

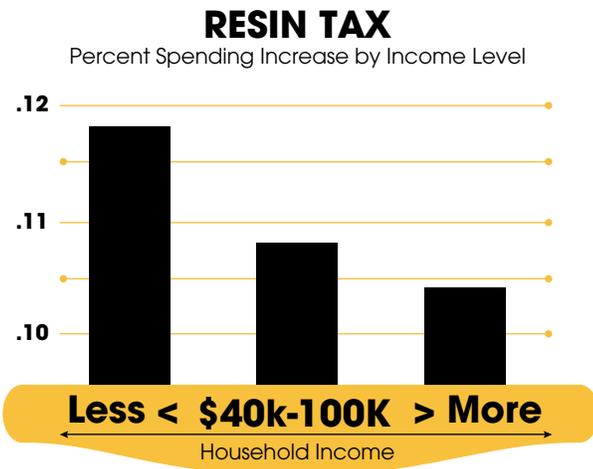


Congress wants to impose a tax on everyday goods made with plastic.

Congress is considering an excise tax that would be levied on plastic resin used to make a variety of everyday products. The REDUCE Act, sponsored by Senator Sheldon Whitehouse (D-RI), would impose a tax of \$.20/lb. on businesses that manufacture or import more than 10 tons per year of virgin plastic resin. The proposal applies an excise tax at the point of manufacture of virgin plastic resin and the intent appears to be to tax “single use plastic,” but unfortunately it would also tax resins that are not used to manufacture “single use plastic.”

The tax would increase every year, rising to \$.24/lb. by 2034 and \$.36/lb. by 2050. Post-consumer recycled resin is excluded, as are certain products such as pharmaceuticals and infant formula. A rebate would be available for plastic resin that is not used in a single-use plastic product.

The plastic tax would hurt low-income households the most. Especially those with an annual income less than \$15,000.



Like most excise taxes, the proposed resin tax is regressive—it would hit lowest income Americans the hardest. A \$.20/lb. tax on single-use plastic resin would raise the prices of goods that make up a larger share of spending for the least wealthy households. This impact gap will widen over time as the tax is raised.

If enacted, the tax would violate President Biden’s pledge not to raise taxes on those making less than \$40,000 per year.

The plastic tax would increase prices for a wide variety of goods and services.

With inflation already high, lower-income families will be hit the hardest.

America's pocketbooks are under attack

In August alone, inflation increased by 5.3%. And with the plastic tax, Americans would see a price increase for a wide variety of items or activities — items for breakfast, lunch and dinner will all go up.

Nationwide, the plastic tax would:

Over 10 years, add \$120 billion in excess cost on items consumers use every day	Create up to a 26% increase in the cost of plastic used in everyday products	Jeopardize nearly 9,000 jobs supported by the plastics industry
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Annually increasing the cost of:

Eating at home \$3.9 billion	Housekeeping supplies \$105 million	Personal care products \$640 million
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Taking a bite out of school lunch programs

More than 30 million children rely on the school lunch program. The plastic tax will raise the cost of the federal school lunch program by \$72 million per year—about \$750 for an average-sized elementary school. This is because school lunches rely on single-use plastic products for packaging and shipping.



The complex rebate system would impose significant costs

Because the tax is imposed on plastic resin, and most plastic resin is not used for single-use plastic products, most of the collected tax revenue will be held by the Federal government until companies apply for and receive a rebate. As a result, this money is not available for companies to use for investment, hiring, R&D, etc. Economists refer to this as the **opportunity cost of capital**.

Annual estimate:

\$600 million
for opportunity
cost of capital

Annual paperwork required to receive the resin rebate would require:

35,000 —————> **24,000**
person-hours would fall on
of labor small business

\$2.6 million —> **\$1.8 million**
cost of this would fall on
paperwork small business