

**TESTIMONY OF THE
INSTITUTE OF SCRAP RECYCLING INDUSTRIES
BEFORE THE JOINT BUDGET COMMITTEE
OF THE NEW YORK STATE LEGISLATURE
FEBRUARY 14, 2023**

My name is Lawrence R. Schillinger, Government Relations and Compliance Counsel to the New York Chapter of the Institute of Scrap Recycling Industries – ISRI.

New York’s recycling and scrap processing industry provides more than 7,000 good paying skilled jobs with a combined payroll of more than \$500 million and a direct economic impact of nearly \$2 Billion.

The Extended Producer Responsibility (EPR) legislation included in the Governor’s budget proposal and which has also been proposed in past legislative sessions and introduced again this year by Senator Harckham comports with the ISRI Design for Recycling® initiative, which for more than 30 years has encouraged manufacturers to (1) contemplate the end-of-life consequences of manufactured products; (2) adopt manufacturing processes which utilize recycled materials and (3) eliminate the use of hazardous and other materials which impede recycling.

ISRI recognizes the burden created by the presence in residential curb-side recycling programs of post-consumer packaging for which post-consumer markets do not currently exist. Absent market demand, the collection and processing of these recovered materials will **not** lead to increased recycling rates. This is the painful lesson of China’s “National Sword” policy. China developed its own internal circular economy and prohibited the importation of municipal recycling materials, which led in turn to a nation-wide crash of municipal recycling programs in the United States.

One clear motivation to establish an EPR law, therefore, is to generate and drive revenue to municipal recycling programs to provide insulation from commodity market fluctuations.

However, please take the following into your serious consideration. Government funding of municipal recycling programs using EPR revenue will never, in and of itself, lead to an increase of recycling rates. Consumers and taxpayers can subsidize municipal recycling budgets in perpetuity, but if there is no market for the materials collected curbside there will be no recycling.

Therefore, an equally if not more important use of EPR revenue is to provide grants and loans to induce investment in new manufacturing capacity which will utilize post-consumer packaging materials and thereby grow the circular Green Economy.

ISRI respectfully recommends that the bill be amended to earmark a portion of EPR funds for economic development to attract new industries to New York which will utilize the source-separated materials now being processed. Doing so will provide the long-term foundation for successful and sustainable recycling programs.

In this regard, ISRI member companies appreciate that the bill focuses on utilizing and building on existing recyclables processing infrastructure which the recycling and scrap processing sector has already developed to provide essential sustainability services to the manufacturing, commercial and municipal sectors.

A critical component of the EPR bill will establish recycled content targets and standards. Doing so will drive demand for the materials which are collected for recycling, thereby supporting their value as commodities. Government adoption of recycled content standards has long been a policy supported by ISRI to stimulate demand and create a robust market to drive materials back into productive reuse.

Another element of the bill which ISRI supports is embedded in the creation of “eco-modulation fees” to reward companies for creating products suitable for recycling. The EPR legislation comports with the ISRI Design for Recycling® initiative, which for more than 30 years has encouraged manufacturers to (1) contemplate the end-of-life consequences of manufactured products; (2) adopt manufacturing processes which utilize recycled materials and (3) eliminate the use of hazardous and other materials which impede recycling.

There is one specific component of the Governor’s proposal that is problematic, that being the inclusion of commercial waste. Commercial waste and recyclables are managed in an entirely different manner than residential materials, with different collection and processing systems, different contractual relationships, and different economics.

Moreover, please note that New York City – which is estimated to generate approximately 50% of the state’s commercial waste - is in the midst of a long term planning and procurement process to restructure the commercial waste system in NYC by establishing commercial waste zones.

It is not at all clear how an EPR law would function in the context of NYC’s commercial waste zones, or many of the other commercial waste systems in place across the state. It is a mistake to simply add commercial waste without clearly addressing all the implications and without the appropriate input from all the stakeholders.

Lastly, although admittedly it is a political “third-rail”, the other inconvenient truth is that the bottle deposit law – although well intentioned – actually deprives municipal recycling programs of high-value aluminum and plastics, the revenues from which would provide much needed financial support. While not the subject of this EPR proposal, this is an indisputable fact which legislators must acknowledge.

Thank you for the opportunity to share the insights of New York’s recycling industry.