



Shifting the Burden: Why PRRIA's Promised Savings May Come at a Steep Price

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The Packaging Reduction and Recycling Infrastructure Act (PRRIA), introduced by Senator Pete Harckham and Assembly member Deborah Glick, proposes to reduce packaging by 30% by 2040 and achieve a 75% recycling rate by 2052. This legislation would mandate that producers assume financial responsibility for end-of-life management of their packaging, in line with the principles of Extended Producer Responsibility (EPR). In support of PRRIA, the non-profit Beyond Plastics released a report projecting over \$1.3 billion in municipal and private waste management savings for New York State over ten years.

This executive summary presents key findings from a comprehensive economic critique of that report. While the report's projected savings are framed as a win for both the environment and taxpayers, its conclusions rest on a limited analytical framework that fails to consider critical economic dimensions. A full accounting reveals that PRRIA is likely to shift—not reduce—costs, with substantial implications for households, industry competitiveness, and macroeconomic performance.

1. Cost Shifting, Not Cost Elimination

PRRIA represents a reallocation of financial responsibility rather than a reduction in aggregate system costs. Under EPR, producers are required to internalize waste management costs, which they previously externalized to municipalities. These costs include packaging collection, recycling processing, public education, and infrastructure investment.

Empirical evidence from jurisdictions such as British Columbia and Ontario confirms that these producer obligations can be substantial. Recycle BC's 2022 Annual Report, for instance, shows that producers collectively paid over CAD 120 million to manage approximately 210,000 tonnes of packaging—translating to a cost of over CAD 570/tonne (Recycle BC, 2023). In Ontario, transition to full EPR under the Blue Box program is expected to result in an annual producer liability exceeding CAD 330 million (RPRA, 2021).

Economic theory and practical experience suggest that these costs will not be absorbed by producers alone. Incidence theory predicts that in competitive markets, the burden of a tax or regulatory fee is shared based on relative elasticities. Packaged goods—such as food, beverages, and household staples—tend to have inelastic demand, enabling high rates of



cost pass-through. Kinnaman et al. (2020) found that in the case of Japan's container recycling program, over 70% of compliance costs were passed on to consumers via retail price increases.

Ignoring this cost transfer gives the false impression of a net savings. In practice, New Yorkers are likely to see packaging waste costs embedded in consumer prices rather than property taxes—a regressive and less transparent mechanism of cost recovery.

2. Unrealistic Assumptions on System Performance

The Beyond Plastics report assumes New York will achieve a 30% packaging reduction and a 75% recycling rate for remaining packaging materials by 2040. These are among the most aggressive targets in North America, and there is little empirical support for their feasibility within the stated time frame.

For comparison, after nearly two decades of EPR in British Columbia, Recycle BC reports recovery rates of approximately 69% (Recycle BC, 2023), a figure bolstered by container deposit return systems (DRS), which PRRIA does not address. In Europe, even with well-established EPR systems, only a few countries exceed 65% packaging recovery, and these are typically supported by strong regulatory frameworks and extensive public infrastructure (OECD, 2021).⁰

The costs of achieving marginal gains in recovery increase non-linearly as low-hanging fruit is exhausted. For example, recovering flexible plastics and composite materials—common in food packaging—requires advanced sorting and chemical recycling capabilities, both of which are capital intensive and operationally complex. Without corresponding infrastructure investments, mandated targets may remain aspirational.

The model also assumes that behavior changes among consumers and businesses occur promptly and in alignment with the legislation's timeline. However, compliance delays and legal challenges are common during transitions to EPR (Watkins et al., 2017), and no allowance is made in the report for such lags. These oversights render the \$1.3 billion savings projection an upper-bound estimate, with substantial downside risk.

3. Inflationary Pressures and Regressive Cost Burden

A fundamental economic risk of PRRIA is that its cost structure will exacerbate inflation in sectors where price sensitivity is already high. In Lakhan's (2025) modeling, compliance with EPR fees raised consumer prices on staple goods by 2% to 6%. While seemingly



modest in isolation, these increases accumulate across shopping baskets, affecting household budgets disproportionately.

This burden is regressive because lower-income households spend a greater share of their income on packaged consumer goods. According to U.S. Bureau of Labor Statistics data, the lowest income quintile allocates over 15% of spending to food at home, compared to just 8% in the highest quintile (BLS, 2023). Environmental policies with indirect effects on prices must be carefully designed to avoid disproportionately affecting vulnerable populations.

Moreover, the PRRIA legislation does not include offsetting subsidies, rebates, or exemptions to shield low-income consumers from these effects. In contrast, countries like France and Germany include such mechanisms within their EPR frameworks to maintain policy equity (OECD, 2016).

4. Macroeconomic Ripple Effects via the Spending Multiplier

Beyond individual price increases, EPR-induced costs can lead to broader macroeconomic contraction through the consumer spending multiplier effect. A well-established principle in macroeconomics, this multiplier reflects how reductions in consumption reduce aggregate demand, resulting in declines in output, income, and employment (Blanchard & Leigh, 2013).

Assuming a conservative multiplier of 2.5 to 3, an annual cost shift of \$1 billion from producers to households could suppress statewide GDP by \$2.5 to \$3 billion. Lakhani's (2025) model supports this, projecting a \$4 billion annual contraction in economic activity due to reduced discretionary spending across retail, hospitality, and services.

These sectoral impacts are especially concerning in post-COVID recovery contexts, where small businesses remain fragile. As households tighten budgets in response to higher essential goods costs, downstream industries—particularly in rural or low-income regions—may see revenue decline. The Beyond Plastics analysis does not incorporate these multiplier effects, thereby overstating the net benefit of PRRIA.

5. Administrative Overhead and Market Distortion Risks

PRRIA introduces significant regulatory complexity. Producers will be required to collect, audit, and report data on packaging materials; submit compliance fees; and possibly redesign products to meet recyclability criteria. Administrative costs related to oversight,

verification, and enforcement—borne by both government and industry—are excluded from Beyond Plastics’ savings estimate.

In Ontario, administrative costs for the EPR transition are estimated at 8% to 12% of total program expenditure (RPRA, 2021). For producers, these include expenses related to compliance systems, legal consultation, and stakeholder engagement. For government, they involve building regulatory capacity, especially if enforcement is to be equitable and effective.

Furthermore, the compliance burden is not evenly distributed. Large multinationals can leverage economies of scale to absorb reporting and redesign costs. In contrast, SMEs may struggle to finance the administrative workload, and in some cases may exit the New York market entirely. This outcome has been documented in European EPR schemes, where market concentration increased following implementation (Kunz et al., 2018). Such market distortions can stifle innovation, reduce consumer choice, and compromise long-term economic resilience.

6. Fiscal Benefits to Municipalities May Be Overstated

While PRRIA may reduce municipal budget allocations for waste management, the assumption that these savings translate to lower taxes or improved services is not empirically supported. In both Ontario and British Columbia, property taxes have continued to rise post-EPR adoption. Municipalities often reallocate freed-up funds to other priorities such as infrastructure maintenance, policing, or pension liabilities (Lakhan, 2025).

Moreover, municipalities continue to incur costs under EPR systems. These include enforcement, public education, contamination management, and oversight of third-party service providers. In British Columbia, for instance, local governments are still responsible for over 25% of residential waste management expenditures despite a decade of EPR operation (Recycle BC, 2022).

The PRRIA framework does not guarantee that municipal savings will be earmarked for tax relief or redistributed to ratepayers. Without fiscal ring-fencing or rebate mandates, the claim of direct economic benefit to households remains speculative.

Conclusion

The Beyond Plastics report promotes an appealing narrative of environmental progress and fiscal savings, but a detailed economic analysis reveals a more complex—and potentially



adverse—reality. PRRIA does not eliminate packaging waste costs; it redistributes them in ways that may:

- Increase household expenditure through embedded retail prices;
- Disproportionately burden low-income communities;
- Reduce economic output via suppressed consumer spending;
- Introduce regulatory costs and risks that threaten SMEs;
- Deliver municipal savings that do not materialize as tax relief.

Sound environmental policy must be both ecologically effective and economically equitable. PRRIA, as currently proposed, may achieve the former at the expense of the latter. Policymakers should proceed with caution and commission a full independent cost-benefit analysis that incorporates economic incidence, macroeconomic feedbacks, distributional effects, and administrative overhead. Only then can New York develop a packaging policy that is both progressive and pragmatic.

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