

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	July 18, 2022
Action Required:	Conduct First Reading; Advertise Public Hearing for Second Reading
Presenter:	Samuel Sanders, Jr., Deputy City Manager
Staff Contacts:	Lisa Robertson, City Attorney
Title:	Plastic Bag Tax (1 of 2 readings; public hearing to be advertised for the 2nd reading, prior to vote)

Background

During the 2020 General Assembly session, Virginia localities received enabling authority to impose a disposable plastic bag tax within their jurisdictional limits. The City of Charlottesville continues to be keenly concerned about the equity impact of such a tax. The legislation allows localities to impose a five cent (\$.05) per bag tax on disposable plastic bags provided by certain retailers.

Recommendations from organizations advocating for this tax focus on the potential benefit of creating a local source of funding dedicated to environmental cleanup and litter/ pollution mitigation. Specifically, the argument that pollution and litter disproportionately impact low wealth communities. Further, the ability to provide funding for reusable bags and environmental education efforts are intended to mitigate the cost burden from such a tax.

The enabling legislation does include stipulations on the use of the associated revenues. Revenues from this tax must be used for programs supporting the following:

1. environmental cleanup,
2. litter and pollution mitigation,
3. environmental education efforts, and/or
4. to provide reusable bags to SNAP or WIC benefit recipients.

Funding from this tax will not directly or immediately support any administrative responsibilities the City may undertake to promote this program. Revenue collection and distribution occurs at the State level and is remitted to the locality exclusively for the purposes listed above. City Staff would likely be required to engage in outreach to

local businesses, agencies providing social services, and citizens to educate the community about available resources for alternative, re-usable bags. Future City Councils may have the ability to allocate this remitting tax funding towards providing an ongoing program for re-useable bags.

Discussion

Council is required to conduct a public hearing to consider the adoption of an ordinance to impose a disposable plastic bag tax. Virginia Code § 58.1-17.45 through 58.1-1748 grants localities the authority to impose a five cent (\$.05) per bag tax on disposable plastic bags provided by grocery stores, convenience stores, or pharmacies. Pursuant to Virginia Code § 58.1-3007, “before any local tax levy shall be increased in any...city...., such proposed increase shall be published in a newspaper having general circulation in the locality affected **at least seven days before the increased levy is made** and the citizens of the locality shall be given an opportunity to appear before, and be heard by, the local governing body on the subject of such increase.”

The attached proposed Ordinance would amend City Code Chapter 30, Taxation, Article II by adding Division 3 to impose the plastic bag tax. Durable plastic bags designed for repeated use and plastic bags used solely to wrap, contain, or package certain goods to prevent damage or contamination are exempt from this tax. This exclusion would include packaging for ice cream, meat, fish, poultry, produce, unwrapped bulk food items, perishable food items, dry cleaning, prescription drugs, and multiple bags sold in containers for use as garbage, pet waste, or leaf removal bags. As referenced above future revenues from such tax must be used for programs supporting environmental cleanup, litter and pollution mitigation, environmental education efforts or to provide reusable bags to SNAP or WIC benefit recipients.

Collection of the plastic bag tax would be performed by the State Department of Taxation. State Code requires localities to provide a certified copy of the ordinance to the Tax Commissioner of the Commonwealth at least three months prior to the date the ordinance becomes effective. The effective date for the disposable plastic bag tax is proposed to be **January 1, 2023**.

Alignment with City Council's Vision and Strategic Plan

This proposed ordinance meets the City Council vision to be a leader in innovation, environmental sustainability, and social and economic justice. The ordinance conforms with the Strategic Plan’s Goal 2 to be a Healthy and Safe City and Goal 3 to maintain a Beautiful Environment.

Community Engagement

Public hearing is required, after publication of notice, per Va. Code Sec. 58.1-3007. The public hearing will need to be advertised for the date of the second reading of the proposed ordinance.

Budgetary Impact

Imposing the disposable plastic bag tax would increase revenues. However, these revenues would be dedicated to qualifying expenditures as listed above.

Recommendation

Refer the proposed Ordinance for Second Reading and Public Hearing

Alternatives

By motion, Council may decide not to proceed with a plastic bag tax. Council may also elect to defer the matter indefinitely without moving forward to a public hearing.

Attachments

1. Ordinance - Plastic Bag Tax