



March 21, 2016

The Honorable Cam Gordon
Chair, Health, Environment & Community Engagement Committee
Minneapolis City Council
350 S. 5th St., Room 307
Minneapolis, MN 55415

Dear Council Member Gordon:

On behalf of the American Forest & Paper Associationⁱ (AF&PA) and the Renewable Bag Councilⁱⁱ (RBC), we appreciate the opportunity to share our perspective on ordinance under consideration by the Health, Environment & Community Engagement Committee on the Citizens Environmental Advisory Commission's (CEAC) proposal to ban plastic bags and tax paper bags.

The CEAC proposal seeks to place a minimum five-cent tax on recycled paper bags. AF&PA and the RBC are active on this issue in states and localities across the country. We believe that all paper bags should be excluded from measures to tax retail bags on grounds that they wrongfully penalize our product—a commodity that is highly recycled, recyclable, compostable and renewable.

Government imposed product taxes increase costs for consumers and can create distortions in the free flow of recoverable commodities. The bag tax unfairly targets paper products, implying they are part of the environmental problem rather than the solution. Paper products are commonly made with recycled content.

Taxes and fees burden hard working citizens, increasing the cost of basic necessities for all citizens and disproportionately impacting those who are low-income. Additionally, imposing a tax on paper products discourages consumers from using products that are recyclable, biodegradable, compostable, made of recycled material, and reusable.

This tax will be regressive, increasing the cost of basic necessities for lower-income citizens who are dependent on public transit and cannot practically expect to bring reusable bags every time they go to a retailer. These consumers need a packaging option to protect their food purchases from damage and contamination.

Our industry achieves a consistently high recovery rate. In 2014, 65.4 percent of all paper consumed in the U.S. was recovered for recycling, and the recovery rate has met or exceeded 63 percent for the past six years. According to the Environmental Protection Agency, more paper (by weight) is recovered for recycling from municipal solid waste streams than glass, plastic, steel and aluminum combined. In 2014, 96 percent of the U.S. population had access to community curbside and/or drop-off paper recycling services. Paper recovery is an environmental success story, saving an average of 3.3 cubic yards of landfill space for each ton of paper recycled. Paper recovery has fostered a dynamic marketplace that allows recovered

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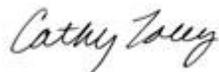
fiber to find its highest-value end use in manufacturing new paper and paperboard. That, in turn, helps to encourage more recycling.

Consumers who are sensitive to environmental concerns choose paper bags. Responding to consumer demands, many retailers have already voluntarily transitioned to paper. Not only are paper bags made from recycled paper, they are highly recycled themselves and are a fixture in community recycling programs throughout the state and the rest of the country.

Offering a paper bag free of charge 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. Once there is an obligation to pay fees for bags, those fees are likely to increase over time.

We look forward to continuing our work with the city of Minneapolis. Please feel free to contact Gretchen Spear, Director, State Government Affairs, AF&PA at (612) 926-8037 or gretchen_spear@afandpa.org for further information.

Sincerely,



Cathy Foley
Group Vice President

Enclosure

cc: Members of the Environment, Health and Community Committee

ⁱ AF&PA is the national trade association for the forest products industry, representing pulp, paper, packaging, tissue and wood products manufacturers, and forest landowners. Our companies make products essential for everyday life from renewable and recyclable resources that sustain the environment. The forest products industry accounts for approximately 4 percent of the total U.S. manufacturing GDP, manufactures approximately \$210 billion in products annually, and employs nearly 900,000 men and women. The industry meets a payroll of approximately \$50 billion annually and is among the top 10 manufacturing sector employers in 47 states. Visit AF&PA online at www.afandpa.org or follow us on Twitter @ForestandPaper.

In Minnesota, the forest products industry employs more than 24,500 individuals, with an annual payroll of over \$1 million. The estimated state and local taxes paid by the forest products industry totals \$88 million annually.

ⁱⁱ The Renewable Bag Council (RBC) is comprised of manufacturers and converters of renewable, recycled, recyclable and compostable Kraft paper used for checkout bags at grocery and retail outlets throughout Minnesota and across the United States. The RBC is affiliated with AF&PA. Visit the RBC online at www.renewablebag.org or follow us on Twitter @renewablebag.