

Regulation and Recycling:

The Impact of Initiative #19-0028A1 on Direct and Indirect Cost Increases for Consumers, Businesses and the California Workforce

As part of its ongoing mission to identify and analyze policies driving up the cost of living and impacting the state's business climate, the Center for Jobs and the Economy undertook an in-depth analysis of Initiative #19-0028A1 to better understand its economic impacts for businesses, jobs and direct and indirect costs to consumers.

Key Findings

\$901 per year in higher costs for consumer goods for a family of four

- The total increased annual costs will be \$8.9 billion accounting for higher taxes and increased regulatory burdens.
- This is the equivalent of \$901 per household of four, paid directly and indirectly, through higher costs for most of the goods they buy like food packaging, diapers, and other consumer materials.
- The measure's higher costs are on top of the estimated \$567 per year per household of four paid now for current local and state recycling programs.

\$4.3 billion tax increase is one of the largest in recent history

- The total annual tax burden imposed by the 1 cent tax on single-use plastic packaging will be \$4.3 billion. Unlike the recent tax increase approved under Prop. 55—which only applies to high-income individuals—every household will pay the costs of this measure.
- This will likely impose a disproportionate impact on low-income families already facing rising costs due to high inflation.

Doubles what Californians pay now for recycling, yet unlikely to achieve state's goals

- The measure expects California households and businesses to spend another \$8.9 billion on top of the estimated \$5.6 billion they already spend each year on recycling programs.
- Despite doubling what Californians pay now, it is unlikely to increase plastic recycling enough to meet the state's current recycling diversion goal of 75%. Additionally, only about 30% of tax proceeds will go towards recycling & reducing plastic packaging.

Directly affects more than 40,000 jobs in California

- In 2019, 40,159 wage and salary workers were employed by the packaging industry in California, with an average annual salary of \$60,271. Workers employed in this industry include a substantially larger share of Latino workers than others (56.5% vs. the state-wide average of 35.5%) and a larger share of workers with only a high school degree or less (51.2% vs. 37.9%).
- The measure's mandates and added costs for consumers will likely result in a contraction of these good-paying jobs as households shift their consumption patterns and experience a decline in their disposable incomes.

Read the Report at www.centerforjobs.org/ca