



March 26, 2024

The Honorable Ginny Klevorn, Chair, State and Local Government Finance and Policy Committee
The Honorable John Huot, Vice Chair, State and Local Government Finance and Policy Committee

RE: Opposition for HF 3345 – Prohibition on Banning Merchant Bags Removed

Dear Chair Klevorn, Vice Chair Huot, and Members of the Committee:

The American Forest & Paper Association (AF&PA) appreciates the opportunity to submit testimony on House Filing 3345. AF&PA must respectfully oppose revoking the prohibition on local jurisdictions banning merchant bags because it will create a patchwork of local ordinances that penalize paper and paper-based packaging—a material that is highly recycled, compostable and made from a renewable resource.

AF&PA serves to advance U.S. paper and wood products manufacturers through fact-based public policy and marketplace advocacy. The forest products industry is circular by nature. AF&PA member companies make essential products from renewable and recycle resources, generate renewable bioenergy and are committed to continuous improvement through the industry’s sustainability initiative — Better Practices, Better Planet 2030: Sustainable Products for a Sustainable Future. The forest products industry accounts for approximately five percent of the total U.S. manufacturing GDP, manufactures about \$350 billion in products annually and employs about 925,000 people.¹ The industry meets a payroll of approximately \$65 billion annually and is among the top 10 manufacturing sector employers in 43 states.

In Minnesota, the industry employs more than 23,000 individuals, with an annual payroll of over \$1.7 billion. The estimated state and local taxes paid by the forest products industry totals \$103 million annually.²

The forest products industry has a demonstrated, measurable record of success in making paper and paper-based packaging more circular and sustainable through market-based approaches. Paper recycling rates in the U.S. have consistently increased in recent decades, with nearly 68 percent of paper recovered for recycling in 2022.³ The paper industry recycles about 50 million tons of recovered paper every year — totaling more than 1 billion tons over the past 20 years. According to the EPA, more paper by weight is recovered for recycling from municipal waste streams than plastic, glass, steel, and aluminum combined.⁴ The paper industry has planned or announced around \$7 billion in manufacturing infrastructure investments by 2025 to continue the best use of recycled fiber in our products, resulting in an over 9 million ton increase in available capacity.⁵

¹ <https://www.afandpa.org/statistics-resources/our-economic-impact>

² Data sources: U.S. government, AF&PA, and Fastmarkets RISI. Figures are the most recent available as of December 2022.

³ <https://www.afandpa.org/news/2023/us-paper-industry-tallies-high-recycling-rate-2022>

⁴ https://www.epa.gov/sites/default/files/2021-01/documents/2018_ff_fact_sheet_dec_2020_fnl_508.pdf

⁵ The Recycling Partnership; Northeast Recycling Council. Last updated: June 2023

Impacts of Bag Fees

Offering bags and containers 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. Revoking the prohibition on bans for merchant bags opens the door for government taxes imposed on products increase costs for consumers who can least afford it-and can create distortions in the free flow of recyclable commodities like paper. Taxes and fees burden hard working citizens by increasing the costs of basic necessities for all and disproportionately impacting fixed- and low-income consumers. These consumers can ill afford to pay an additional tax on paper bags while struggling to cover increasing costs of essential products and need affordable packaging options to protect their food purchases from damage and contamination. Paper bags are a clean, hygienic, and convenient choice to meet those needs while also being recyclable, reusable, and compostable.

Our Commitment to Utilizing Recycled Paper in Manufacturing

The paper and packaging sector's environmental success story is due to strong and free markets for our recyclable materials. Recycled fiber content is a high-value, global commodity that fosters a dynamic marketplace where recovered fiber finds its highest end-use in the creation of new products. This creates a virtuous cycle which encourages more paper recycling and recovery. Rather than drive increased use of recyclable paper, fees on paper packaging would shift away from paper to other products where it is less efficiently used. By contrast, the market-driven recycling system is already recovering and recycling record amounts of paper. Passing legislation that would allow municipalities to impose fees on paper packaging is unnecessary and contrary to the State's stated environmental goals, particularly given the environmental benefits of paper and the recovered fiber sector.

We encourage Minnesota to promote measures which support paper and paper-based products. We stand ready to assist you and offer our expertise as a resource as you continue the dialogue on this important issue. Please direct any question regarding this matter to Frazier Willman, AF&PA's Manager, Government Affairs at Frazier_Willman@afandpa.org.