

INTRODUCED: April 28, 2025

AN ORDINANCE No. 2025-099

To amend ch. 26 of the City Code by adding therein a new art. XIX, consisting of §§ 26-1288—26-1292, for the purpose of establishing a disposable plastic bag tax.

Patrons – Mayor Avula and Ms. Trammell

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: MAY 27 2025 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Chapter 26 of the Code of the City of Richmond (2020) be and hereby is amended by **adding therein a new article** numbered XIX, consisting of sections numbered 26-1288 through 26-1292 as follows:

ARTICLE XIX

DISPOSABLE PLASTIC BAG TAX

Sec. 26-1288. Levy.

There is hereby imposed a tax in the amount of five cents for each disposable plastic bag provided by a grocery store, convenience store, or drugstore to a consumer of tangible personal

AYES: _____ NOES: _____ ABSTAIN: _____

ADOPTED: _____ REJECTED: _____ STRICKEN: _____

property. This tax shall be collected whether or not such disposable plastic bag is provided free of charge to the consumer.

Sec. 26-1289. Exemptions.

The tax imposed by this chapter shall not apply to the following items:

- (a) Durable plastic bags with handles that are specifically designed and manufactured for reuse and that are at least four mils thick;
- (b) Plastic bags that are solely used to wrap, contain, or package ice cream, meat, fish, poultry, produce, unwrapped bulk food items, or perishable food items to avoid damage or contamination;
- (c) Plastic bags used to carry dry cleaning or prescription drugs; and
- (d) Multiple plastics bags sold in packages and intended for use as garbage, pet waste, or leaf removal bags.

Sec. 26-1290. Retailer Discount.

Every grocery store, convenience store, or drugstore that collects the tax imposed under this chapter shall be allowed to retain one cent from the tax collected on each disposable plastic bag.

Any grocery store, convenience store, or drugstore that retains a discount pursuant to this section shall account for such discount in the form of a deduction when submitting its tax return and paying the amount due in a timely manner.

Sec. 26-1291. Collection, Administration, and Enforcement.

The tax imposed by this article shall be collected by the grocery store, convenience store, or drugstore along with the purchase price and all other fees and taxes, at the time the consumer

pays for the items of tangible personal property. The tax shall be collected and remitted to the City as prescribed by Code of Virginia § 58.1-1748.

Sec. 26-1292. Appropriation of Revenue

All revenue received by the City from the tax imposed under this article shall be appropriated for use for the following purposes only:

- (a) Environmental cleanup;
- (b) Providing education programs designed to reduce environmental waste;
- (c) Mitigating pollution and litter;
- (d) Providing reusable bags to recipients of the Supplemental Nutrition Assistance Program or Women, Infants, and Children Program benefits; or
- (e) Any other purpose expressly authorized by an applicable provision of the state law.

§ 2. The City Clerk shall transmit a certified copy of this ordinance to the Tax Commissioner as soon as possible, but no later than September 1, 2025.

§ 3. This ordinance shall be in force and effect on January 1, 2026.

DATE: April 28, 2025

TO: The Honorable Members of City Council

THROUGH: The Honorable Dr. Danny Avula, Mayor

THROUGH: Sabrina Joy-Hogg, Interim Chief Administrative Officer

THROUGH: Sheila White, Director of Finance

THROUGH: Meghan Brown, Director of Budget and Strategic Planning

THROUGH: Sharon Ebert, DCAO of Planning, Community, and Economic Development

THROUGH: Matthew Welch, Acting Director of Economic Development

FROM: Laura Thomas, Director of the Office of Sustainability

RE: A request to amend the Municipal Code by adding a new section that imposes a five-cent disposable plastic bag tax on retailers.

PURPOSE: To reduce the use of disposable plastic bags by imposing a five-cent tax on disposable plastic bags on retailers.

REASON: In 2020, the General Assembly enacted Virginia Code §58.1-1745, allowing localities to adopt ordinances that impose a tax in the amount of five-cents for each disposable plastic bag provided in retailers, grocery stores, convenience stores, or drugstores, which became effective on January 1, 2021. The local adoption of this state code aids in the reduction of plastic waste, plastic pollution and promotes mindful consumption. This effort also supports the City's vision of a thriving environment, healthy neighborhoods, and a resilient economy.

BACKGROUND: Richmond 300—the City's Comprehensive plan—was adopted by City Council in December 2020. It calls for a thriving environment, wherein the City is positively adapting to the effects of a changing climate, with a built environment that enhances and protects natural assets. Furthermore, RVAgreen 2050, the City's Climate Equity Action Plan, has set ambitious goals to achieve the Richmond 300 Vision. This includes waste reduction measures adopted as

part of RVAgreen 2050, including WR 4.1.iii. - Pass an ordinance to impose a tax on plastic bags, the phasing out of polystyrene containers, and a balloon release ban, per state-enabling legislation.

The City generates approximately 185,000 tons of waste annually, with 80% going to landfills. The production, use, and disposal of single-use plastic bags have detrimental impacts on the environment, the City, and its residents. Single-use plastic bags create litter, threaten local ecosystems and the Chesapeake Bay watershed, and produce greenhouse gases. Litter collection is expensive, with state-wide estimates putting the annual cost of litter cleanup at \$5 million. Single-use plastics that end up in landfills—which disproportionately are located near low-income communities—pollute groundwater and create airborne pollutants that can lead to higher risks of asthma and other illnesses.

Reducing the number of disposable plastic bags in circulation throughout the City promises to lower the cost of litter collection and reduce the burden on the City's solid waste disposal and recycling programs, as well as foster cleaner, healthier, and more beautiful neighborhoods, green-spaces, and waterways.

After a local ordinance is adopted, a certified copy is to be presented to the State Tax Commissioner at least three months prior to January 1, 2026. The tax is enforced by the Virginia Department of Taxation. Retailers retain their revenue share via tax deduction, and the Department of Taxation distributes the remaining share of the revenue to the City according to the Sales Tax schedule.

The fee will be collected beginning January 1, 2026, and will be administered through the Virginia Department of Taxation. Based on an estimated 8 million plastic bags distributed in the City per year, the annual revenue from this tax is expected to be \$400,000. This revenue is to be split between the City and retailers.

Retailers will retain \$0.01 for every bag distributed, while the City receives the remaining \$0.04 per bag. This revenue share is designed to alleviate any potential administrative burdens experienced by retailers.

COMMUNITY ENGAGEMENT: The Office of Sustainability shares educational materials with the Richmond community about the benefits of waste reduction and recycling. The Office of Sustainability and the Department of Economic Development will conduct outreach to businesses from the adoption of the ordinance by City Council up to the time of implementation (January 1, 2026) and thereafter.

The disposable plastic bag tax will begin collection on January 1, 2026, providing ample time to conduct outreach to businesses and community members to prepare them for the implementation of this new tax.

FISCAL IMPACT: Estimated revenue to the City is approximately \$400,000 annually, starting in January 2026. Revenue restricted to uses outlined in ordinance, per Virginia Code §58.1-1745.

DESIRED EFFECTIVE DATE: January 1, 2026

REQUESTED INTRODUCTION DATE: April 28, 2025

CITY COUNCIL PUBLIC HEARING DATE: May 27, 2025

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development

AFFECTED AGENCIES: Office of Sustainability and Department of Economic Development

RELATIONSHIP TO EXISTING ORD. OR RES:

ATTACHMENTS: Budget Memo

STAFF: Tara Worden

Memo

To: Meghan Brown, Director of Budget
From: Tara Worden, Sustainability Manager
cc: Laura Thomas, Director of Sustainability
Date: April 2, 2025
Re: Disposable Plastic Bag Tax

Revenue Projection & Implementation Timeline

The plastic bag tax is expected to generate approximately \$400,000 in annual revenue. Staff is preparing an additional ordinance with two key components:

1. Creation of a dedicated special fund to receive disposable plastic bag tax revenues
2. Appropriation of disposable plastic bag tax revenues to this special fund

Budget Amendment Process

Since this action will amend the FY 2025-26 budget, the ordinance will be:

- Introduced to Council on June 23, 2025
- Scheduled for approval on July 28, 2025