Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

PUBLISHED: 1/25/2025 3:48 PM **ORIGINAL**

Bill Number: HB1662 **Patron:** Jones
Bill Title: Sale and distribution of plastic carryout bags by grocery stores prohibited; civil penalty.

Bill Summary: Prohibits any grocery store, as defined in the bill, from selling or distributing any plastic carryout bag, as defined in the bill, to its customers on or after January 1, 2027, unless such bag qualifies as an exempt bag, as defined in the bill. The bill provides that any grocery store that violates this provision shall be issued by the Department of Environmental Quality a written warning for the first violation and shall be subject to a civil penalty not to exceed $500 for a second and each subsequent violation as determined by the Director of the Department. The bill also requires any grocery store, no later than January 1, 2027, to develop, implement, and maintain a program to encourage its customers to utilize reusable bags, as defined in the bill.

Budget Amendment Necessary: **See Fiscal Analysis.** **Items Impacted:** **See Fiscal Analysis.**

Explanation: This bill involves the Department of Environmental Quality (DEQ) and the Department of Taxation (TAX). See Fiscal Analysis section, below.

Fiscal Summary: It is anticipated that this bill will result in an indeterminate fiscal impact to DEQ.

Fiscal Analysis: This fiscal impact statement is preliminary. DEQ cannot determine the fiscal impact of enforcing this bill but anticipates the potential need for additional positions and general fund support. TAX considers the implementation routine and does not require extra funding. Revenue from the penalties will be deposited into the Litter Control and Recycling Fund.

DEQ is unable to determine the fiscal impact of establishing a new program to enforce the provisions of this bill at this time. Depending on the bill's intent regarding enforcement and monitoring, the agency anticipates the need for additional positions and ongoing general fund support. The tasks outlined in the bill constitute additional responsibilities for the agency. TAX considers the implementation of this bill to be routine and does not require additional funding.

According to TAX, this bill will result in an indeterminate revenue reduction beginning in FY 2026. From Calendar Year 2022 through 2024, the average annual revenue gain from the plastic bag tax was approximately $4 million. It is unknown what portion of that was attributable to grocery stores, which would no longer be collecting the plastic bag tax under this bill. Potential revenue impact resulting from this measure is indeterminate, as it is not possible to estimate the number of violations that will occur. The bill requires that any civil penalties assessed pursuant to its provisions are deposited into the Litter Control and Recycling Fund.

Other: None.