

PRRIA: The Hidden Economic Costs

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The Packaging Reduction and Recycling Infrastructure Act (PRRIA) aims to reduce packaging by 30% by 2040 and achieve a 75% recycling rate by 2052 through Extended Producer Responsibility (EPR). While Beyond Plastics projects over \$1.3 billion in waste management savings for New York State, this analysis overlooks critical economic consequences:

1. Cost Shifting, Not Cost Elimination

- PRRIA **reallocates costs** from municipalities to producers
- Evidence from British Columbia shows producer costs exceeding CAD 570/tonne
- Economic theory indicates these costs will largely be **passed through to consumers**
- Research shows over 70% of similar compliance costs are embedded in retail prices

2. Overly Optimistic Performance Targets

- The 30% reduction and 75% recycling targets are among North America's most aggressive
- Even after decades of EPR implementation, British Columbia achieves only 69% recovery
- Recovery of difficult materials (flexible plastics, composites) requires substantial infrastructure investment
- The model fails to account for compliance delays and implementation challenges

3. Regressive Economic Impact

- EPR compliance fees can raise consumer prices on staple goods by 2-6%
- This burden falls disproportionately on lower-income households, who spend over 15% of income on packaged food (vs. 8% for high-income households)
- Unlike EPR systems in France and Germany, PRRIA lacks mechanisms to shield vulnerable consumers

4. Broader Economic Consequences

- Cost shifts can trigger macroeconomic contraction through reduced consumer spending
- With a conservative multiplier of 2.5-3, a \$1 billion annual cost shift could suppress state GDP by \$2.5-3 billion
- Small businesses, particularly in rural and low-income regions, face heightened vulnerability

5. Administrative Burden and Market Distortion

- Regulatory reporting, compliance, and enforcement create substantial overhead costs (8-12% of program expenditure in Ontario)
- Small and medium enterprises face disproportionate compliance challenges
- European experience shows EPR implementation can increase market concentration, reducing competition

6. Municipal Savings May Not Reach Taxpayers

- Property taxes have continued to rise in jurisdictions after EPR adoption
- Municipalities often reallocate freed-up funds to other priorities
- Local governments still bear significant waste management costs under EPR systems

Recommendation: Before proceeding with PRRIA, commission an independent comprehensive economic analysis that includes cost incidence, distributional effects, and macroeconomic impacts to ensure environmental progress doesn't come at the expense of economic equity.