

Plastic Bag Tax Ordinance

City Council Legislative Meeting
September 14, 2021



Plastic Bag Tax Background

- Virginia Code §58.1-1745 allows by adopted ordinance, the City to impose a 5-cent tax for plastic bags by retailers in **grocery stores, convenience stores, or drugstores.**
- The state Tax Commissioner is “to collect, administer, and enforce” the tax in essentially the same manner that the retail sales and use tax is collected, administered, and enforced.
- Localities must submit ordinance to the state three (3) months prior to effective tax date.
- State law provides in part that the “Tax Commissioner shall develop and make publicly available guidelines implementing the provisions of this article.”



Plastic Bags & Exemption

- 5 cent fee for each **disposable plastic bag**
- Paper bags not included
- Plastic Bags exempt:
 - Durable plastic bags intended for **reuse**; at least 4 mils
 - Plastic bags solely used to wrap, contain, or package:
 - Ice cream, meat, fish, poultry, produce, unwrapped bulk food items, or perishable food items to avoid damage/contamination
 - Plastic bags for **dry cleaning** or **prescription drugs**
 - Multiple plastic bags sold in packages for **garbage; pet waste; leaf removal**



Retailer Discount & Revenue Use

Retailer Discount

- 1/1/21 – 1/1/23 – retailer allowed to retain 2 cents
- Beginning 1/1/23 – retailer allowed to retain 1 cent
- Retailer that retains shall account in form of deduction when submitting tax return and paying amount due in timely manner

Tax Collection

- Tax would be collected by the state in the same manner as Sales Tax is collected.
- Once direct costs incurred by the state Department of Taxation are reimbursed, the State Comptroller distributes revenue to the City according to the Sales Tax schedule.
- **Estimated annual revenue:** \$50,000, but ultimately depends on consumer shopping behavior.

Revenue Use

- Environmental **cleanup**
- Providing **education programs designed to reduce** environmental waste
- Mitigating **pollution and litter**
- Providing reusable bags to recipients of Supplemental Nutrition Assistance Program (**SNAP**) or Women, Infants, and Children Program (**WIC**) benefits



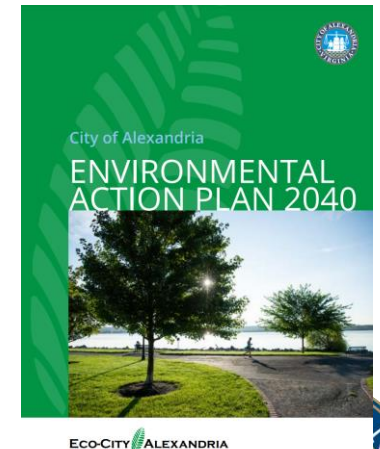
State Guidelines

- State issued final implementation guidelines on September 1, 2021.
- The state's public comment period for final guidelines will be September 27 – October 27, 2021.
- The state does not anticipate making any changes to the final guidelines. The planned effective date is October 28, 2021.
- Fairfax County Board is considering the plastic bag ordinance with a draft effective tax date of January 1, 2022.
- Proposed ordinance mirrors state law and effective tax date is January 1, 2022.



Outreach to Public and Retailers

- 2017: Discussed in WasteSmart and Environmental Action Plan
- 2019-20: Plastic bag tax was included in City's Legislative Packages
- 2021: Dedicated website with FAQs, feedback form, virtual webinar
- Letters sent to 115 grocery, drug and convenience stores
 - Main theme from retailers: Concerns that residents would not want to pay tax and requests for outreach (graphics and signs)
- Staff has been working closely with other Northern Virginia localities
- Once the ordinance is adopted, staff will develop and share outreach resources to stakeholders and host reusable bag distribution events to SNAP/WIC beneficiaries to address equity



City Council Action

September 14: Introduction and First Reading

September 18: Public Hearing, Second Reading and Final Passage

THANK YOU/QUESTIONS?

