



**American
Forest & Paper
Association**

June 6, 2016

The Honorable Karen E. Spilka
Chair, Senate Ways & Means Committee
The Commonwealth of Massachusetts
Room 212, State House
Boston, MA 02133

The Honorable Brian S. Dempsey
Chair, House Ways & Means Committee
The Commonwealth of Massachusetts
Room 243, State House
Boston, MA 02133

RE: Senate Version of the FY17 Operating Budget, Section 34 - Oppose Tax/Fee on Carry-out Paper Bags

Dear Chairman Spilka and Chairman Dempsey:

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 a floor amendment adopted in the Senate Version of the FY17 Operating Budget, Section 34 and currently under consideration by the Budget Conference Committee.

Section 34 of the Senate Version of the FY17 Operating Budget requires that retailers and some restaurants levy a “not less than ten-cents” tax on recycled paper bags beginning on August 1, 2018, with all proceeds going back to the retailer. 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 an environmentally friendly product that is highly recycled, recyclable, compostable and reusable. The bag tax implies that paper bags are part of the environmental problem, rather than the solution.

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.

Paper and paper-based packaging achieves a consistently high recovery rate. In 2015, 66.8 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 seven years. Paper is the most-recycled material in the U.S. today. According to the Environmental Protection Agency, more paper (by weight) is recovered for recycling from municipal solid waste streams than glass, plastic and aluminum combined. In 2014, 96 percent of the U.S. population had access to community curbside and/or drop-off paper recycling services.

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 part of a retailer’s customer service. There currently is no state prohibition against retailers charging a fee for bags. Many

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services are included in the price of the goods consumers already buy, such as rent, electricity, insurance and employee wages. Once there is a government obligation for consumers to pay fees for bags, those fees are likely to increase over time.

We look forward to continuing our work with the state of Massachusetts. Please contact Abigail Turner, Manager, State Government Affairs, AF&PA at (202) 463-2596 or abigail_turner@afandpa.org for further information.

Sincerely,



Elizabeth Bartheld
Vice President, Government Affairs

Cc: Massachusetts Budget Conference 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 \$200 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.

In Massachusetts, the forest products industry employs over 9,500 individuals, with an annual payroll of over \$384 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 Massachusetts and across the United States. The RBC is affiliated with the American Forest & Paper Association (AF&PA). Visit the RBC online at www.renewablebag.org or follow us on Twitter @renewablebag.