

**SFA**

BILL ANALYSIS

Senate Fiscal Agency

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House Bill 4711 (as reported with amendment)

Sponsor: Representative James A. Kosteva

House Committee: Conservation, Recreation, and Environment

Senate Committee: Natural Resources and Environmental Affairs

Date Completed: 5-30-89

**RATIONALE**

Public Act 414 of 1988 established a labeling code requirement for certain plastic resins to allow recyclers and others to determine the resins used in plastic containers. Most people agree that the establishment of a labeling system is a positive development for the recycling industry. There are two corporations (PET Inc. and PBC Container Corp.), however, that object to the labeling system that many states, including Michigan, have developed for the plastic resin polyethylene terephthalate. PET and PBC hold the trademark for use of the letters "PET". It reportedly is the position of the PET corporation that the abbreviations "PET" or "PETt" could infringe upon or dilute its trademark, trade, and corporate name. An agreement between the Society of the Plastics Industry, Inc. (SPI) and PET to change the plastics labeling code for polyethylene terephthalate to "PETE" reportedly has resulted from a threat that PET would pursue a lawsuit concerning the current code requirement. Other states that have enacted resin code labeling requirements reportedly are modifying their laws accordingly.

In addition, some plastic products are too small to be able to comply with the Act's size requirements for the code. Some have suggested specifically allowing a smaller label to be used.

**CONTENT**

The bill would amend Public Act 414 of 1988,

which requires that the resin used to produce a plastic container be indicated on the product's label beginning January 1, 1992, to change the labeling code for polyethylene terephthalate from "PETt" to "PETE". The Act also requires the coded label to consist of a triangle with the resin's code at the bottom of the triangle and its corresponding number in the triangle's center. The bill specifies that the triangle would have to be equilateral and formed by three arrows whose midpoints were at the point of the triangle, and would have to depict a clockwise path around the code number. In addition, the Act requires that the numbers and letters used on the label be at least one-half inch high and appear on the bottom of the product. The bill would require, instead, that the triangle of arrows be at least one-half inch high, or, if the product were too small to meet that requirement, that a similar label that could be read easily be used. The bill would require the code to appear on or near the bottom of the product.

MCL 299.481 and 299.482

**SENATE COMMITTEE ACTION**

The Senate Committee on Natural Resources and Environmental Affairs adopted an amendment to the bill that would allow the arrowed triangle that is the symbol for recycling to be smaller than one-half inch if the product were designed so that a triangle of that height could not be added to the product.

H.B. 4711 (5-30-89)

## **FISCAL IMPACT**

According to the Department of Natural Resources (5-2-89), the bill would have no fiscal implications for the State.

## **ARGUMENTS**

### **Supporting Argument**

The labeling of plastic containers for the identification of plastic resins is an important component of the recycling effort in Michigan. The system makes recycling easier by enabling recyclers to identify exactly which materials they are using. Once recyclers know which materials they are handling, they can more accurately determine how to recycle plastics. The bill would keep Michigan's labeling law consistent with the labeling laws of other states and recommendations by SPI. In addition, the bill would help the State avoid potential trademark suits from PET Inc. and PBC Container Corp.

### **Supporting Argument**

By allowing the recycling symbol to be smaller than one-half inch on some products, the bill would make it easier for certain plastic products to comply with the Act's labeling requirement.

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### **H8990/S4711A**

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.