



March 20, 2013

The Honorable Alex Padilla
California State Senate
State Capitol Building
Sacramento, California 95814

Position: Oppose Unless Amended

Location: Senate Environmental Quality Committee

Re: Senate Bill 405 and Fees on Paper Bags

On behalf of the American Forest & Paper Association (AF&PA)¹, I am writing to express concerns about S.B. 405, legislation that would ban plastic bags at retail and impose a fee on paper bags. **We respectfully oppose this bill and urge you to amend this legislation to remove mandated fees and content criteria on paper bags.**

Some groups in California have been advocating that a fee on paper should accompany a plastics ban in order to offset retailer costs. Surveys show that eliminating plastic bags removes a considerable front end cost for the retailer. In fact, the savings derived from eliminating plastic bag costs from their profit and loss statements more than offsets any additional costs that the retailer may incur while transitioning to paper. The end result of a plastic bag ban is a sizable net gain for the retailer, and that is realized without a fee on paper. Another important fact to note is that many retailers in California have already transitioned away from plastic bags and are offering customers recycled paper bags and reusable products. They transitioned out of plastic before bans were imposed because of the obvious environmental benefits and, based on our survey results, are likely concluding that it was a sound business decision from a cost perspective as well. Finally, retailers are purchasing fewer bags overall as the capacity of a single paper bag equals that of three plastic bags.

We are also concerned that the legislation defines “recycled paper bag” by specifying that each bag contain 40 percent “post consumer” recycled content. The problem with the post consumer qualifier is that it is a distinction without a difference in our view and only serves to draw attention away from the important fact that materials from every step in the paper production process are being reused instead of being placed in a landfill. All of the material that our industry counts as recycled is post-industrial but all of it may not be post consumer—printer waste and converter scrap for instance. If we did not use these materials, they have the potential to be landfilled. We are particularly concerned that a limited definition of “recycled” needlessly excludes a key segment of the recovered paper marketplace. This will result in making production of our bags more difficult without any environmental benefit.

AF&PA is active on this issue in states and localities across the country. We consistently advocate that paper should be excluded from measures to tax or ban retail bags on grounds

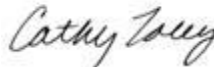
1111 Nineteenth Street, NW, Suite 800 ▪ Washington, DC 20036 ▪ 202 463-2700 Fax: 202 463-2785 ▪ www.afandpa.org



that they wrongfully penalize our product—a commodity that is highly recycled, recyclable, compostable, and renewable. We believe that paper is not part of the problem this legislation seeks to solve and charging California consumers an unspecified fee for using a product that has “walked the talk” on environmental stewardship is misguided. The paper bag is a recycling success story. Not only are paper bags made from recycled paper, they are highly recycled themselves and are a fixture in community recycling programs throughout California and the rest of the country. In fact, California residents frequently use paper bags as their containers when recycling other paper products such as newspapers, magazines, envelopes, juice and milk cartons, and printer paper—all items that are accepted at the curb. According to the U.S. Environmental Protection Agency, the paper bag boasts a national recycling rate of almost 50 percent. More than 60 percent of paper consumed in the U.S. has been recovered for recycling in each of the last three years – exceeding 66 percent in 2011.

For the reasons stated above, AF&PA respectfully opposes S.B. 405 in its current form. We encourage you to avoid measures that penalize paper and, as always, we stand ready to assist you and offer our expertise as a resource as you continue the dialogue on this important issue. If you have any questions, please contact our legislative advocate, Kathryn Lynch, at (916) 443-0202 or lynch@lynchlobby.com.

Sincerely,



Cathy Foley
Group Vice President

ⁱ AF&PA serves to advance a sustainable U.S. pulp, paper, packaging, and wood products manufacturing industry through fact-based public policy and marketplace advocacy. AF&PA member companies make products essential for everyday life from renewable and recyclable resources and are committed to continuous improvement through the industry’s sustainability initiative - *Better Practices, Better Planet 2020*. The forest products industry accounts for approximately 4.5 percent of the total U.S. manufacturing GDP, manufactures approximately \$190 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 California, the industry employs more than 54,000 individuals and has over 480 paper manufacturing facilities.