



## Packaging waste and cost reduction act

The Packaging Waste and Cost Reduction Act creates an **extended producer responsibility (EPR)** program for packaging and paper products statewide. EPR policies incentivize more sustainable design and hold producers responsible for reducing the environmental impacts of the items they produce and managing them throughout the entire life cycle. Since 2019, over a dozen states have introduced legislation. The first four laws in the U.S. passed in Maine and Oregon in 2021 and in Colorado and California in 2022. In 2024, **Minnesota became the fifth state to pass EPR for packaging.**

### What materials are covered?

Program requirements apply to packaging and packaging components, food packaging, and paper products sold, offered for sale, distributed, or used to ship a product within or into Minnesota, including online purchases and shipments (“covered materials”).

- **Packaging** – materials to transport, market, protect, or handle a product
- **Food packaging** – materials to market, protect, handle, deliver, serve, contain, or store food and beverages
- **Paper products** – products made from wood or cellulosic fibers

#### Exempt materials include:

- Packaging:
  - For infant formula;
  - For medical food;
  - For a fortified oral nutritional supplement used by a person who requires supplemental or sole source nutrition due to special dietary needs related to cancer, chronic kidney disease, diabetes, malnutrition, or failure to thrive;
  - For a product regulated as a drug or medical device by U.S. FDA, including components and consumable medical equipment;
  - For medical equipment or a product used in medical settings that is regulated by the U.S. FDA, including components and consumable medical equipment;
  - For drugs, biological products, parasiticides, medical devices, or in vitro diagnostics that are used to treat, or that are administered to, animals and are regulated by the U.S. FDA or USDA;
  - For products regulated by the U.S. EPA under the Federal Insecticide, Fungicide, and Rodenticide Act;
  - Used to contain liquefied petroleum gas and designed to be refilled;

- Used to contain hazardous or flammable products regulated by OSHA Hazard Communication Standard;
- For paint that is being collected and properly managed through an approved paint stewardship plan/program;
- Paper products:
  - That are bound books;
  - That are deemed unsafe or unsanitary to handle by recycling and composting facilities;
  - Used for a newspaper's print publications, including supplements or enclosures, that include content derived from primary sources related to news and current events;
  - Used for a magazine's print publication that has a circulation of less than 95,000 and that primarily includes content derived from primary sources related to news and current events;
- Packaging or paper products used to contain a product that is distributed to a commercial or business entity for the **production** of another product, without being sent to another entity or consumer (business-to-business exemption).

Examples of the business-to-business exemption:

1. Grain bulk bag

- The bag producer distributes bulk bags to a grain producer.
- The grain producer puts grain in the bulk bags and distributes the grain to the cereal company.
- The cereal company uses the grain to produce cereal.

The bulk bag never goes to another person other than the cereal company. The bulk bag is exempt.

2. Gaylord box

- The box producer distributes gaylord boxes to the raw cotton fabric producer.
- The raw cotton fabric producer puts the fabric in the gaylords and distributes the fabric to a t-shirt company.
- The t-shirt company uses the fabric to produce and distribute t-shirts.

The gaylord box never goes to another person other than the t-shirt company. The gaylord box is exempt.

## How will this benefit all Minnesotans?

- ✓ **Less packaging overall and toxicity reduction.** More sustainable options (refill and reuse) result in overall reduction in packaging materials manufactured and marketed, plus more efficient use of durable packaging. The program will also incentivize more sustainable design through eco-modulated fees that prioritize reducing impacts on the environment and human health, notably through waste and toxicity reduction of covered materials.
- ✓ **More packaging that is refillable, reusable, recyclable, and compostable.** All covered materials must be refillable by the consumer, reusable, recyclable, or compostable by 2032. Today, a lot of items are single-use and disposable (e.g., multilayer plastic packaging); even if Minnesotans wanted to, they could not easily refill, reuse, recycle, or compost these covered materials.
- ✓ **More curbside collection and places to recycle.** Curbside services for recyclables and compostables will be expanded where they're currently limited or unavailable, and there will be more options, such as drop-off locations, for materials that are best collected through other methods. Some Minnesotans have limited or no access to these services and others do not have places to drop off recyclable or compostable materials that cannot be picked up curbside.
- ✓ **Reduced costs.** Producers will reimburse service providers for at least 90% of the cost of activities directly related to the refill, reuse, recycling, or composting (e.g., collection, transportation, sorting,

preparation, etc.) of covered materials for covered entities, which includes single and multifamily housing, local governments, schools and childcare, and most nonprofits. This reduces what residents, local government, and others must pay.

- ✓ **Expanded infrastructure and jobs.** Producers will invest in infrastructure and responsible markets, resulting in more green jobs and business development related to collecting and managing covered materials.
- ✓ **Investment in education and clear standards.** The program includes public education to help people know what packaging is refillable, reusable, recyclable, or compostable and collection lists so Minnesotans can recycle and compost the same items throughout the state.

## How does the program work?

**Producers** – generally the product brand owner, manufacturer, or importer (the MPCA will provide additional guidance on the definition and applicability) – will become members of a Producer Responsibility Organization (PRO) and collectively cover the costs of the program by paying annual fees that are eco-modulated to incentivize more sustainable design of their covered materials.

**Service providers** are any organization, including local governments, that provide or contract for collection, transfer, transportation, sorting, processing, recovering, preparation, or any other activity directly related to the refill, reuse, recycling, or composting of covered materials.

The **needs assessment** will gather important information to inform the program, including but not limited to:

- Covered materials in Minnesota and their current management;
- Processing capacity at drop-off collection sites, transfer stations, and recycling facilities;
- Proposals for a range of outcomes for covered materials (i.e., waste reduction, reuse and return rates, recycling rates, composting rates, postconsumer recycled content)
- Recommended collection methods;
- Proposed measures for tracking progress;
- Options for third-party certifications to be incorporated into the program;
- Investments needed across Minnesota to increase waste reduction, reuse, recycling, and composting.

**Covered entities** are the places where the PRO must ensure collection services are available and meet optimal convenience for a collection method and material type. Covered entities are defined as all single-family and multi-family dwellings, schools and locations providing childcare, non-profits with an annual revenue of less than \$35M, and government buildings and public spaces.

The program is guided by a **stewardship plan** that draws heavily on the needs assessment, outlining how the PRO will provide collection services and establish reimbursement rates, outreach and education, infrastructure investments, and market development to meet statewide requirements for waste reduction (including refill), reuse, recycling, composting, and use of postconsumer materials in new production.

Two **collection lists** will summarize statewide collection requirements for covered materials that the PRO must ensure are met:

- The **curbside recyclables and compostables list** includes covered materials that must be collected through a commingled or mixed recycling stream and covered materials accepted by all compost sites or facilities that manage source separated organic materials (organics). Collection of items on this list must be done at an optimal level of service and convenience, at a minimum, where collection services are available for mixed municipal solid waste.
- The **alternative collection list** includes materials that must be collected through a separate system of collection that may include drop-offs, retail returns, or other systems that are accessible, convenient, and demonstrate they meet similar recycling or return rates as the curbside lists.

The MPCA must establish **statewide requirements** for covered materials and the dates they must be met for:

- Recycling rate,
- Composting rate,
- Reuse rate,
- Return rate,
- The percentage of covered materials introduced that must be reduced; and
- The percentage of postconsumer recycled content that covered materials must contain, including an overall percentage for all covered materials, as applicable.

As a part of the stewardship plan, the PRO must establish more granular **performance targets** for covered materials that drive continual progress towards the overarching statewide requirements.

## Who oversees the program?

The **Minnesota Pollution Control Agency (MPCA)** is responsible for:

- Gathering the initial data for program development through a preliminary assessment and the needs assessment (repeated every five years),
- Establishing statewide requirements the PRO must meet for waste reduction (including refill), reuse, recycling, composting, and use of postconsumer materials in new production,
- Developing collection lists for “commingled” recycling, composting, and alternative collection/recycling,
- Reviewing and approving the PRO stewardship plan (revised every five years) and annual reporting that tracks program progress and outcomes,
- Approving the selection of independent auditors to perform annual financial audits of the PRO,
- Approving covered material exemptions if a specific federal or state health and safety requirement prevents the material from being reduced or made reusable, recyclable, or compostable, and
- Ensuring program compliance and enforcement, including prohibiting the sale of products by producers who are not compliant.

The **Producer Responsibility Organization** also known as PRO will be responsible for:

- Implementing the program on behalf of producers,
- Developing stewardship plans (revised every five years) and annual reports that track program progress and outcomes,
- Collecting producer fees,
- Reimbursing service providers for collection, transfer, processing, administrative costs, and refill and reuse, and
- Providing technical assistance to producer members, ensuring they collectively meet statewide requirements and performance targets.

An **Advisory Board** is responsible for:

- Reviewing all program documentation, including the stewardship plans and annual reports, and
- Providing program guidance and recommendations to the MPCA and PRO.

# What is the general timeline?

## Phase 1: Building the foundation

- **MPCA staff hiring and preparation** – developing agency structures to support the program, building data systems, Advisory Board appointment notices, budgeting of costs and development of RFPs for needs assessments, and other implementation tasks
- Jan 1, 2025 • **Appointment of the initial PRO by producers** – 501(c)(3) non-profit organization responsible for carrying out the duties of the act and coordinating producers, the PRO's members and funders
- **Appointment of the Advisory Board by MPCA** – key sounding board for the MPCA and PRO, providing a critical link for non-producers to the process
- **Registration of service providers with MPCA** – entities involved with collecting, transferring, transporting, sorting, processing, recovering, preparing, or otherwise managing covered materials for refill, reuse, recycling, and composting
- Mar 1, 2025 • **First Advisory Board meeting**
- Jul 1, 2025 • **Producers must be registered members of the PRO**
- Dec 31, 2025 • **Preliminary assessment completed by MPCA** – initial data to start developing the first stewardship plan
- Dec 31, 2026 • **Needs assessment completed by MPCA** – critical data to inform the first stewardship plan (e.g., evaluation of current systems, proposals for a range of outcomes to accomplish, proposals for measurement, evaluation of third-party certifications, investment proposals, etc.), identifying challenges and opportunities to advance sustainable management of covered materials; needs assessment completed every five years in advance of the next stewardship plan

## Phase 2: Establishing the structure

- Jul 1, 2028 • **Establishment of the curbside recyclables and compostables and alternative collection lists by the MPCA** – MPCA sets standardized statewide collection of covered materials at curbside or comparable to MSW collection, plus 'alternative collection' systems that are not curbside and meet convenience and accessibility standards set in the law
- (date not set in statute) • **Establishment of the statewide requirements for waste reduction, reuse, recycling, composting, and recycled content rates by the MPCA** – MPCA sets the bar for what the stewardship plan and PRO, on behalf of producers, must accomplish
- Oct 1, 2028 • **First stewardship plan by the PRO due to the MPCA** (includes 120 days for review and public comment) – details how the program and statewide requirements will be met; updated stewardship plan submitted every five years

## Phase 3: Implementing change and tracking progress

- **Implementation of stewardship plan** – fund infrastructure investments, expansion of services and collection, investments in responsible market development, provide technical assistance and education, design modifications by producers, etc.
- Jan 1, 2029 • **Producers must enter into an agreement with the PRO** – must be operating under an approved Plan to introduce covered materials
- Feb 1, 2029 • **Program cost reimbursement begins by PRO** – 50% reimbursement of program costs
- Feb 1, 2030 • 75% reimbursement of program costs
- Feb 1, 2031 • at least 90% reimbursement of program costs
- Apr 1, 2029 • **First annual report submitted by the PRO to the MPCA**, and annually thereafter
- Oct 15, 2031 • **First report to the Legislature by the MPCA** – report must be completed every two years
- Jan 1, 2032 • **Elimination of packaging and paper products that are not refillable, reusable, recyclable, or compostable** – producers and the PRO must ensure covered materials are refillable and supported by a refill system, reusable and supported by a reuse system, recyclable, and/or compostable
- **Contract for additional studies by the MPCA** – workplace conditions and equity study; covered materials pollution and clean-up study