



Protecting America's Paper for Recycling (PAPER) Act – S.1396

- Paper recycling is an essential part of a healthy American economy and a sustainable environment. In 2016, more than 67% of all paper used by Americans was recovered to be recycled, a number likely to exceed 70% by 2020.
- Manufacturers of 100% recycled paper products are especially important to the nation's economy, operating 400 facilities in 43 states, providing an economic footprint in excess of \$150 billion annually, and supporting over 50,000 well-paid jobs throughout the United States.
- These benefits are only possible if recyclable paper is separated from garbage and available as a feedstock for paper mills. Manufacturers of recycled paper products, especially 100% recyclers, rely on recovered paper that has been separated from municipal waste and industrial sources. The availability of commonly recycled paper, therefore, is critical to sustaining and growing this vital American industry.
- In 2012, Congress passed legislation which became law (American Taxpayer Relief Act of 2012), clarifying that the Section 45 production tax credit is not available for the production of energy from municipal waste that includes paper that is “commonly recycled” and that has been segregated from other solid waste. This clarification was intended to ensure that the federal government does not incentivize the burning of paper that should be recycled.
- Unfortunately, some ambiguity in the law means that paper that should be recycled continues to be burned for energy production. Instead of separating paper from waste, as Congress intended in order to be eligible for a tax credit, in some cases paper is being commingled (*i.e.*, mixed) with waste, thereby contaminating the paper and leaving it unusable as a feedstock for recycled packaging and products.
- Absent the clarification sought by this legislation, Section 45 will continue to provide an incentive for this counterproductive and harmful activity.
- This legislation clarifies that the tax credit is not available for waste-to-energy facilities that burn commonly recycled paper that has been segregated from solid waste, or that burn solid waste that has been mixed with garbage, thus coming closer to Congress' original intent for the provision.
- S.1396 was introduced on May 9, 2019 by Senators Stabenow (D-MI), Boozman (R-AR), Isakson (R-GA), Carper (D-DE), Cassidy (R-LA), and Baldwin (D-WI).