

427 S. Main St. N.
Syracuse, NY 13212
Phone 315-452-6455
Fax 315-452-1643
www.nedairyfoods.org



Full-Service Trade Association Representing Dairy Processors, Manufacturers and Distributors Since 1928

To: Members of the Senate Finance and the Assembly Ways and Means Committee
Chairs: The Honorable Liz Krueger and The Honorable Helene Weinstein
From: Paul M. Harvey, Director of Regulatory Affairs
Date: February 1, 2022
Subj: Part RR of the 2022 Executive Budget Proposal: Extended Producer Responsibility Requirements

Memorandum of Opposition
Part RR of 2022 Executive Budget Proposal
Extended Producer Responsibility Requirements

Northeast Dairy Foods Association, Inc. is a full-service trade association consisting of dairy processors, manufacturers, and distributors who conduct business in the Northeast United States, including New York. Our members are also the customers of dairy producers in the region, including New York.

Our association is **opposed** to Part RR of the 2022 Executive Budget Proposal, which would require packaging manufacturers and food producers to absorb the cost of disposal and recycling of their product containers. These regulations would shift the cost of disposal from state and local municipalities to industries already facing numerous challenges due to fluctuating global markets and workforce shortages, especially due to the ongoing COVID-19 pandemic. We respectfully request a modification to this legislation for the following reasons:

- Part RR of the Executive Budget Proposal does not account for the significant strides the agricultural industry has taken to improve the sustainability of its containers and processes. As an industry, agriculture has taken significant, proactive measures to obtain, secure, and develop quality packaging materials that are already either recyclable or sustainable.

- Many of our members conduct business operations in multiple states bordering New York and throughout the country. Through the enactment of Part RR, conducting business in our neighboring states would significantly increase the cost of business and place dairy products produced in New York at a significant competitive disadvantage both regionally and nationally. Many dairy agriculture brands manufactured in New York State also compete in the national marketplace and costs associated with Part RR would hurt New York dairy product producers not only regionally, but also nationally.

- Requiring food and beverage manufacturers to absorb additional costs would unnecessarily place additional risk on businesses who are already struggling to compete with other present economic factors, such as, historic levels of inflation and transportation costs brought on by both national and international supply chain issues.

Dairy food product producers, as well as other industries within of New York State's agriculture sector, have shown significant willingness to adopt environmentally responsible

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policies and practices. Through the adoption of new techniques and technologies, dairy food producers and processors are keenly aware of the importance of environmental sustainability to continue to provide not only a livelihood for their families, but also those of their communities.

In addition to providing jobs in New York's agriculture sector, dairy food product producers provide critical revenue-generating components to other industries, such as tourism and transportation. Without the dairy industry, many other industries and state residents alike would face significant losses of revenue and sources of income, loss of job opportunities, and would increase dependence on out-of-state suppliers for basic foodstuffs and staples, such as milk, yogurt, and cheeses.

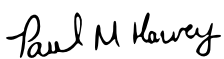
While states like Oregon, Maine, and New Jersey have all adopted similar producer responsibility legislation, all three states have included legislative language that exempts beverage and dairy food producers and processors to varying degrees. Maine and New Jersey, especially, have done so in acknowledgement that agriculture, especially dairy producers, processors, and products, play a vital role in state and national economies. We, therefore, respectfully request language be added to the Executive Budget exempting the beverage and dairy industries from regulations pertaining to the extended producer responsibility requirements.

In addition, domestic capabilities of producing sustainable and environmentally-conscious packaging still lacks a significant footprint in relation to the overall domestic production of packaging and containers in the United States. According to the Environmental Protection Agency, the lack of domestic production combined with the exponential decrease of international exports due to changing international trade policies has left recycling processors with excess material and few prospective buyers. Passing this legislation would exacerbate already significant barriers to manufacturers across New York State.

When crafting this legislation, we ask every consideration be given to the health of vital New York industries, like dairy agriculture, and those who are dependent on it as a way of life. Protecting our economy and our environment is a difficult balance, but it is possible when government and business work together for the common good.

Thank you very much for your consideration of our position.

Respectfully,



Paul M. Harvey
Director of Regulatory Affairs