



January 15, 2014

The Honorable Timothy D. Hugo
Chairman, House Sub-Committee on Finance
Virginia House of Delegates
General Assembly Building
P.O. Box 406
Richmond, VA 23218

Dear Chairman Hugo:

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 legislation pending in the Finance Sub-Committee, House Bill 117, which would impose a 5 cent tax on both paper and plastic retail checkout bags. AF&PA and the RBC are active on this issue in states and localities across the country. We believe that paper 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. **We respectfully oppose this bill and urge you to amend this legislation to remove mandated fees on paper bags.**

Simply stated, 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 the Commonwealth and the rest of the country. In fact, Virginia 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 in the state. According to the U.S. Environmental Protection Agency, the paper bag boasts a national recycling rate of nearly 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 – – and exceeded 65 percent in 2012.

The legislation as currently drafted would have little, if any, effect on current retailer or consumer behavior. Retailers typically default to the use of plastic bags because one plastic carryout bag is cheaper on a per-bag comparison, despite the fact that a single paper carryout bag can accommodate more items. If this bill were enacted, it is likely that plastics would continue to be the default for customers.

From a raw material perspective, paper bags are made from a renewable resource. The paper bag is made from a renewable resource – managed forests – that

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provides habitat for animals and removes large amounts of carbon dioxide from air we breathe. Today the U.S. has 20 percent more trees than it did on the first Earth Day celebration more than 40 years ago. One-third of the U.S. is forested - 751 million acres. Privately owned forests supply 91 percent of the wood harvested in the U.S.

Despite the tremendous progress that has already been made, the paper industry has no intention of resting on its laurels. In March 2011 we announced a new, voluntary industry fiber recovery goal to exceed 70 percent by 2020. This goal is part of the most extensive set of quantifiable sustainability goals set by a major U.S. manufacturing industry. *Better Practices, Better Planet 2020* - AF&PA's sustainability initiative - is a proactive commitment to the long-term success of our industry, our communities, our environment and the nearly 900,000 men and women who make the paper and wood products vital to the lives of people around the world.

The six goals targeted within Better Practices focus on increasing paper recovery for recycling, improving energy efficiency, reducing greenhouse gas emissions, promoting sustainable forestry practices, improving workplace safety and reducing water use.

We respectfully request that the Committee be mindful of the many positive environmental attributes of the paper bag as it discusses a bag policy for the state. In light of the environmental performance of our product and the commitment of our industry to paper recovery and recycling, we believe that efforts to tax paper bags as a means to reduce litter are misguided and could have negative unintended consequences.

We encourage the Committee to avoid measures that penalize paper and, as always, we stand ready to assist you and offer our expertise as a resource as you begin to shape policy on this important issue.

For additional information, please contact TJ Struhs, Manager of State Government Affairs, AF&PA at (202) 463-2433 or tj_struhs@afandpa.org.

Sincerely,



Cathy Foley
Group Vice President, Paper

CC:

Delegate Richard P. Bell
Delegate Kathy J. Byron
Delegate William R. DeSteph

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Delegate Matthew C. Fariss
Delegate Peter F. Farrell
Delegate Matthew James
Delegate Mark L. Keam
Delegate Lynwood W. Lewis
Delegate Vivian E. Watts

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 Virginia, the industry employs more than 24,000 individuals with an annual payroll of \$1.2 billion. Visit AF&PA online at www.afandpa.org or follow us on Twitter [@ForestandPaper](https://twitter.com/ForestandPaper).

ⁱⁱThe 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 Washington and across the United States. The RBC is affiliated with the American Forest & Paper Association (AF&PA the national trade association of the forest products industry, representing pulp, paper, packaging and wood products manufacturers, and forest landowners. Visit the RBC online at www.renewablebag.org or follow us on Twitter [@renewablebag](https://twitter.com/renewablebag).