

April 11, 2024

RE: Support SF 3561, Packaging Waste and Cost Reduction Act as Amended

Dear Chair Hawj, Vice Chair McEwen, Ranking Member Eichorn and Environment, Climate, and Legacy Committee members:

The Association of Home Appliance Manufacturers (AHAM) strongly urges the committee to support SF 3561, the *Packaging Waste and Cost Reduction Act* as amended by the Commerce and Consumer Protection Committee. The amended legislation achieves a policy goal to harmonize extended producer responsibility (EPR) legislation with Oregon's EPR law, the Plastic Pollution and Recycling Modernization Act (SB582, 2021).

Oregon's EPR law, the Plastic Pollution and Recycling Modernization Act (SB582, 2021) recognizes and encourages this successful recycling process by including a provision that exempts covered packaging materials if the producer can demonstrate that their packaging is recovered as a function of the distribution chain and is recycled at a responsible end market. Oregon law states the following:

A producer may demonstrate to the department that a material is exempt from the requirements for a covered product if the material:

- (A) Is collected through a recycling collection service not provided under the opportunity to recycle;*
- (B) Does not undergo separation from other materials at a commingled recycling processing facility; and*
- (C) Is recycled at a responsible end market.¹*

Ontario, Canada takes a similar approach with a regulation that allows for two deductions and home delivered appliances are one of them. The following is a common deduction in Canada:

Allowable deductions are those Blue Box materials that are:

Collected from an eligible source at the time a related product was installed or delivered. For example, packaging that is supplied with a new appliance and is removed from the household by a technician installing the new appliance.²

Circular Materials, a Canadian not-for-profit producer responsibility organization (PRO), works to develop, implement and support recycling programs across Canada. To help producers meet

¹ <https://olis.oregonlegislature.gov/liz/2021R1/Measures/Overview/SB582>

² <https://www.circularmaterials.ca/faq/>

their obligations, Circular Materials publishes a *Guidebook for Stewards*, under extended producer responsibility (EPR) regulations in Canada's provinces.³

The 2023 Guidebook notes that there are differences in the definitions of packaging across the provinces and in an attempt to harmonize the programs, Circular Materials has designated packaging to be defined as:

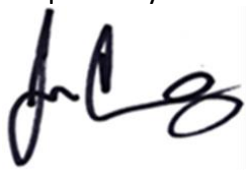
*Packaging means materials that are used for the containment, protection, handling, delivery or presentation of goods which are supplied to residential consumers (as opposed to industrial, commercial, or institutional consumers).*⁴

Circular Material's Guidebook identifies and distinguishes between packaging materials that are supplied to residential consumers and packaging materials that would not enter the residential or household system of packaging recovery.

The *Packaging Waste and Cost Reduction Act* as amended by the Commerce and Consumer Protection Committee to only include "...materials that are supplied to a residential consumer" aligns conceptually with Oregon's law and will further harmonize EPR programs in the US.

AHAM appreciates the work put into this legislation by the bill sponsors including Senator Kelly Morrison, Chair Fong Hawj, Vice Chair Jennifer McEwen, Senator John Hoffman and Senator Robert Kupec. Manufacturers of consumer products need flexibility in choosing appropriate materials for packaging their products to avoid situations that cause product breakage and damage during transport (which ultimately increases the lifecycle impact of the product) as well as to deter theft of smaller, high value electronics from retail establishments.

Respectfully submitted,



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AHAM represents more than 160 member companies that manufacture 90% of the major, portable and floor care appliances shipped for sale in the U.S. Home appliances are the heart of the home, and AHAM members provide safe, innovative, sustainable and efficient products that enhance consumers' lives. The home appliance industry is a significant segment of the

³ <https://www.circularmaterials.ca/>

⁴ <https://www.circularmaterials.ca/wp-content/uploads/2023/06/2023-Circular-Materials-Steward-Guidebook.pdf>

economy, measured by the contributions of home appliance manufacturers, wholesalers, and retailers to the U.S. economy. In all, the industry drives nearly \$200 billion in economic output throughout the U.S. and manufactures products with a factory shipment value of more than \$50 billion.

In Minnesota, the home appliance industry is a significant and critical segment of the economy. The total economic impact of the home appliance industry to Minnesota is \$3.6 billion, more than 25,000 direct and indirect jobs, \$468.5 million in state tax revenue, and more than \$1.2 billion in wages. The home appliance industry, through its products and innovation, is essential to consumer lifestyle, health, safety and convenience. Home appliances also are a success story in terms of energy efficiency and environmental protection.