

# **Task Force to Study Methods for Reducing Consumer Packaging that Generates Solid Waste**

## **Recommendations**

### **Background**

In June 2016, the Connecticut General Assembly passed Senate Bill 233 (SB233) to establish a multi-disciplinary Task Force to study methods for reducing (through source reduction, reuse, and recycling) consumer packaging that generates solid waste in the State.

Accordingly, the Connecticut General Assembly appointed the Task Force members who reflected a diversity of perspectives, including environmental, government, manufacturing and waste management industry experts.

The Task Force consists of:

- Co-Chairs:
  - Victor Bell, President, Environmental Packaging International
  - Will Flower, Vice President, Winters Bros. Waste Systems of Connecticut
- Task Force Members:
  - Scott Cassel, CEO/Founder, Product Stewardship Institute, Inc.
  - David Jorgenson, Vice President, Morgan Stanley
  - Tom Metzner, Environmental Analyst, Connecticut Department of Energy and Environmental Protection (DEEP)
  - Hap Perkins, President, Connecticut Container Corp./Unicorr Packaging Group
  - Wayne Pesce, President, Connecticut Food Association
  - Katie Reilly, Senior Manager of Environmental and Sustainability Policy, Consumer Technology Association
  - Edward Spinella, Attorney, Law Office of Edward F. Spinella, Esq., LLC
- Staffing for the Task Force:
  - Ussawin Robin Bumpen, Committee Clerk, Connecticut General Assembly's Committee on Environment

The process of developing recommendations has involved extensive informational gatherings through a series of Task Force Meetings between April 2017 and September 2017. At these meetings, a wide variety of interested parties and the general public provided insights, information and suggested recommendations for reducing consumer packaging that generates solid waste. Please note that recommendations of the Task Force do not necessarily reflect the opinions of all Task Force members.

In October 2017, the Task Force created a master list of suggested recommendations and consolidated the list down to a Summary of Recommendations. On December 12, 2017, the Task Force met, discussed and voted on recommendations for the Connecticut General Assembly.

It is critical to keep in mind that packaging plays an important role in delivering products to consumers. As packaging engineers think about what packaging choices to make, a huge array of factors are considered including the recyclability of the material used and the overall environmental impact. While packaging may be a significant portion of the waste stream and represents a significant cost to taxpayers, the State and its municipalities, it is imperative that the packaging fulfill its purpose to market and to protect the contents for the consumer.

There is a need for dedicated and a consistent funding sources to implement many of the recommendations that follow. Funding sources are outlined in Section 6 under the Final Recommendations.

## **Final Recommendations**

### **1. Strategies for improving the efficacy of state, municipal and local solid waste recycling infrastructures and systems;**

Recommendations:

- 1.1 Fix the bottle bill: The existing bottle deposit program in Connecticut has one of the lowest redemption rates compared to similar programs in the United States. Improve the existing bottle redemption program to be more efficient, less costly, and less susceptible to abuse.
  - 1.1.1 Earmark unclaimed bottle deposits (“escheats”) to recycling programs including education activities and infrastructure investments for both the public and private sector.
  - 1.1.2 Expand the bottle deposit to all glass bottles (including wine and liquor bottles) sold in the State to increase the quality and value of glass in the bottle deposit program as well as ensure removal of glass from the single stream program thus increasing the value of single stream recyclables
  - 1.1.3 Consider increasing the deposit amount to \$0.10 per glass bottle.
  - 1.1.4 If EPR is implemented, consider making all other recyclable materials covered under the State’s bottle bill (plastic bottles and aluminum cans) to be no longer covered by any deposit bottle bill system and they would then flow into existing residential curbside programs, drop off programs and commercial recycling programs. This action should only be considered if the current recovery rate for beverage containers is maintained in a new system.
- 1.2 Enforce existing laws, rules and regulations: The State and underperforming towns and cities should continue to focus on enforcement of existing laws. Communities that are poor recycling performers must effectively enforce the relevant statutes and ordinances, specifically existing recycling mandates and disposal bans. All local governments must do more to enforce the applicable statutes and ordinances as they relate to multifamily homes, apartment buildings and commercial and institutional generators.
- 1.3 Leverage the use of voluntary, industry-funded programs: Voluntary programs like The Recycling Partnership and Closed Loop Fund can assist in funding and meeting educational needs of municipalities but are limited in their ability to address the total financing needs for Connecticut’s recycling program. Connecticut’s local governments, waste haulers, and recycling facilities should work with these organizations to help fund expenses such as large carts for collection and improved sorting technology at MRFs as well as use the technical expertise available.
- 1.4 Promote recycling in public spaces: About half of all PET bottles are consumed away from home. The State and municipalities should be required to collect recyclables in public spaces and public workplaces. Similarly, organizers of events (such as fairs, festivals, concerts, sporting events, etc.) should also be required to collect recyclables. Waste contractors servicing such events should be required to collect and arrange for the processing and recycling of materials collected for recycling.
- 1.5 Promote plastic film recycling: The American Chemistry Council, the State and other interested parties should continue with efforts to increase the availability of drop-off sites for film/plastic bags specifically through a partnership with the Wrap Recycling Action Program (WRAP). The State should also study and report on the pros and cons of voluntary programs for plastic bag fees and plastic bag bans.

- 1.6 Pay As You Throw: Create incentives to encourage Pay-As-You-Throw and/or “SMART” using cart-based collection and recycling programs. A PAYT program would provide a direct financial incentive for ensure consumers to reduce the amount of waste they produce by promoting opportunities for recycling.
- 1.7 Encourage the use of larger recycling containers to make it easier and more convenient for residents to recycle.

**2. Consumer education and awareness efforts aimed at increasing awareness of consumer packaging as solid waste and reuse and recycling solutions for such packaging;**

Recommendations:

- 2.1 Promote public education programs: Encourage and promote educational programs in communities in which all stakeholders work together to promote recycling and waste reduction. Raise awareness about the importance of recycling and creating public/private partnerships.
- 2.2 Encourage manufacturing labeling efforts with streamlined consumer messaging and promote voluntary campaigns such as the Sustainable Packaging Coalition’s “How2Recycle” label. This effort should be completed in conjunction with Connecticut’s new “What’s In, What’s Out” program (with all communities accepting the same list of materials) to increase public education. Adding information to packaging is an example of informing people whether or not they can commonly recycle that item.

**3. Existing methods employed in the consumer packaging and recycling industry to reduce and minimize the amount, weight and volume of consumer packaging that generates solid waste;**

Recommendations:

- 3.1 Support best practices: Support the continued development and promotion of proven best practices for design that will leverage and encourage the existing investments in recovery. Widespread adoption of these best practices for recovery (including efficient collection systems, an optimized processing infrastructure, effective education, and appropriate support mechanisms) will contribute to the recovery success sought. Also, leverage the use of industry funds such as the Recycling Partnership.
- 3.2 Encourage continued source reduction: Source reduction through packaging design along with recycling can reduce the amount of material that ends up as waste. The packaging industry has seen a decrease in the tons of packaging per capita over the past 15 years.

**4. Incentives for consumer packaging producers to reduce the amount of such packaging that they create;**

Recommendations:

- 4.1 Encourage the use of optimized packaging and packaging design for improved recyclability with a goal of reducing material use and maximize material value. Innovation in packaging design whether it be through light-weighting, compostable material, reduction in toxic substances, sustainable sourcing, etc. is a proven method of reducing the amount of packaging waste and/or providing for end-of-life management opportunities outside of disposal.
- 4.2 Promote the Elite Circle Award to publically recognize and promote manufacturers who have taken voluntary steps to reduce the amount and weight of packaging material.
- 4.3 If an Extended Producer Responsibility program is pursued in the State, the program should reward optimized packaging (e.g., recycled content, light-weighting, etc.) and encourage packaging reduction, reuse and recycling.

**5. Opportunities to cost-effectively increase the proportion of biodegradable, postconsumer recycled and recyclable materials used in the manufacture of consumer packaging;**

Recommendations:

5.1 If an Extended Producer Responsibility program is pursued in the State, the program should encourage through incentives or discounts the use of biobased recyclable resins and postconsumer recycled material.

5.2 Oxodegradable and degradable resin that negatively affect packaging recyclability should be discouraged and a negative incentive should be placed on these materials though any EPR program if implemented.

**6. Strategies for achieving a reduction of not less than twenty-five per cent of consumer packaging in the state's solid waste stream on and after January 1, 2024, and decreasing municipal costs associated with managing such waste stream through the implementation of: (A) alternative low-cost methods of managing and reducing consumer packaging in an environmentally sustainable manner that additionally yields economic benefits through the creation of job opportunities or (B) an extended producer responsibility program for consumer packaging;**

Recommendations:

6.1 Earmark unclaimed bottle deposits: Earmark the unclaimed bottle deposits ("escheats") as a dedicated fund to be utilized for managing and reducing consumer packaging including for consumer education, recycling infrastructure investment (e.g., recycling bins, public space recycling, etc.), and MRF improvements. Testimony estimated this amount as between \$20-\$35 million in funding annually which is a significant source of funding to help decrease taxpayer costs associated with managing the consumer packaging waste stream as well as direct funding to recycling facilities, which may help spur job creation. Currently, escheats go into the State's General Fund.

6.2 The State should work with interested parties in the recycling processing industry to evaluate mixed waste processing facilities: Connecticut should investigate the pros and cons of mixed waste processing facilities to advance recycling of consumer packaging that remains in the waste stream only after comprehensive curbside recycling.

6.3 Encourage Public-Private Partnerships. The State should encourage the development of Public-Private Partnerships that leverage the expertise of government, academia, industry, and other non-governmental organizations. Such partnerships are critical to driving innovation and the development of next-generation packaging.

6.4 Incentivize investment in recycling infrastructure: Local and state authorities should provide tax incentives, tax exemptions, and/or accelerated depreciation for recycling machinery equipment to encourage private investment. This will assist operators to upgrade equipment and systems to meet market demands and the evolving recycling stream.

6.5 Packaging extended producer responsibility: EPR was discussed and debated. The Task Force voted 6 - 3 to recommend NOT pursuing EPR for the State of Connecticut. That said, the Co-Chairs of the Task Force decided to allow the addition of two addenda to the recommendations. These two addenda are at the end of this list of recommendations. Addendum 1 provides the majority opinion of the case for the avoidance of EPR. Addendum 2 provides the case for implementing an EPR system.

**7 Methodologies for measuring and verifying the reduction described in subdivision (6) of this subsection;**

Recommendations:

No recommendations are needed based on DEEP existing programs.

**8. Incremental performance targets to assure achievement of the reduction described in subdivision (6) of this subsection.**

Recommendations:

8.1 Every three years, DEEP should initiate and complete a waste characterization study to track progress, evaluate priorities, and create new priorities based on markets, technological innovations, and the evolution of the waste streams.

8.1.1 DEEP should track the disposal of residential MSW to assist towns and cities in evaluating their efforts to reduce, reuse and recycle.

8.1.2 DEEP should track the disposal of commercial MSW to assist towns and cities in evaluating their efforts to reduce, reuse and recycle.

# **Addendum 1: The Majority Opinion Case for the Avoidance of EPR.**

## **Extended Producer Responsibility for Consumer Packaging**

Supporters of extended producer responsibility (EPR) for consumer packaging offer three main arguments: by making manufacturers “responsible” for their packages, recycling will increase; packages will be designed to be more easily recyclable and less toxic; and local governments will be relieved of the burden of paying for collecting and processing recyclables. A super-majority of the experts on the Task Force agrees that EPR would not achieve any of these three goals.

### Increased recycling?

Connecticut has a robust and effective recycling industry. Our state’s list of mandated recyclables includes virtually all consumer packages. Almost all Connecticut towns have curbside collection of recyclables using either municipal collection or a private hauler. More than 100 municipal drop-off facilities accept residential recyclables. Five material processing facilities, one of which is publicly owned, provide the requisite processing capacity for Connecticut’s recyclables. These facilities have an average residue rate below 10 percent and an excellent reputation for producing market-ready raw materials. The recycling and waste industry in Connecticut provides 6,000 direct jobs and a cumulative 19,000 jobs between direct and related industrial/commercial activity. The Task Force heard testimony that Connecticut residential households generally pay less than \$40 annually for collection and processing of recyclables. The collection cost per household would be lower if it included multi-family housing. As a result, Connecticut residents and businesses enjoy the benefits of a competitive, economic and efficient recycling infrastructure.

Recycling’s impact on Connecticut’s waste stream is shown by studies of the waste sent to disposal. Consumer packaging and fibers are less than 17 percent of disposed waste. That percentage drops after additional processing of metals and other recyclables at the state’s waste-to-energy facilities and the Connecticut ash landfill.

Nonetheless, recycling is lagging in four of Connecticut’s largest cities and in multi-family housing. These locations traditionally have the lowest recycling rates. The Task Force heard no testimony that extended producer responsibility will increase recycling in Connecticut’s largest cities. The Task Force learned that Stamford has a much higher recovery rate due to that City’s educational and enforcement efforts. Thus, a focus on educating residents on the importance of recycling, increasing the convenience of recycling in multi-family housing, and stepped up enforcement efforts are the keys to increased recycling in those areas.

### Greener, less toxic packages?

Connecticut is too small of a packaging market to influence product redesign. In addition, the “collective responsibility” model, which is the norm for these programs in other countries, has each producer pay a “fee” that represents that company’s share of the producer group’s total costs, not the actual costs to recycle that company’s packaging. In Europe, extended producer responsibility has had no impact on package design with the exception of toothpaste boxes, which were eliminated in Germany in 1991. In the United States, per capita packaging use has declined since 2000 as a result of the dynamics of free markets and the desires of companies to support the environment, reduce energy and other costs while still providing a less expensive but still protective and secure package. As for toxics, in 1990, Connecticut adopted the Toxics in Packaging Law which banned the intentional introduction of lead, mercury, cadmium and hexavalent chromium into packaging. The European Union followed the lead of Connecticut and 18 other states and adopted this law.

## Lower Costs?

Lower recycling costs for local governments is the one argument with some validity. The Connecticut towns that use taxes to pay for recycling will see some reduced costs as the producer group either pays the town an “incentive fee” to cover what it believes is the “reasonable” cost of recycling collection or pays its own contractor to collect and process recyclables. If that fee does not cover all of its collection costs, the town makes up the difference. Local governments will continue to pay for any enforcement, education and other overhead costs they choose to continue or will lay off town employees who previously handled those functions. Towns that use subscription services will receive nothing. In addition, many municipalities participating in an EPR system continue to charge taxpayers the same rates for the collection of waste and recyclables even after the cost of recycling is paid for by manufacturers. This results in no cost savings for taxpayers who now pay twice for the same service – once through their municipal waste fees and again when they purchase a product from a manufacturer participating in the EPR system.

These “savings” come at a price. Connecticut companies subject to EPR will be faced with extraordinary start-up costs as they determine the quantity, weight and type of packaging they use throughout the state. They will be required to update this data as product sales and package changes throughout the year. Their fee will also include a management charge for the producer organization and an oversight fee for state government. The latter can be an additional ten percent of their payment. These costs will be passed on to consumers, who will be unaware of this hidden tax. Many businesses in Connecticut that collect and process recyclables will go out of business. Connecticut’s low income citizens will be hit hardest because they pay a higher proportion of their income on the packaged products covered by this extra cost than do higher income residents. Taxpayers are unlikely to pay lower taxes from local governments that receive a payment from the producer group. Instead, they will pay twice, as taxpayers and as consumers. Local governments will lose control over their recycling programs to a monopoly that is interested in keeping its costs as low as possible.

## Summary:

Extended producer responsibility for consumer packaging creates a recycling monopoly through its producer responsibility group. That organization will disrupt Connecticut’s existing infrastructure in an attempt to “rationalize” it without providing efficiency or cost benefits for existing recycling businesses. Connecticut recycling businesses are likely to go out of business because they cannot compete with this monopoly. Connecticut residents and taxpayers will suffer higher costs without receiving greater benefits. For consumer packaging – the traditional recyclables mandated for collection in Connecticut – extended producer responsibility is a solution in search of a problem.

## **Addendum 2: The Dissenting Opinion Case for Implementing an EPR system.**

The Task Force looked at approaches to the development of a comprehensive financing model that could stabilize and expand recycling programs in Connecticut and could stabilize and reduce city and town expenditures on recycling services.

The task force recognizes that there is a critical need for stable financing to manage and expand recycling programs in Connecticut. The task force found that Connecticut has an existing and robust municipal recycling program that is facing a number of challenges including:

1. The need to modernize (or update) the infrastructure to improve the quality of recyclable materials and improve market access.
2. The global market for recycled materials is challenged by reduced value for recycled materials as China has implemented its “National Sword” program. This program has restricted the exportation of plastics and mixed paper materials and has dramatically reduced the value of recycled material globally. Additionally, lower oil prices and expansion of virgin resin capacity has added to a challenging market for recycled materials.
3. Connecticut cities and towns are facing increased costs to operate their recycling programs and are receiving smaller payments, if any, from revenue-sharing programs for their recycled materials. The improving economy and increase in online shopping means higher generation of packaging which translates into higher costs for municipalities.
4. Connecticut cities and towns and processors are also facing increasing pressure from brand owners, retailers and packaging material suppliers to expand the packaging materials being accepted into Connecticut’s recycling programs.
5. Packaging is a major factor that leads to marine debris.

### **Extended Producer Responsibility for Packaging and Printed Paper (Packaging EPR)**

#### **a. Finding:**

- i. The U.S. is one of only a few countries in the Organization for Economic Cooperation and Development that does not have an EPR for packaging and printed paper (Packaging EPR). Those with Packaging EPR program (some with more than 30 years of experience) include all 28 countries in the European Union, five provinces in Canada (covering more than 90% of pop), most of eastern Europe, Israel, Turkey, Brazil, Chile, Japan, South Korea, Taiwan and Russia. India and China are beginning implementation of EPR programs in 2020. EPR systems are growing worldwide and are the only systems seriously under consideration by countries seeking to meet overarching goals similar to those set out by Connecticut. There is extensive testimony received on the success of these worldwide programs.
- ii. Global Packaging EPR programs vary widely with different levels of shared to full responsibility, nonprofit compared to competitive schemes, and other variables. A Connecticut-specific Packaging EPR framework has not been presented or recommended to the task force.
- iii. Comprehensive EPR for Packaging and Printed Paper (Packaging EPR) has not been implemented in any US state.. Other states are seriously considering EPR for packaging and several bills have been introduced.
- iv. Comprehensive Packaging EPR was the only policy tool reviewed that would significantly reduce expenditures by Connecticut’s municipal governments.
- v. Connecticut has had extensive experience with EPR programs for other waste streams including electronics, mattresses, paint and thermostats. These programs have been extremely successful in increasing recycling and lowering municipal costs.
- vi. The Connecticut Department of Energy and the Environment (DEEP) believes the best way to improve the efficacy of state and municipal recycling efforts is through



implementation of a Packaging EPR program. DEEPs finding in the comprehensive solid waste plan recommends implementation of a comprehensive packaging EPR program.

- vii. To improve packaging design and reduce packaging. Countries such as France have been extremely successful in providing incentives through modulating fees that encourage better packaging design, incentives for source reducing packaging and it discounts for the use of recycled content.
  - viii. The Task Force recognizes that implementation of Packaging EPR in Connecticut alone will have minimum impact on packaging design because most packaging is designed for the US as a whole and one program would not elicit sufficient incentives.
- b. Recommendation:
- i. Connecticut DEEP should provide a report on options for implementing Packaging EPR and should consult other states (i.e. California) and regional organizations such NEWMOA and CONEG to outline a plan for regional expansion of EPR for packaging.
  - ii. Connecticut DEEP will provide an analysis of the municipal fiscal benefits of a packaging EPR program.
  - iii. Connecticut DEEP with provide an estimate of the potential increase in recycling of packaging associated with implementation of packaging EPR.
  - iv. The State should be reimbursed for administrative cost for the Packaging EPR program similar to the e-waste and paint EPR programs
  - v. A Packaging EPR comprehensive framework needs to be developed in consultation with all impacted parties including but not limited to:
    - 1. Connecticut's municipal governments.
    - 2. The waste management industry.
    - 3. The packaging industry
    - 4. Packaging EPR should be administered and controlled by effected industry with oversight from DEEP. EPR fees should going directly to an industry lead Third Party Organization (TPO) and not the general fund.