper and paperboard recycling system, thus negating the need for an EPR program.

EPR Policies Introduce Uncertainty in Fee Structure and Disrupt Flow of Material

EPR policies must be carefully designed to avoid creating fees or mandates that could disrupt efficient and successful paper recycling streams and that direct private sector funds away from investment in recycling infrastructure. HB 307 requires funding to be given to local governments to pay for their collection of readily recyclable materials, but this is a cost-shifting mechanism common in other EPR programs that does not create added value or end markets for recyclable materials. The paper industry already contributes to economically sustainable recycling programs by purchasing and utilizing material sourced from residential collection programs in manufacturing new products.

Recycling programs in the U.S. are operated by local governments, which have more freedom to tailor recycling programs to the needs of local communities. The record of highly centralized, command-and-control EPR programs in Canada and Europe offers no real proof of advantages over the market-based

³ <https://www.afandpa.org/news/2021/resilient-us-paper-industry-maintains-high-recycling-rate-2020>

⁴ https://www.epa.gov/sites/default/files/2021-01/documents/2018_ff_fact_sheet_dec_2020_fnl_508.pdf

⁵ <https://mde.maryland.gov/programs/LAND/AnalyticsReports/MSWMDR-%202019.pdf>

⁶ The Recycling Partnership; Northeast Recycling Council. Last updated: December 2021

⁷ <https://www.afandpa.org/news/2021/resilient-us-paper-industry-maintains-high-recycling-rate-2020>

⁸ <https://www.afandpa.org/priorities/recycling/what-were-doing>

approaches and locally-operated programs prevalent in the U.S. In fact, a 2021 research paper performed by York University in Ontario concluded there is no evidence to indicate that the steward-operated EPR program in Canada will result in cost containment or increased recycling performance.⁹

Focus On Solutions for Products with Low Recycling Rates

We think the bill should take a more solution-oriented approach focused on problematic materials in the commingled residential collection stream. The definition of “packaging material” and “producer” in the bill should be narrowed to exclude material that does not flow through residential collection. OCC, in particular, tends to be collected in its highest volumes through source-separated commercial collection. This type of collection generates cleaner material at a much lower cost than commingled residential collection. Paper recycling has enjoyed decades of success because of the industry’s investments, consumer education, the wide availability of recycling programs, and the efforts of millions of Americans who recycle at home, work, and school every day. The paper products industry is proud to be part of the recycling solution by providing renewable, sustainable, and highly recycled products for consumers.

We respectfully ask policymakers to focus on improving recycling for materials with low recovery rates that contaminate the recycling stream. Legislation such as the Recycling Markets Development bill that passed in 2021 can serve to support increased recycling rates for low-performing materials without new burdens on other industries. AF&PA continues to support promoting increased participation in community recycling programs and other best practices, in addition to focusing on hard-to-recycle materials where there may not yet be a well-developed collection infrastructure or good recovery results.

We encourage the Committees to avoid measures that might penalize paper and paper-based packaging and their existing successful recycling programs. We look forward to continuing our work with the State of Maryland. Please feel free to contact Elizabeth Olds, Manager, Government Affairs at Elizabeth.Olds@afandpa.org for further information.

⁹ Review of Recycle BC Program Performance, Dr. Calvin Lakhan, York University