

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1166 (Howard County Delegation)
Environment and Transportation and Economic Matters Education, Health, and Environmental Affairs

Howard County - Authority to Impose Fees for Use of Disposable Bags
Ho. Co. 04-19

This bill authorizes Howard County to impose, by law, a fee on a store for the use of disposable bags as part of a retail sale of products. The fee may not exceed 5 cents for each disposable bag used. The county may only use fee revenue collected pursuant to the bill for (1) an environmental purpose, including the establishment of a program to provide reusable bags to individuals in the county or (2) the implementation, administration, and enforcement of the fee.

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances.

Local Effect: Howard County revenues increase to the extent the county elects to impose bag fees. County expenditures increase correspondingly.

Small Business Effect: Potential meaningful impact in Howard County.

Analysis

Bill Summary: A “disposable bag” is a plastic bag provided by a store to a customer at the point of sale. A “disposable bag” does not include (1) a durable plastic bag with handles that is at least 2.25 mils thick and is designed and manufactured for multiple reuse; (2) a bag provided by a pharmacist to contain prescription drugs; (3) plastic bags sold in packages containing multiple plastic bags intended for use as garbage, pet waste, or yard waste bags; or (4) a bag used to:

- package bulk items, including fruit, vegetables, nuts, grains, candy, or small hardware items;
- contain or wrap frozen foods, meat, or fish, whether prepackaged or not;
- contain or wrap flowers, potted plants, or other damp items;
- contain unwrapped prepared foods or bakery goods; or
- contain a newspaper or dry cleaning.

Current Law: State law does not address carryout bags provided by retail establishments. Currently, Howard County does not have the authority to levy a bag fee. However, local jurisdictions with general taxing powers (*e.g.*, Baltimore City, Baltimore County, and Montgomery County) have the authority to levy a bag fee.

Background: Montgomery County passed legislation (No. 8-11) on May 3, 2011, that places a 5-cent charge on each paper or plastic carryout bag provided by retail establishments at the point of sale, pickup, or delivery. The law took effect January 1, 2012.

In March 2007, San Francisco became the first city in the United States to ban nonbiodegradable bags from large grocery stores and pharmacies, and in 2014, California became the first state to enact a ban on the issuance of single-use plastic bags in large retail stores; the California law also established a 10-cent fee on the issuance of disposable paper bags. The ban was set to take effect on July 1, 2015, but a referendum forced the issue onto the ballot in the November 2016 election. Proposition 67 passed with 52% of the vote, meaning the plastic bag ban approved by the legislature remains the law. The National Conference of State Legislatures notes that Hawaii also has a *de facto* statewide ban because all counties in Hawaii ban nonbiodegradable plastic bags at checkout as well as paper bags not made of at least 40% recyclable material.

Beginning January 1, 2010, a law took effect in the District of Columbia banning the use of disposable, nonrecyclable, plastic carryout bags and requiring specified stores to charge a fee of 5 cents for each disposable bag a shopper is given.

Local Fiscal Effect: Howard County revenues increase to the extent the county elects to impose bag fees. *For illustrative purposes*, if a 5-cent bag fee is instituted, county revenues could increase by at least \$290,000 annually. This estimate is based on 2017 U.S. Census data and assumes each household uses one disposable bag per week. If each household uses three disposable bags per week, a 5-cent fee generates approximately \$870,000 annually in fee revenue.

Pursuant to the bill, the county may only use fee revenue for (1) an environmental purpose, including the establishment of a program to provide reusable bags to individuals in the

county or (2) the implementation, administration, and enforcement of the fee. Accordingly, it is assumed that county expenditures increase correspondingly for these purposes.

Small Business Effect: Small store owners in Howard County that provide disposable bags to customers are affected to the extent they must pay a fee to continue to provide such bags and/or update their accounting systems to track fees due and paid to the county. Stores may choose to pass on any increase in costs to customers in the form of higher prices.

Any impact on small businesses resulting from the county's use of fee revenue for environmental purposes (including the establishment of a reusable bag program) is unknown.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Howard County; Maryland Department of the Environment; Montgomery County Department of Environmental Protection; National Conference of State Legislatures; U.S. Census Bureau; Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2019
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