



American Forest & Paper Association

September 27, 2023

The Honorable Laurie Pohutsky, Chair, House Natural Resources, Environment, Tourism and Outdoor Recreation

The Honorable Jenn Hill, Majority Vice Chair, House Natural Resources, Environment, Tourism and Outdoor Recreation

The Honorable David W Martin, Minority Vice Chair, House Natural Resources, Environment, Tourism and Outdoor Recreation

RE: Opposition to HB 4359 – Repealing Auxiliary Container Preemption

Dear Chair Pohutsky, Majority Vice Chair Hill, Minority Vice Chair Martin, and Members of the Committee:

The American Forest & Paper Association¹ (AF&PA) appreciates the opportunity to share our perspective on House Bill 4359 on behalf of our members and their employees who are an integral part of the circular economy. In Michigan, the forest products industry employs over 10,000 individuals in 119 facilities that produce packaging, recycled paperboard, and other products with an annual payroll of over \$1.9 billion.² We believe that repealing P.A. 389 would have many unintended negative consequences, and therefore we must respectfully oppose the passage of HB 4359.

AF&PA supports preempting local jurisdictions from enacting bans or fees on “auxiliary containers” because it prevents the patchwork of local ordinances that penalize paper and paper-based packaging—a material that is highly recycled, compostable and made from a renewable resource.

The forest products industry has a demonstrated, measurable record of success in making paper and paper-based packaging more circular and sustainable through market-based approaches. Paper recycling rates in the U.S. have consistently increased in recent decades, with nearly 68 percent of paper recovered for recycling in 2022.³ 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 paper industry has planned or announced around \$7 billion in manufacturing

¹ 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.

³ <https://www.afandpa.org/news/2023/us-paper-industry-tallies-high-recycling-rate-2022>

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

infrastructure investments by 2025 to continue the best use of recycled fiber in our products, resulting in an over 9 million ton increase in available capacity.⁵

Impacts of Bag Fees

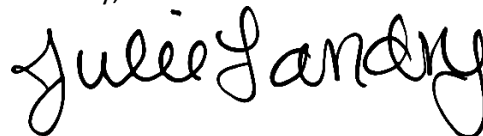
Offering bags and containers at the point of purchase is a natural part of customer service. Many services are included in the price of the goods consumers already buy, such as rent, electricity, insurance and employee wages. Government taxes imposed on products increase costs for consumers who can least afford it-and can create distortions in the free flow of recyclable commodities like paper. Taxes and fees burden hard working citizens by increasing the costs of basic necessities for all and disproportionately impacting fixed- and low-income consumers. These consumers can ill afford to pay an additional tax on paper bags while struggling to cover increasing costs of essential products and need affordable packaging options to protect their food purchases from damage and contamination. Paper bags are a clean, hygienic and convenient choice to meet those needs while also being recyclable, reusable, and compostable.

Our Commitment to Utilizing Recycled Paper in Manufacturing

The paper and packaging sector's environmental success story is due to strong and free markets for our recyclable materials. Recycled fiber content is a high-value, global commodity that fosters a dynamic marketplace where recovered fiber finds its highest end-use in the creation of new products. This creates a virtuous cycle which encourages more paper recycling and recovery. Rather than drive increased use of recyclable paper, fees on paper packaging would shift away from paper to other products where it is less efficiently used. By contrast, the market-driven recycling system is already recovering and recycling record amounts of paper. Passing legislation that would allow municipalities to impose fees on paper packaging is unnecessary and contrary to the State's stated environmental goals, particularly given the environmental benefits of paper and the recovered fiber sector.

We encourage Michigan to avoid measures which could penalize paper and paper-based products. We stand ready to assist you and offer our expertise as a resource as you continue the dialogue on this important issue. Please direct any question regarding this matter to Frazier Willman, AF&PA's Manager of Government Affairs at frazier_willman@afandpa.org.

Sincerely,



Julie Landry
Vice President, Government Affairs
American Forest & Paper Association

⁵ The Recycling Partnership; Northeast Recycling Council. Last updated: June 2023