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Representative Ginny Klevorn
Chair, House State and Local Government Finance and Policy Committee
581 State Office Building
St. Paul, MN 55155

RE: Comments on HF 3577, Packaging Waste and Cost Reduction Act

Dear Chair Klevorn and Members of the House State and Local Government Finance and Policy Committee:

The Can Manufacturers Institute (CMI) appreciates the opportunity to comment on HF 3577, introduced by Rep. Sydney Jordan. CMI has a few concerns with HF 3577 that we have shared with the bill sponsor earlier this year and want to see changed in order to ensure there are no unintended consequences for metal cans.

CMI is the U.S. trade association representing metal can makers and their suppliers. The industry employs more than 28,000 people and our members have facilities in 33 states, including Minnesota. One member, Silgan Containers, manufactures food cans in Savage, employing 130 people. Another member, Crown Holdings, makes aerosol cans in Faribault, beverage cans in Mankato and food cans in Owatonna. Between those three facilities, Crown employs almost 400 people. Our members are proud to make the most sustainable package.

CMI offers the following suggestions to improve the bill's language. These suggestions will ensure higher recycling rates for metal cans, especially aluminum beverage cans, promote equity, minimize market distortions between reusable and single-use packaging, and ensure post-consumer recycled content rates are realistic for all metal can types.

As currently written, all metal cans are included in the EPR program, and we suggest adding language to ensure that if the contemplated program doesn't deliver the desired rates for beverage containers, there should be a recycling refund program created or at least a plan devised to get increase beverage container recycling rates. CMI requests the addition to help our industry meet ambitious national recycling rate [targets](#) for aluminum beverage cans starting with a 70 percent rate by 2030.

Unfortunately, Minnesota is losing too many beverage containers to its roadways, waterways, and landfills. The Container Recycling Institute [estimates](#) that each year 3.8 billion beverage containers sold in Minnesota that are collectively worth \$47.2 million go to landfill. That's 666 beverage containers littered or landfilled for each Minnesotan. This problem exists because Minnesota's current recycling system does not work well enough. The Recycling Partnership's *2024 State of Recycling Report* says Minnesota has a [20%](#) recycling rate. It also finds that [30%](#)

of Minnesotans have *zero* access to recycling. Even if the curbside recycling system is improved, it still doesn't address the [one-third](#) of beverage containers consumed on-the-go.

Additional collection opportunities and infrastructure investments made by the producer responsibility organization (PRO) in HF 3755 is a fair start to increasing beverage container recycling rates. Unfortunately, it will not go far enough to increase rates required to meet industry needs. Ideally, CMI wants an automatic trigger that creates a recycling refund for beverage container program. At the very least, there should be a requirements that the PRO makes a plan specific to beverage containers to elevate recycling rates to the promised rate in the legislation, and that plan could include a recycling refund program. CMI requests the addition to help our industry meet ambitious national recycling rate [targets](#) for aluminum beverage cans starting with a 70 percent rate by 2030.

CMI suggests recycling rate targets for covered containers of 65 percent by December 31, 2033, or 75 percent by December 31, 2038. If the beverage brands selling beverage containers in Minnesota are unable to meet that, they must then establish a new PRO that manages beverage containers.

Fee Reduction for Use of Higher Valued Materials

CMI strongly supports the addition of an eco-modulation factor that encourages the consumer product goods (CPG) companies to increase their use of packaging with high economic value. CPG companies should be incentivized to use higher valued materials since it means the recycling system can better financially sustain itself. All metal cans, whether aluminum or steel, are one of the more highly valued commodities in the recycling bin. One [study](#) from The Recycling Partnership showed aluminum beverage cans were about 6% by weight of material in the single-family household but a little more than half its monetary value. Steel can easily be recycled by mega magnets at recycling facilities, making it easy for steel to get recycled.

Favortism Towards Reuse Creates Unfair Competition

CMI understands the bill's intent is to encourage reusable packaging to reduce materials going to landfill. However, the performance rates in the bill are very aggressive for reusable packaging, and the one-time application of the lowest fee to these products creates unjustified subsidies and drivers for this type of packaging. Also, it is unfair that the PRO pays for the reuse infrastructure when the PRO is made up of many more companies than those that use reusable packaging. This is not equitable and will cause other types of packaging to subsidize the true cost of reusable packaging. CMI does not support the public sector choosing winners and losers when it comes to reusable versus single-use containers. Consumer demand should determine the growth of reusable container systems.

Post-Consumer Recycled Content Goals and Metal Cans

HF 3755 establishes high post-consumer recycled content (PCR) targets for covered materials (30% by 2038). Requiring metal packaging to have a minimum of 30% post-consumer recycling content is an ineffective tactic for achieving decarbonization and circular economy goals.

First, requiring a minimum recycled content of 30% will make it difficult for the specialized steel used to produce cans to meet strict product safety and formability requirements. If the recycled content level threshold is set too high, steel can makers will not be able to meet quality and safety standards.

Second, recycled content requirements for steel are difficult to mandate, due to how steel is made. Steel used in can making is produced in basic oxygen process (BOP), which typically incorporates 20-30% scrap. Only BOP steelmaking has the capability to produce the grades of steel utilized in packaging. Requiring a minimum recycled content of 30% may result in adding so much recycled content during production that the process becomes energy inefficient. This inefficiency reduces the desired environmental benefits of reusing used steel to make new products.

Third, there is no need for any minimum recycled content requirement for steel cans given the material's robust end markets in Minnesota and other states. Demand for used steel scrap already exceeds supply and all collected steel has a market. Adding a minimum recycled content requirement to increase steel can recycling would not result in more steel cans being recycled. What is needed are improvements in recycling access so more people can recycle their steel cans. It would only shift steel from one end market to a mandated market, adding cost and greater environmental impact to the production of cans without increasing the amount of steel cans recycled.

In closing, CMI supports the intent of HF 3577 and the goal of increasing the collection and circularity of all metal cans. CMI appreciates the opportunity to share our thoughts and suggestions for improving HF 3577. Our suggestions will ensure a higher recycling rate for aluminum beverage cans, equity between reuse and single-use packaging, and realistic content requirements for all metal cans. Please do not hesitate to contact me if CMI can answer questions and provide additional input.

Sincerely,

A handwritten signature in black ink that reads "Michael Smaha". The signature is written in a cursive, slightly slanted style.

Michael Smaha
Vice President, Government Relations
Can Manufacturers Institute