



CONSUMER
BRANDS
ASSOCIATION

Maryland Senate Committee on Finance

SB292 Environment – Packaging Material – Producer Responsibility

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Statement of Michael Gruber

Vice President, Public Policy

Consumer Brands Association

Thank you for the opportunity to submit testimony on SB292, which would establish an extended producer responsibility (EPR) program in the state of Maryland. The Consumer Brands Association is in favor of the bill with amendments as it reflects the consumer packaged goods (CPG) industry's principles for advocacy in support of investment in the development and enhancement of recycling systems and improvements in capabilities that will build a more circular economy to the benefit of Maryland's consumers and environment.

The Consumer Brands Association (Consumer Brands) represents the world's leading CPG companies. The industry plays a unique role as the single-largest U.S. manufacturing employment sector, delivering products vital to the wellbeing of people's lives every day. From household and personal care items to food and beverage products, the CPG industry plays a vital role in powering Maryland's economy, contributing \$26.4 billion to the state's GDP, and supporting more than 262,000 jobs.

The CPG industry is focused on identifying policy and market solutions to the waste and recycling crisis. Industry companies are taking a wide range of actions to innovate and redesign packaging reducing the environmental impact of plastic packaging through greater recyclability and reuse. Our industry's commitment is more impactful when shared across the entire value chain and considered in legislative efforts, like Maryland's.

Our support for SB292 is rooted in what we view as clear principles of success:

Fix the recycling system.

Improve the underlying recycling system to deliver strong environmental outcomes, not simply layer additional funds on to an existing, broken system.

Establish solution-focused Producer Responsibility Organization.

Allow for an industry funded and run producer responsibility organization (PRO) to assess fees on packaging and determine where/how those funds are spent and manage the system, if applicable.

Fund only recycling.

Dedicate new funds raised for recycling improvements solely to recycling, not to government general funds or unnecessary administrative costs.

Develop data-driven policy.

Development of an EPR program must be based on accurate data and science, including a needs assessment with clear financial and performance targets over a specified period.

Account for materials.

Apply to and account for a range of material types in the waste stream.

Source variety of funding.

Include more than one source of funding, which should be additive and target specific challenges in the recycling value chain. No single funding source should replace or supplant other funding sources.

Promote uniformity.

Standardize recycling programs across a state, region or nationally.

Bring everyone to the table.

Develop a system with measured input from a wide array of stakeholders, including state, local and federal government, packaging suppliers, the consumer goods industry and the waste and recycling industry.

Recommendations for Strengthening SB292

We applaud the steps proposed in this legislation to create new strategies to improve the reduction, reuse, recovery and recyclability of packaging. The CPG industry has made packaging sustainability a top priority. With unprecedented commitments to improving the design of packaging — from source reduction to fully recyclable or compostable design, to using recycled content — the CPG industry is leading the way.

As you advance SB292, we respectfully request that you consider the following recommendations to further strengthen the bill.

Conduct needs assessments: As drafted, Section 9-1702.2(B) authorizes statewide recycling needs assessments to occur every ten years. Making durable, data-based policies require inputs that allow the PRO to distribute funds where they can improve recycling systems most in need of improvement. Consumer Brands is concerned that a decennial review is too infrequent and would not adequately support the requirements under 9-2404(13)(C) that the PRO must establish recycling rate goals for each material type at 5, 10, and 15 year intervals. Consumer Brands would support an amendment permitting the PRO to charge additional fees to producers for supplementary needs assessments.

Authorize administration of producer funds: Section 9-1707(IV) provides that fees collected by the PRO would be transferred to and maintained by the Maryland State Recycling Trust Fund. The PRO should serve as the solution-provider and not simply a pass-through financing entity for the state. As such, Consumer Brands strongly recommends that the bill be amended to authorize the PRO to collect and administer funds paid by producers.

Set PRO plans with producers: Section 9-2404(A) sets forth key elements of the PRO, including setting plans and performance goals for packaging material type based on data from the state needs assessment. However, under 9-2404(B)(3), the bill establishes a contradictory requirement that runs counter to the preceding section by

requiring a 25 percent floor in the reduction in packaging material “waste” to “the maximum extent practicable”. Accordingly, we recommend that Section 9-2404(B)(4) be removed to allow producers to determine what goals are achievable, establish baselines for a variety of producers and factor longstanding waste reduction activities.

Study reimbursement impact: Section 9-2406, provides that local governments can request reimbursement from the PRO for “costs associated with recycling services for businesses, schools, public places, residential housing, including multifamily housing, and any other entity.” Consumer Brands is concerned that this broad provision would interfere with commercial recyclers and deviates from the focus on residential recycling. We suggest providing for a study to assess the potential impact of such a proposal on improving the state’s recycling system, focusing resources, and strengthening materials markets.

Consider compostable materials requirements: Consumer Brands supports composting as a component of emerging materials management initiatives and assessments necessary to determine its feasibility in Maryland and other states. However, we are concerned that the potential funding requirements for composting must be carefully weighed against the immediate recycling infrastructure improvements necessary to stabilize material markets and meet consumer expectations for functioning recycling systems.

As part of shared responsibility in improving end-of-product life systems, Consumer Brands is dedicated to supporting well-designed EPR programs that are intended to improve municipal recycling and other important components of the post-consumer materials management mechanisms.

Thank you for your attention and for this opportunity to comment. If there are any questions or if we can further assist you, please feel free to reach out to me at any time.

Michael Gruber
Vice President, Public Policy
Consumer Brands Association
(202) 285-1853
mgruber@consumerbrandsassociation.org