

REDUCE Act Myths & Facts Fact Sheet



The Rewarding Efforts to Decrease Unrecycled Contaminants in Ecosystems (REDUCE) Act would impose a \$0.20 per pound fee on the sale of virgin plastic resin that is used to make single-use plastics. Being single-use, such products are routinely disposed of as trash, leaking into nature and polluting our communities.

MYTH: A fee on virgin plastic would create a financial burden for consumers and negatively impact the consumer experience.

FACT: A fee on virgin plastic would put the onus on plastic manufacturers, producers, and importers to fund efforts to curb plastic pollution and incentivize them to reduce virgin material use, increase reuse, and improve recyclability.



This fee would help to hold the plastics industry accountable for the harm that plastic pollution does to communities and the environment, incentivizing companies to do more to reduce plastic waste and thereby reducing the costs of these externalities to consumers and society at large. This fee will only significantly affect companies at the top of the value chain who are producing and selling virgin plastic resin to plastic manufacturers. Additionally, the fee will save taxpayer money on waste management services, pollution cleanups, and other environmental and health costs.

Because utilizing post-consumer recycled plastic for products is currently more costly than using virgin plastic, the fee would level the playing field for recycled plastic products and make environmentally friendly product options more accessible and affordable to consumers. Consumers would still have access to the same products they use now, just made with materials that prioritize waste reduction and promote recycling and reuse.

MYTH: The REDUCE Act would place a fee on all plastic that is produced.



FACT: The REDUCE Act only places a fee on *single-use* plastic that is produced.

The bill places a fee on plastic produced for single-use and offers two methods for companies to receive exemptions. There is an up-front exemption for companies that go through an annual registration process with the Treasury Department and certify that the resin they make will not be used to make single-use products. The IRS would enforce this exemption process, as it does for similar mechanisms in other fee-based regimes. The second is a refund mechanism to ensure that multi-use products are not impacted by the fee. Post-consumer recycled resin would also be exempt.

MYTH: The Plastic Waste Reduction Fund would only fund recycling programs.



FACT: The Plastic Waste Reduction Fund would also drive resources towards plastic waste reduction, plastic pollution remediation, addressing the impacts of plastic pollution on underserved communities, and reuse and refill infrastructure.

Additionally, the REDUCE Act prevents this funding from going towards the use of waste as a fuel or fuel substitute, for energy production, for alternative operating cover, or within the footprint of a landfill. It would also prevent the Plastic Waste Reduction Fund from funding the conversion of waste into certain alternative products, such as chemicals, feed stocks, fuels, and energy, through incineration, pyrolysis, hydrolysis, methanolysis, gasification, or any other similar technology.

MYTH: This plastics fee would harm U.S. companies competing against foreign companies domestically.



FACT: This fee applies to imported resin and plastic packaging so that any company – U.S. or foreign – would be impacted by the fee when selling to the U.S. market.

To ensure that the fee on imported covered items can be collected and enforced effectively, the REDUCE Act applies the fee based on the weight of the entire covered item. This is the case unless the importer can prove that the item is not entirely comprised of taxable virgin plastic resin. The fee will not apply to imported items if the main product itself is something other than single-use packaging (i.e., soda being the main product sold in single-use plastic bottles), so it will not limit our options for importing such products.

MYTH: This plastics fee would harm U.S. companies competing in the international market.



FACT: Exported virgin plastic resin would be exempt from this fee, so the U.S.'s global competitiveness will not be affected.

Many of our largest trading partners have already implemented similar fees on single-use plastics, most of which are greater than the fee that is proposed in the REDUCE Act. For example, the UK and the EU have required member states to pay the equivalent of about \$0.40 per pound of non-recycled plastic waste. The domestic fees that would be enacted by the REDUCE Act would not impact the international sale of goods by U.S. companies.

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