

September 30, 2021

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker Pelosi, and Minority Leader McCarthy:

We, the undersigned organizations, are writing today with concerns regarding S. 2645, the Rewarding Efforts to Decrease Unrecycled Contaminants in Ecosystems (REDUCE) Act, which would impose a tax on the use of virgin plastic resin produced in the United States. We represent different parts of the broader food sector working to ensure that kitchen table needs are met.

Our organizations and its members are staunch proponents for the use of recycled materials, increased access to recycling, improved recycling processes, and consumer education. The bill, however, only increases costs for manufacturers to use virgin plastic and does nothing to help fund or improve the infrastructure and technology necessary for food-grade post-consumer recycled (PCR) resins to become more widely available. This bill may even divert private investment currently aimed at improving infrastructure and technology to pay the tax.

More directly to the food and beverage supply-chain, this proposed tax on virgin resin, including food-grade packaging, would be passed, both directly and indirectly, to distributors, restaurants, retailers, and dramatically increase food costs to consumers, raise food inflationary risk, and reduce food equity. The increase in retail food costs will disproportionately impact middle- and lower-income families, many of whom rely on the Supplemental Nutrition Assistance Program (SNAP), as well as those on fixed incomes, such as the elderly, who spend a much higher proportion of their income on food. In addition, a virgin resin tax also impacts households' non-food budgets by adding \$105 million to the cost of housekeeping supplies, \$640 million to the cost of personal care products, and even stretches to their local schools through more than \$70 million per year in increased costs for school lunch programs.¹ All of these costs have a cumulative effect on families' food budgets and further stress feeding programs and food banks.

¹ Economic impact of the REDUCE Act. American Chemistry Council. Available at: https://voterveice.s3.amazonaws.com/groups/ibwa/attachments/Plastic-Tax-One-Fact-Sheet_V02-x10-NonBranded%5B1%5D%5B2%5D.pdf

The Tax Policy Center has stated that the bulk of the economic cost of current federal excise taxes are borne by the bottom 80 percent of taxpayers.² With food at home costs increasing by 3 percent and food away from home costs increasing by almost 5 percent over the last 12 months³, now is not the time to consider policies that will increase food costs. Layering an additional tax onto individuals and families with limited incomes will disproportionately harm those who can least afford this additional burden.

For these reasons, we respectfully encourage you to not include the REDUCE Act in further discussions related to the budget reconciliation package due to concerns outlined in this letter. We stand ready to work with Congress to address plastic waste in our environment, but the REDUCE Act fails, first and foremost, to ensure current, limited supplies of PCR resins that can meet food grade standards will be increased substantially, nor does it consider numerous economic variables that will severely harm consumers facing increasing food and beverage costs.

Sincerely,

American Bakers Association
American Frozen Food Institute
Foodservice Packaging Institute
Independent Bakers Association
International Bottled Water Association
National Association of Chemical Distributors
National Association of Convenience Stores
National Grocers Association
National Restaurant Association
Peanut and Tree Nut Processors Association
Western Growers

Cc: Members of the U.S. House of Representatives and Senate

² Who Bears the Burden of Federal Excise Taxes? May 2020. Urban-Brookings Tax Policy Center. Available at: <https://www.taxpolicycenter.org/briefing-book/who-bears-burden-federal-excise-taxes>

³ U.S. Bureau of Labor Statistics, Consumer Price Index. As of September 24, 2021. Available at: <https://www.bls.gov/cpi/>