

# How California's EPR Packaging Law May Affect Converters



New law sets ambitious goals for plastic reduction and recycling, helping transition the state to a circular economy.

By January 1, 2025, California will promulgate rules for its new extended producer responsibility (EPR) packaging law. With a goal of slashing the amount of single-use plastic sold in the state by 2032, the new law likely will have a significant effect on packaging for many CPG brands. Here's a breakdown of the new law and what it might mean for the converters who support those brands.

## California is taking big steps toward circularity

If it were a country, California would have the fifth-largest economy in the world. So, what happens in the state's business and regulatory environment is virtually impossible for big brands to ignore. This includes California's Senate Bill (SB) 54, also known as the EPR packaging law.

	Percentage reduction of single-use plastics and foodware	Percentage of plastics that must be recyclable	Percentage of plastics that must be compostable
2027	10%		
2028		30%	
2030	20%	40%	
2032	25%	65%	100%

Although (SB) 54 is a California law, it is virtually impossible for big brands to isolate what they sell within a single state. For that reason, we can expect the EPR law to affect products sold across the country.

### Finalized rules are pending

SB 54 itself does not explain exactly what will be expected of companies that do business in California, but the picture has started to come into focus with the state's release of additional information within the last year. This includes draft rules that outline producer responsibilities and a covered materials category (CMC) list of materials likely to be impacted by these rules. The state has made these and other related materials available for review.

The draft rules were subject to public comment in early 2024, and are now heading towards finalization. The deadline for finalization is January 1, 2025.

### Implementing the EPR law: The role of the PRO

The state has also chosen Circular Action Alliance (CAA) as the EPR's Producer Responsibility Organization (PRO). This non-profit represents the CPG industry and includes major brands such as Amazon, Coca-Cola, General Mills, Nestle, PepsiCo, P&G, Unilever, and others. CAA's role is to shoulder the implementation costs of the EPR and ensure the key dates outlined above are met.

All producers of single-use plastic packaging and foodware sold in the state are required to join CAA and contribute toward a \$500 million fee paid by the PRO to the state for the decade starting in 2027. This money will be placed in the state's Plastic Pollution Mitigation Fund and used to fund EPR initiatives.

CAA is performing a similar function in other states with approved EPR programs, including Colorado, Maine, Maryland, and Oregon. Meanwhile, ten other states — Hawaii, Illinois, Massachusetts, Minnesota, New Hampshire, New York, New Jersey, Rhode Island, Tennessee, and Washington state — all have pending EPR legislative bills.

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### Label and packaging converters may play a crucial role

Until the EPR rules are finalized, any discussion of what companies will specifically need to do to continue selling their products in California remains speculative

Nevertheless, it seems likely that the EPR law will significantly affect CPG brands and the label and packaging converters that support them. Brands may, for instance, need to explore packaging redesigns and specification of new materials to help them comply. They would almost surely lean on their label and packaging converters for design guidance, R&D needs such as prototyping and testing, and production.

### Avery Dennison is prepared to support you

What's known for certain is that Avery Dennison is prepared to support you. Our Sustainable ADvantage portfolio includes hundreds of label and packaging solutions designed to help brands use less material, use more recycled and responsibly sourced material, and make their packaging more recyclable or compostable. Sustainable ADvantage makes it easy to improve the environmental impact of packaging without sacrificing performance and, in many cases, at price parity.

Contact your Avery Dennison representative to learn more about ways we can support your business as California and other states transition to a more circular economy.