



Timely thematic topic: Governmental push for plastics recycling

Focusing on required recyclability, recycled content, and extended producer responsibility

- Fresh state and federal legislation is intentionally focused on plastics recycling and reuse
- Legislation is expected to encourage an expansion of projects related to plastic and waste recycling
- Mandates further drive the historical tailwinds supporting growth in sustainable infrastructure

Background

Businesses are striving to reduce virgin plastic content, particularly in product packaging, while also increasing recycled plastic content. These efforts satisfy a growing demand from consumers for more “circular” products, but can be slow to implement due to economic concerns. Governmental bodies are introducing bills that, if enacted, would mandate more timely progress toward reducing plastics waste and increasing plastics recycling.

California Bills Introduced

1. Senate Bill 54, titled the Plastic Pollution Producer Responsibility Act, would require all single-use disposable packaging and food serviceware sold in-state to be recyclable or compostable by 2032
2. Senate Bill 343 would prohibit packaging manufacturers from labeling products as recyclable unless meeting the State’s recyclability criteria
3. Assembly Bill 881 would prohibit the State from counting exported plastics waste in its recycling calculations, unless designated for ultimate recycling in another country
4. Assembly Bill 478 would set minimum thresholds for the recycled content of thermoform plastic food containers, initially 10% in 2024 and increasing to 30% by 2030
5. Assembly Bill 1371 would phase-out certain single-use plastics in e-commerce shipping to addresses in-state, including film packaging, polystyrene packing peanuts, plastic cushioning, and void-fill materials

Federal Act Re-Introduced:

The Break Free from Plastic Pollution Act of 2020 was re-introduced in March 2021 in the US House and Senate with the addition of Extended Producer Responsibility (EPR). To reduce single-use plastics, improve plastics recycling, and prevent plastics pollution, the ACT would place significant obligations on plastics manufacturers:

- Requiring producers to design, manage, and finance waste and recycling programs;
- Requiring producers to make reusable and recyclable products; and
- Establishing minimum recycled-content requirements for new plastics products.

Why this matters?

The legislative focus on plastic waste streams would help California achieve its policy goal to reduce, recycle, or compost at least 75% of solid waste generated annually. The introduction of Extended Producer Responsibility would be a strong Federal inducement to develop improved plastics recycling processes and new facilities.

How to invest?

Ecofin directly sources private investments into project companies that recycle waste plastics and invests in select listed companies involved in this sector. Ecofin offers access to these types of investments through a variety of vehicles including SMAs, private funds, mutual funds and an interval fund.

This commentary contains certain statements that may include “forward-looking statements.” All statements, other than statements of historical fact, included herein are “forward-looking statements.” Although Ecofin believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect; actual events could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors. You should not place undue reliance on these forward looking statements, which speak only as of the date of this publication. Ecofin does not assume a duty to update these forward-looking statements. The views and opinions in this commentary are as of the date of publication and are subject to change. This material should not be relied upon as investment or tax advice and is not intended to predict or depict performance of any investment or any fund managed by Ecofin. This publication is provided for information only and shall not constitute an offer to sell or a solicitation of an offer to buy any securities.