

DEPARTMENT OF TAXATION

2026 Fiscal Impact Statement

1. **Patron** Marty Martinez
3. **Committee** House Finance
4. **Title** Plastic Bag Tax; Distribution to towns

2. **Bill Number** HB 341

House of Origin:

Introduced
 Substitute
 Engrossed

Second House:

In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would require every county that levies a plastic bag tax to make a distribution to all towns within such county of the total tax collected by the county based on the school-aged population of the town. The bill would mandate that the distribution of these funds occur at the same time and frequency as local sales tax distributions. The bill would also require towns to use the funds for the purposes of environmental cleanup, providing education programs designed to reduce environmental waste, mitigating pollution and litter, or providing reusable bags to recipients of Supplemental Nutrition Assistance Program (“SNAP”) or Women, Infants, and Children Program (“WIC”) benefits.

The disposable plastic bag tax is currently levied in Counties of Albemarle, Arlington, Fairfax, and Loudon, and in the Cities of Alexandria, Charlottesville, Fairfax, Falls Church, Fredericksburg, and Richmond. There is currently no requirement for counties to distribute any of the revenue from the tax to towns.

If enacted during the regular session of the 2026 General Assembly, this bill would become effective July 1, 2026.

6. Budget amendment necessary: No.

7. No Fiscal Impact: (See Line 8.)

8. Fiscal implications:

Administrative Costs

This bill may have an unknown impact on local administrative costs.

The Department of Taxation (“the Department”) considers implementation of this bill as routine, and does not require additional funding. This legislation does not require any changes to the Department’s systems and is not impacted by the Integrated Revenue Management System (IRMS) replacement project. No resource constraints or implementation considerations are anticipated.

Revenue Impact

This bill would have no impact on local revenues. While the bill would reallocate an unknown amount of revenue from counties to towns they encompass, local revenues would be unaltered by the bill.

The bill would have no impact on state revenues.

9. Specific agency or political subdivisions affected:

Counties of Albemarle, Arlington, Fairfax, and Loudon and all towns within those counties.

10. Technical amendment necessary: No.

11. Other comments:

Disposable Plastic Bag Tax

Any county or city may, by ordinance, impose a tax in the amount of five cents (\$0.05) for each disposable plastic bag provided to a consumer of tangible personal property by retailers in grocery stores, convenience stores, or drugstores. The tax is collected by the retailer at the time of purchase and all revenue accruing from the tax is to be used for purposes of environmental cleanup, providing education programs designed to reduce environmental waste, mitigating pollution and litter, or providing reusable bags to recipients of SNAP or WIC benefits.

Proposal

This bill would require every county that levies a plastic bag tax to make a distribution to all towns within such county of the total tax collected by the county based on the school-aged population of the town. The bill would mandate that the distribution of these funds occur at the same time and frequency as local sales tax distributions. The bill would also require towns to use the funds for the purposes of environmental cleanup, providing education programs designed to reduce environmental waste, mitigating pollution and litter, or providing reusable bags to recipients of SNAP or WIC benefits.

If enacted during the regular session of the 2026 General Assembly, this bill would become effective July 1, 2026.

cc : Secretary of Finance

Date: 01/19/2026 VB
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