

Committee: T&E Committee Review: At a future date Staff: Ludeen McCartney-Green, Legislative Attorney Purpose: To introduce agenda item – no vote expected

SUBJECTS

Bill 24-24, Taxation – Paper Carryout Bags and Prohibition on Plastic Carryout Bags ("Bring Your Own Bag")

- Lead Sponsor: Council Vice President Stewart
- Co-Sponsors: Councilmembers Sayles, Glass, Fani-González, and Jawando

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

• N/A

DESCRIPTION/ISSUE

Bill 24-24 would :

- (1) prohibit plastic carryout bags provided by a retail establishment with certain exceptions;
- (2) require a tax on paper carryout bags at the point of sale with certain exceptions;
- (3) exempt recipients of food assistance programs from the carryout bag tax;
- (4) remove a certain threshold for when taxes must be remitted to the County;
- (5) modify the reporting requirements for remittance of the carryout bag tax;
- (6) clarify that certain conduct by a retailer is prohibited; and
- (7) generally amend County law related to the excise tax on carryout bags.

SUMMARY OF KEY DISCUSSION POINTS

• N/A

This report contains:

Staff Report	Pages 1-4
Bill 24-24	© 1
FAQ provided by Office of Councilmember Stewart	© 11

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Agenda Item#5D October 15, 2024 Introduction

M E M O R A N D U M

October 10, 2024

TO: County Council

FROM: Ludeen McCartney-Green, Legislative Attorney

SUBJECT: Introduction: Bill 24-24, Taxation – Paper Carryout Bags and Prohibition on Plastic Carryout Bags ("Bring Your Own Bag")

Bill 24-24, Taxation – Paper Carryout Bags and Prohibition on Plastic Carryout Bags, also known as, Bring Your Own Bag, sponsored by Lead Sponsor Council Vice President Stewart and co-sponsored by Councilmembers Sayles, Glass, Fani-Gonzalez, and Jawando is scheduled to be introduced on October 15, 2024. A public hearing will be scheduled for a later date.

Bill 24-24 would :

- (1) prohibit plastic carryout bags provided by a retail establishment with certain exceptions;
- (2) require a tax on paper carryout bags at the point of sale with certain exceptions;
- (3) exempt recipients of food assistance programs from the carryout bag tax;
- (4) remove a certain threshold for when taxes must be remitted to the County;
- (5) modify the reporting requirements for remittance of the carryout bag tax;
- (6) clarify that certain conduct by a retailer is prohibited; and
- (7) generally amend County law related to the excise tax on carryout bags.

PURPOSE

The purpose of this bill is to advance protections for environmental and human health by prohibiting carryout plastic bags in the County. According to the FAQ, see page ©11, plastic bags take more than 1,000 years to decompose. As the plastic breaks down, microplastics are leached into our soil and water, which impacts human health and animals that encounter plastics become at risk. The bill seeks to promote a culture that encourages individuals to bring their own bag, as a result, it would reduce litter; plastic waste in the County waterways; and support a cleaner, healthier future.

BACKGROUND

Pursuant to state law, local jurisdictions with general taxing powers (e.g., Baltimore City, Baltimore County, Prince George's, and Montgomery County) have the authority to levy a bag fee. On January 1, 2012, the County law went into effect, requiring a 5-cent tax on paper and

plastic carryout bags provided to customers at a retail establishment.¹ A retail establishment is defined as any person engaged in the retail sale of goods, which included a supermarket, convenience store, shop, service station, restaurant, and any other sales outlet where a customer can buy goods. A retailer may retain 1-cent of the bag tax to cover administrative costs.

The revenues collected from the bag tax are deposited into the County's Water Quality Protection Charge fund, which is used for County environmental programs, anti-litter programs, stormwater management, and other watershed restoration initiatives.

The Office of Inspector General (OIG) conducted an investigation to determine the effectiveness of the legislation and whether the County was receiving carryout bag tax payments from all retail establishments required to remit payment. The report identified several findings regarding the and recommendations. See the report for more details: OIG Publication #23-15:<u>https://www.montgomerycountymd.gov/OIG/Resources/Files/PDF/IGActivity/FY2023/OIG2</u>3-15.pdf

Laws in Other Jurisdictions

There are several jurisdictions that have adopted legislation to charge an excise tax for carryout bags. More specifically the following increased the bag tax to \$0.10 per bag – Prince George's, Anne Arundel, and states such as California, Vermont, Connecticut, Colorado, and Delaware.

Federal rules prevent Supplemental Nutrition Assistance Program (SNAP) or Women, Infants, and Children Program (WIC) benefits from paying any non-food fees or taxes (other than the sales tax on food), so unless exempted from the tax, SNAP/WIC recipients would have to pay the bag tax out of their own pockets. There are several states that exempt recipients of food assistance benefits from the carryout bag tax - Fairfax County, VA; Chicago, IL; CA; CO; NY; OR; and WA. See additional jurisdictions on page © 12.

BILL SPECIFICS

First, Bill 24-24 would repeal the 5-cent tax on plastic bags and implement a **ban on plastic carryout bags** provided by a retail establishment at a point of sale, pickup, or delivery, with certain exceptions. The **exceptions where a plastic bag would be permitted**, include:

- for a prescription drug;
- a newspaper bag or bag intended for garbage, pet waste, or yard waste;
- at the point of sale of a seasonal event, such as a farmers' market, street fair, or yard sale;
- to package bulk items, including fruit, vegetables, nuts, grains, candy, ice, or small hardware items;
- for garments or dry-cleaned clothes, including suits, jackets, or dresses;
- to wrap a perishable item, including meat or fish, or unwrapped prepared foods or bakery goods; or

¹ The Council adopted Bill 8-11, Taxation - Excise Tax Disposable Carryout Bags on May 3, 2011. Section 52-

• a bag used to take live fish, insects, mollusks, crustaceans, or amphibians away from the retail establishment.

Any plastic bag provided to a customer by a retailer that is not reusable is considered a plastic bag and is prohibited. The bill defines "reusable bag" as a bag with stitched handles specifically designed and manufactured for multiple reuses and is made of: (1) cloth or other washable fabric; or (2) a durable material suitable for multiple re-use that is not made of plastic film.

Second, a retail establishment must charge and collect a **10-cent bag tax for each paper carryout bag** provided to a customer, with certain exceptions. The **bag tax does not apply** to the following uses of paper carryout bag:

- if it contains a prescription drug;
- to wrap live fish, insects, mollusks, or crustaceans;
- for any leftover food from a restaurant;
- prepared food provided at a drive-through window of a restaurant;
- prepared food provided at a mobile food truck; or
- for food delivery that is collected by a third party delivery service to carry the purchased item.

Third, the law requires that business that are subject to assessing the tax must:

- exempt the tax for a paper carryout bag provided to a customer who used SNAP or WIC benefits;
- post a notice that advises customers to bring reusable carryout bags or to skip the bag, but if a paper carryout bag is provided by the retailer the bag is subject to the 10-cent tax;
- indicate on the customer's receipt the number of paper bags provided and the total charge;
- allowed to retain 5-cents of the 10-cent tax to cover any administrative and implementation costs;
- remit the taxes collected to the County every quarter;
- comply with reporting requirements, especially for retailers with several locations in the County; and
- not misrepresent, advertise, hold out, collect, or state to the public or to a customer, directly or indirectly, an amount that exceeds 10-cents.

A violation by a retail establishment is considered a Class A violation: the first violation is \$500, and the second violation is \$750. The first offense will be a written warning. The County Attorney may enforce this Section through legal proceedings.

The effective date of the prohibition on plastic carryout bag is July 1, 2025, and applies to all municipalities in the County.

This packet contains:	Circle #
Bill 24-24	1
FAQ provided by Office of Councilmember Stewart	11

Bill No. <u>24-24</u>	
Concerning: Taxation - Paper Carryou	ut
Bags and Prohibition o	'n
Plastic Carryout Bag	ls
<u>("Bring Your Own Bag")</u>	
Revised: <u>10/10/2024</u> Draft No. <u>9</u>	
Introduced: October 15, 2024	
Expires: December 7, 2026	
Enacted:	
Executive:	
Effective:	
Sunset Date: <u>None</u>	
Ch, Laws of Mont. Co	

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Stewart Co-Sponsors: Councilmembers Sayles, Glass, Fani-González, and Jawando

AN ACT to:

- (1) prohibit plastic carryout bags provided by a retail establishment with certain exceptions;
- (2) require a tax on paper carryout bags at the point of sale with certain exceptions;
- (3) exempt recipients of food assistance programs from the carryout bag tax;
- (4) remove a certain threshold for when taxes must be remitted to the County;
- (5) modify the reporting requirements for remittance of the carryout bag tax;
- (6) clarify that certain conduct by a retailer is prohibited; and
- (7) generally amend County law related to the excise tax on carryout bags.

By amending

Montgomery County Code Chapter 52, Taxation Sections 52-77, 52-78, and 52-79

By adding

Montgomery County Code Chapter 48, Solid Waste (Trash) Article IX. Plastic Carryout Bag Reduction Sections 48-65, 48-66, 48-67, and 48-68

Chapter 52, Taxation Section 52-78A

Boldface	Heading or defined term.
<u>Underlining</u>	Added to existing law by original bill.
[Single boldface brackets]	Deleted from existing law by original bill.
Double underlining	Added by amendment.
[[Double boldface brackets]]	Deleted from existing law or the bill by amendment.
* * *	Existing law unaffected by bill.

The County Council for Montgomery County, Maryland approves the following Act:

1	Sec.	1. Sections 52-77, 52-78, and 52-79 are amended and Article IX of
2	Chapter 48	8 (Sections 48-65, 48-66, 48-67, and 48-68) and Section 52-78A are
3	added as fo	llows:
4		ARTICLE IX. Plastic Carryout Bag Reduction.
5	<u>48-65. Shor</u>	<u>t Title.</u>
6	This Article	<u>may be known and cited as the "Bring Your Own Bag."</u>
7	<u>48-66. Defi</u>	nitions.
8	For the purp	oses of this section the following words have this meaning:
9	<u>Depa</u>	rtment means the Department of Environmental Protection.
10	Direc	tor means the Director of the Department or the Director's designee.
11	<u>Plasti</u>	ic carryout bag means a plastic bag provided by a retail establishment to
12	<u>a</u> cus	tomer at the point of sale, pickup, or delivery, including delivery by a
13	third	party to carry the purchased items and is not a reusable bag. Plastic
14	carryout bag does not include:	
15	<u>(1)</u>	a plastic bag provided by a pharmacist that contains a prescription drug;
16	<u>(2)</u>	any newspaper bag or bag intended for garbage, pet waste, or yard
17		<u>waste;</u>
18	<u>(3)</u>	<u>a bag provided at the point of sale at a seasonal event, such as a farmers</u>
19		market, street fair, or yard sale;
20	<u>(4)</u>	<u>a bag used to package bulk items, including fruit, vegetables, nuts,</u>
21		grains, candy, ice, or small hardware items;
22	<u>(5)</u>	a bag that contains garments or dry-cleaned clothes, including suits,
23		jackets, or dresses;
24	<u>(6)</u>	<u>a bag used to contain or wrap a perishable item, including meat or fish,</u>
25		or unwrapped prepared foods or bakery goods; or
26	<u>(7)</u>	<u>a</u> <u>bag</u> <u>used</u> <u>to</u> <u>take</u> <u>live</u> <u>fish</u> , <u>insects</u> , <u>mollusks</u> , <u>crustaceans</u> , <u>or</u>
27		amphibians away from the retail establishment.

(3)

28	<u>Point</u> of sa	ale means the physical or virtual place where a customer executes	
29	payment for goods or services or receives goods or services.		
30	Restaurant has the same meaning stated in Section 52-77.		
31	<u>Reusable</u> c	carryout bag means a reusable carryout bag with stitched handles	
32	2 specifically designed and manufactured for multiple reuses and is made of:		
33	<u>(1)</u>	<u>cloth or other washable fabric; or</u>	
34	<u>(2)</u>	<u>a durable material suitable for multiple re-use that is not made of</u>	
35		<u>plastic film.</u>	
36	<u>Retail</u> estal	blishment has the meaning stated in Section 52-77.	
37	<u>48-67. Plastic car</u>	<u>rryout bag – prohibited.</u>	
38	<u>A</u> retail est	ablishment must not provide a plastic carryout bag to a customer, or	
39	9 <u>a third party, for the purpose of carrying away or delivering goods or other</u>		
40	10 <u>materials from the point of sale.</u>		
41	<u>48-68. Penalty ar</u>	<u>nd enforcement.</u>	
41 42		nd enforcement.	
	(a) <u>Civi</u>		
42	(a) <u>Civi</u>	<u>l citation.</u> <u>A retail establishment in violation of this Section is</u>	
42 43	<u>(a)</u> <u>Civi</u> subje	<u><i>citation.</i> A retail establishment in violation of this Section is</u> <u>ect to a Class A civil citation, if:</u>	
42 43 44	<u>(a)</u> <u>Civi</u> subje	<u><i>citation.</i></u> <u>A retail establishment in violation of this Section is</u> <u>ect to a Class A civil citation, if:</u> <u>an enforcement officer witnesses one or more plastic carryout</u>	
42 43 44 45	<u>(a)</u> <u>Civi</u> subje	<u>d</u> citation. A retail establishment in violation of this Section is ect to a Class A civil citation, if: an enforcement officer witnesses one or more plastic carryout bags provided to a customer at a single point of sale. The	
42 43 44 45 46	<u>(a)</u> <u>Civi</u> <u>subj</u> (1)	<i><u>d</u> citation.</i> A retail establishment in violation of this Section is <u>ect to a Class A civil citation, if:</u> <u>an enforcement officer witnesses one or more plastic carryout</u> <u>bags provided to a customer at a single point of sale. The</u> <u>distribution of one or more bags in connection with a single</u>	
42 43 44 45 46 47	<u>(a)</u> <u>Civin</u> <u>subje</u> (<u>1</u>) (<u>b)</u> <u>Noti</u>	<i><u>d</u> citation.</i> A retail establishment in violation of this Section is ect to a Class A civil citation, if: an enforcement officer witnesses one or more plastic carryout bags provided to a customer at a single point of sale. The distribution of one or more bags in connection with a single transaction constitutes a single violation.	
42 43 44 45 46 47 48	<u>(a)</u> <u>Civin</u> <u>subje</u> (<u>1</u>) (<u>b)</u> <u>Noti</u>	A citation. A retail establishment in violation of this Section is ect to a Class A civil citation, if: an enforcement officer witnesses one or more plastic carryout bags provided to a customer at a single point of sale. The distribution of one or more bags in connection with a single transaction constitutes a single violation. <i>ce of violation.</i> A penalty under subsection (a) may not be imposed	
 42 43 44 45 46 47 48 49 	<u>(a)</u> <u>Civin</u> <u>subje</u> (<u>1</u>) (<u>b)</u> <u>Notin</u> <u>unle</u>	A citation. A retail establishment in violation of this Section is ect to a Class A civil citation, if: an enforcement officer witnesses one or more plastic carryout bags provided to a customer at a single point of sale. The distribution of one or more bags in connection with a single transaction constitutes a single violation. <i>ce of violation.</i> A penalty under subsection (a) may not be imposed ss a retail establishment:	
42 43 44 45 46 47 48 49 50	(a) <u>Civin</u> subje (1) (b) <u>Notin</u> unler (1)	I citation. A retail establishment in violation of this Section is ect to a Class A civil citation, if: an enforcement officer witnesses one or more plastic carryout bags provided to a customer at a single point of sale. The distribution of one or more bags in connection with a single transaction constitutes a single violation. <i>ce of violation.</i> A penalty under subsection (a) may not be imposed ss a retail establishment: is first issued a written notice of violation; and	

53	<u>(c)</u>	Enforcement. The Department must enforce the provisions under this
54		Section and may coordinate with other departments to address
55		violations, as needed.
56	<u>(d)</u>	The Office of the County Attorney may file an action in Circuit Court
57		against a retail establishment for any repeated violations of this Section.
58	<u>48-69. Regi</u>	<u>llations.</u>
59	The County Executive may adopt and establish regulations to implement and	
60	enfor	ce this Section.
61		ARTICLE IX. Carryout Bag Tax.
62	52-77. Defi	nitions.
63	In this Artic	le, the following terms have the following meanings:
64	Direc	tor means the Director of the Department of Finance.
65	Food	assistance program means any federal, state, or local program that
66	provi	des monetary benefit to low-income individuals and families used at a
67	store	to purchase food. Food assistance program include Supplemental
68	Nutri	tion Assistance Program (SNAP) or Women, Infants, and Children
69	Progr	<u>am (WIC).</u>
70	Paper	r carryout bag means a paper bag provided by a retail establishment to a
71	custo	mer at the point of sale, pickup, or delivery. Paper carryout bag does not
72	inclue	<u>le:</u>
73	(1)	a paper bag provided by a pharmacist that contains a prescription drug;
74	<u>(2)</u>	a bag used to take live fish, insects, mollusks, or crustaceans away from
75		<u>a retail establishment;</u>
76	<u>(3)</u>	<u>a paper bag that a restaurant gives a customer to take prepared or</u>
77		<u>leftover food or drink from a restaurant;</u>
78	<u>(4)</u>	a paper bag containing prepared food provided at the drive-through
79		window of a restaurant;

(5)

- 80 (5) <u>a paper bag provided at a mobile food truck that contains prepared food;</u>
 81 <u>or</u>
- 82 (6) a paper bag provided for food delivery that is collected by a third party
 83 delivery service to carry the purchased item.
- [*Carryout bag* means a paper or plastic bag, non-reusable, provided by a retail
 establishment to a customer at the point of sale, pickup, or delivery, to carry
 purchased items. *Carryout bag* does not include:
- 87 (1) a bag provided by a pharmacist that contains a prescription drug;
- 88 (2) any newspaper bag or bag intended for initial use as a dry cleaning,
 89 garbage, pet waste, or yard waste bag;
- 90 (3) a bag provided at the point of sale at a seasonal event, such as a farmers
 91 market, street fair, or yard sale, or by an occasional retailer;
- 92 (4) a paper bag that a restaurant gives a customer to take prepared or
 93 leftover food or drink from the restaurant; or
- 94 (5) a bag used to package a bulk item or to contain or wrap a perishable95 item.
- 96 Occasional retailer means a retail establishment that engages in the retail sale
 97 of goods no more than 6 days in any calendar year.]

98 Restaurant means any lunchroom, café, or other establishment located in a 99 permanent building for the accommodation of the public, equipped with a 100 kitchen containing facilities and utensils for preparing and serving meals to the 101 public, and outfitted with <u>or without</u> a public dining area. A *restaurant* does 102 not include any area of a supermarket, department store, or other retail 103 establishment beyond the kitchen and public dining area.

104Retail establishment means any person engaged in the retail sale of105goods. Retail establishment includes any supermarket, convenience store,

(6)

- shop, service station, <u>mobile food truck</u>, or restaurant, and any other sales
 outlet where a customer can buy goods.
- 108 **52-78. Tax imposed.**
- 109(a) A tax in the amount of [5 cents] 10-cent is levied and imposed on each110customer for each paper carryout bag that a retail establishment111provides or sells to the customer.
- (b) Except as provided in Section 52-78A, [Each] each retail establishment that provides a paper carryout bag to a customer must collect the amount of the tax imposed under subsection (a) when the customer makes any payment for goods in person, through the Internet, by telephone, by facsimile, or by any other means. The retail establishment must hold the taxes required to be collected under this Section in trust for the County until remitted as required under Section 52-79.
- 119(c)Each retail establishment may retain [1 cent] 5 cents from each [5-cent]12010-centtaxthat the retail establishment collects to cover the121administrative expense of collecting and remitting the tax to the County.
- 122 (d) A retail establishment must indicate on the customer's transaction
 123 receipt:
- 124 (1) the number of <u>paper</u> carryout bags that the retail establishment 125 provided to the customer; and
- 126(2)the total amount of tax levied under this Section unless a food127assistance benefit is used for payment then the receipt must128indicate the carryout bag tax is exempt.
- 129(e)A retail establishment must post a notice at the public entrance to the130retail establishment or at each point of sale that advises customers to131bring reusable carryout bags or to skip the bag and that all carryout bags132provided by the retailer are subject to a charge. The notice must be

133posted in English and Spanish. The Department of Environment134Protection must post an example of a notice in English and Spanish on135the County website.

136 <u>52-78A. Recipients of food assistance program – exemption.</u>

- 137 <u>A retail establishment must not charge or collect a tax for a paper carryout bag</u>
- 138 provided to a customer for items purchased using a food assistance program.
- 139 **52-79. Remittance.**

154

155

- 140(a) [Except as provided in subsection (b), on or before the 25th of each141month, each] Each retail establishment must remit the full amount of the142tax collected for all paper carryout bags provided to a customer during143the previous [month] quarter, less the amount retained under Section 52-14478(c).
- (b) <u>Quarterly remittance required.</u> A retail establishment is [only]
 required to remit the taxes <u>under subsection (a)</u> to the Director <u>every</u>
 quarter in accordance with the remittance schedule posted by the
 Department on its website [when the cumulative taxes collected under
 Section 52-78(a) since the previous remittance, if any, exceeds \$100].
- (c) <u>Reporting.</u> Each remittance must be accompanied by a report of all
 transactions that involve <u>paper</u> bags subject to the tax. The report must
 be on a form supplied by the Director and must contain:
- 153 (1) the number of <u>paper</u> bags supplied or provided to customers[,] :
 - (a) for which a tax was collected; and
 - (b) for which a tax was not collected;
- 156 (2) the amount of tax required by this Section to be collected:
- 157(3)for an owner of more than one retail establishment must identify158the remittance for each location by name and address; and

- 159(4)any other information the Director requires to [assure] ensure that160the proper tax has been remitted to the County.
- 161(d) (1)If the retail establishment does not file a required report by the162deadline established under subsection (a), the Director may163estimate the amount of tax due. The Director may base the164estimate on a reasonable projection of paper carryout bags165supplied or provided and may consider taxes reported by other166retail establishments.
- 167 (2) The Director may send a notice of the estimated tax due,
 168 including interest and penalty, to the retail establishment's last
 169 known address. The retail establishment must pay the estimated
 170 tax, including any interest and penalty assessed by the Director,
 171 within 10 days after the notice is sent.
- 172

* *

*

173 Sec. 52-81. Prohibited conduct.

174 A retail establishment must not:

- 175 (a) neglect or refuse to collect or remit the tax levied under this Article;
- 176 (b) file an incomplete, false, or fraudulent report to the Director;
- 177 (c) neglect or refuse to keep complete and accurate records; [or]
- 178(d) refuse to allow the Director to inspect and audit the retail179establishment's records[.]; or
- (e) misrepresent, advertise, hold out, collect, or state to the public or to a
 customer, directly or indirectly, an amount that exceeds the allowable
 tax established under Section 52-78(a).
- 183 Sec. 2. Effective date.

The prohibition on the use of plastic bag of Section 48-67, added under Section 1 of this Act, must take effect on July 1, 2025. The amendments made in

- 186 Section 1 must apply to any paper carryout bag tax that would be due or is paid after
- 187 this Act becomes effective on July 1, 2025.



Frequently Asked Questions: Bring Your Own Bag (BYOB) Bill

What are the goals of this bill?

Single-use plastic, such as plastic bags, is harmful to the environment and our health. Plastic bags take more than 1,000 years to decompose. As the plastic breaks down, microplastics are leached into our soil and water which negatively impacts our health, and health of other living creatures. Encouraging people to bring their own bags when they shop will reduce litter and plastic waste, and build a cleaner, healthier future.

The Bring Your Own Bag (BYOB) Bill builds on Montgomery County's long-standing leadership advancing protections for both the environment and people's health. The bill bans carryout single-use plastic bags, retains a small fee on paper bags, and makes it easier for retailers to remit more of what they collect. With these changes, there should be a reduction in single-use bags, a reduction in obstacles to compliance for retailers, funding for water quality protection projects, and a cleaner county.

Why do we need to revise the county's bag fee?

In an effort to have cleaner waterways and successful businesses, many of our neighboring jurisdictions have revised their fees and banned single-use plastic bags. Inspector General report <u>OIG-23-15</u> studied the county's administration of the County's current carryout bag fee and made recommendations to improve it.

The Inspector General report found that while the intended purpose of the bag fee was "...to transfer some of the burden of litter cleanup costs from taxpayers to consumers, with the hope that it would also change consumer behavior and result in the use of fewer disposable bags," that purpose has not been fulfilled by collection of the current fee on all single-use carryout bags. This means many more single-use bags are in circulation in the county and its public spaces, parkland, and waterways. We can do better in Montgomery County.

What are the major changes to the current Bag Fee?

- Bans single use plastic carryout bags (see definition for exclusions).
- Provides a definition of reusable bags.
- Increases the bag fee for paper bags from five cents to ten cents (for paper carryout bags only).
- Changes the distribution of the fee. Retailers would get five cents vs. the current one cent and the County Water Quality Protection Fund would get five cents instead of the current four cents.

- Exempts SNAP and WIC transactions from bag fee.
- While plastic bags would be prohibited, leftovers, carry-out and food delivery by restaurants and third party entities would not be required to collect or remit the fee on paper bags.

What is the cost to taxpayers if the current fee isn't revised?

Report OIG-23-15 estimated that the county is losing between \$210,000 a year and \$8.2 million a year as of June 2023 due to retailers who should have been remitting carryout bag tax who were not.

What are our regional neighbors doing about bags in their jurisdictions?

	Jurisdiction	Fee
Policy	(Year in effect)	
Tax on plastic and paper carryout bags	Montgomery County (2012)	5 cent tax
Tax on plastic carryout bags	Howard County (2020)	5 cent tax
Ban on plastic carryout bags	Chestertown (2012) Takoma Park (2016) Westminster (July 2021) Frederick (January 1, 2024)	None
"Hybrid" Bring Your Own Bag Bill:	Baltimore City (October 2021)	5 cent tax
 Ban on plastic carryout bags PLUS 	Baltimore County (Nov. 1, 2023)	Minimum 5 cent charge
Charge (retained by the store) or tax (retained by government) on other bags	Easton (April 2, 2023) Salisbury (July 1, 2023) College Park (Sept. 1, 2023) Greenbelt (January 1, 2024) Anne Arundel County (January 1, 2024) Prince George's County (January 1, 2024) Laurel (January 1, 2024) Centreville (January 1, 2024) Annapolis (January 2025)	Minimum 10 cent charge

Notably, as other jurisdictions revisit similar bag ban laws, they have increased fees on paper bags. These changes encourage the ultimate goal: Incentivizing people to plan ahead and bring

their own reusable bags. <u>Data from the Maryland Sierra Club</u> illustrates the change in consumer behavior in Prince George's following a recent countywide policy change (specifically banning single use plastic bags and placing a ten cent charge on paper bags, which is a similar policy to this bill):

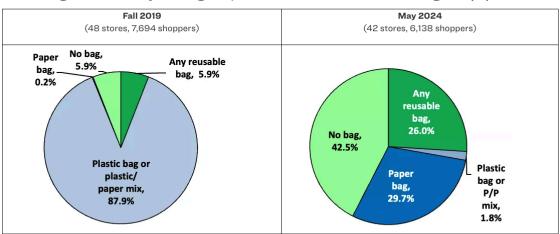


Figure 1: Distribution of Prince George's grocery shoppers at seven major chains according to their carryout bag use, before and after the Better Bag Bill (%)

Source: Prince George's Sierra Club Shopper Surveys, 2019 and 2024. Results are for all stores in the following grocery chains: Food Lion, Giant, Harris Teeter, Safeway, Shoppers, Wegmans, Weis Markets.

How do you define a reusable bag?

We are using the same definition as Prince George's, Anne Arundel, Baltimore County, Centreville, College Park, Frederick, Greenbelt, Annapolis, and Laurel based on their experience following the implementation of a similar legislation. Their definition: "A reusable carryout bag is defined as a bag with stitched handles specifically designed and manufactured for multiple reuses and is made of

- cloth or other washable fabric, or
- a durable material suitable for multiple re-use that is not made of plastic."

This definition does not allow for thicker film single-use bags that still end up in our waterways in large quantities for higher quality reusable bags. And, by using a definition already widely adopted across the region we minimize confusion for consumers and make compliance for retailers as easy as possible.

There are some goods that cannot be carried well in a paper or reusable bag–can I still get a single-use plastic bag for those specific cases?

This legislation exempts the following specific, narrow uses from the definition of a plastic carryout bag:

- a plastic bag provided by a pharmacist that contains a prescription drug;
- any newspaper bag or bag intended for garbage, pet waste, or yard waste;
- a bag provided at the point of sale at a seasonal event, such as a farmers market, street fair, or yard sale;

- a bag used to package bulk items, including fruit, vegetables, nuts, grains, candy, ice, or small hardware items;
- a bag that contains garments or dry-cleaned clothes, including suits, jackets, or dresses;
- a bag used to contain or wrap a perishable item, including meat or fish, or unwrapped prepared foods or bakery goods; or
- a bag used to take live fish, insects, mollusks, crustaceans, or amphibians away from a retail establishment.

How are you mitigating the effects of this change on families struggling with the costs of household needs?

We heard from residents that under current law, SNAP and WIC benefits do not cover the cost of the bag fee. This can result in situations when recipients of benefits have to carry groceries without a bag in an unwieldy manner because they could not purchase a bag.

This legislation maintains the privacy of SNAP and WIC transactions, the dignity of beneficiaries, and protects the value of the food they purchase from being dropped or damaged. For SNAP and WIC transactions, the retailer would cover the cost of bags instead of the customer.

<u>I'm a small business owner-how will we make this change without increasing our own costs?</u>

This revision to the bag fee for the county advances our county and assists business owners:

- Increases the portion of the fee given to retailers from one cent to five cents to cover costs of compliance and the greater cost of paper bags than single-use plastic bags
- Increases the portion of the fee directed to the county's Water Quality Protection Fund (WQPF) to implement vitally needed water quality enhancement throughout the county
- Eases the burden on retailers to remit fees collected by changing from a monthly to a quarterly schedule as recommended by the Inspector General report.