



October 22, 2021

The Honorable Patrick Toomey
248 Russell
Washington, DC 20515

Dear Senator Toomey,

I am writing to you on behalf of the Pennsylvania Chamber of Business and Industry and our members to encourage you to OPPOSE a recent proposal circulated by the Senate Finance Committee staff to enact a “plastics excise tax” on the sale of virgin plastic.

The REDUCE Act, sponsored by Senator Sheldon Whitehouse (D-RI), would impose a tax of twenty cents per pound on businesses that manufacture or import more than 10 tons per year of virgin plastic resin. The tax would increase every year, rising to \$0.24/lb. by 2034 and \$0.36/lb. by 2050. This tax would be used to help pay for the budget reconciliation package but would also increase costs for businesses and consumers. Businesses and consumers are continuing to face rising prices on everything from gas, energy, food, furniture, and housing. Now is not the time to impose this tax.

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

The tax will raise prices across our many products and services that rely on plastic to package, transport, and serve foods and other consumer goods to customers. Plastic reliant products ranging from wind turbines to solar panels and electric vehicles would become more expensive. Nationwide, the tax would add nearly \$3.9 billion to the cost of eating at home, \$105 million to the cost of housekeeping supplies, and \$640 million to the cost of personal care products.

The tax would burden low-income households the most.

Like most excise taxes, the proposed resin tax is regressive—it would hit lowest income Americans the hardest. A \$0.20/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. The biggest impact would fall on households with annual income less than \$15,000 and the smallest impact would fall on households with annual income more than \$200,000. This impact gap between 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 \$400,000 per year.

Consider potential environmental impacts.

Since 29% of US plastic resin production is exported, this tax could shift production of finished plastic products to China and other countries, many of which produce these materials less efficiently and with more emissions.

The complex rebate system would impose a significant paperwork burden.

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 (between \$12.1B-\$15B per year) will be given back in the form of a rebate. Implementing a complex tax rebate system will require significant time and effort on behalf of the government and the private sector—diverting attention from productive activities. For example, the annual paperwork required to report resin production and determine the amount of resin that is not transformed into a covered item would, in the aggregate, take 35,000 person-hours of labor, 24,000 hours of which would fall on small business.

We respectfully ask that you work with congressional leaders to find another revenue stream, one that would not have such devastating impacts on our manufacturers, farmers, and consumers.

Sincerely,

A handwritten signature in black ink, appearing to read "Gene Barr", with a stylized, cursive script.

Gene Barr

President and CEO