

ISRI announces opposition to 'black liquor' federal tax

Oct. 28 -- The Institute of Scrap Recycling Industries, a trade group, is coming out in opposition to the controversial "black liquor" federal tax incentives being used by some companies in the paper industry.

Virgin paper manufacturers are qualifying for an alternative energy tax credit by using the so-called "black liquor" byproduct of papermaking as a fuel.

But mills that use recycled paper to make new paper do not qualify for the tax credit because their manufacturing process does not create the byproduct, which contain wood residues.

"ISRI strongly opposes the black liquor tax incentives unintentionally afforded to virgin paper mills. à This issue is of great concern to paper recyclers who have indicated the black liquor tax credit impedes paper recycling by providing paper mills that utilize virgin materials a competitive advantage over mills that utilize recovered fiber (recycled paper) in paper production," said ISRI President Robin Wiener in a letter to U.S. Sens. Max Baucus and Charles Grassley, members of the Senate Finance Committee.

Virgin paper companies have been using the byproduct for years as a fuel source, but only recently were able to gain tax credits for its use through a provision in the 2005 highway bill, ISRI said.

ISRI believes the black liquor tax credit impedes paper recycling by providing paper mills an incentive to use virgin materials.

Contact Waste & Recycling News senior reporter Jim Johnson at 937-964-1289 or jjjohnson@crain.com