



Legislation Text

File #: ORD. 2025-206, **Version:** 1

To amend Ord. No. 2025-057, adopted May 12, 2025, which adopted the Fiscal Year 2025-2026 Special Fund Budget and made appropriations pursuant thereto, by (i) increasing anticipated revenues from certain funds due to the City from the Virginia Department of Taxation, in accordance with Va. Code § 58.1-1748 and Ord. No. 2025-099, adopted Jun. 2, 2025, by \$200,000.00; (ii) creating a new special fund for the Office of Sustainability called the “Disposable Plastic Bag Tax Special Fund;” and (iii) appropriating the increase to the Fiscal Year 2025-2026 Special Fund Budget by increasing the estimated revenues and the amount appropriated to the Office of Sustainability’s “Disposable Plastic Bag Tax Special Fund” by \$200,000.00, all for the purpose of funding local environmental cleanups, education programs designed to reduce environmental waste, pollution and litter mitigation, and providing reusable bags to recipients of the Supplemental Nutrition Assistance Program or Women, Infants, and Children Program benefits.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Article I, Section 2 of Ordinance No. 2025-057, adopted May 12, 2025, which adopted a Special Fund Budget for the fiscal year commencing July 1, 2025, and ending July 30, 2026, and made appropriations thereto, be and is hereby amended by:

(a) Increasing anticipated revenues from certain funds due to the City from the Virginia Department of Taxation, in accordance with Code of Virginia § 58.1-1748 and Ordinance No. 2025-099, adopted June 2, 2025, by \$200,000.00;

(b) Creating a new special fund for the Office of Sustainability called the “Disposable Plastic Bag Tax Special Fund;” and

(c) Appropriating \$200,000.00 of the increase in anticipated revenues described in subsection (a) of this section to the special fund created by subsection (b) of this section

all for the purpose of funding local environmental cleanups, education programs designed to reduce environmental waste, pollution and litter mitigation, and providing reusable bags to recipients of the Supplemental Nutrition Assistance Program or Women, Infants, and Children Program benefits.

§ 2. This ordinance shall be in force and effect upon adoption.

DATE: August 12, 2025

TO: The Honorable Members of City Council

THROUGH: The Honorable Dr. Danny Avula, Mayor

THROUGH: Odie Donald, Chief Administrative Officer

THROUGH: Tanikia S. Jackson, DCAO - Finance & Administration

THROUGH: Letitia L. Shelton, Director of Finance

THROUGH: Meghan Brown, Director of Budget & Strategic Planning

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

THROUGH: Angie Rodgers, Director of Economic Development

FROM: Laura Thomas, Director of the Office of Sustainability

RE: A request to establish a Disposable Plastic Bag Tax Special Fund

PURPOSE: To amend Ordinance 2025-057, adopted May 12, 2025, to create a Disposable Plastic Bag Tax Special Fund, and to authorize the Chief Administrative Officer to accept and appropriate \$200,000 from the Virginia Department of Taxation for Fiscal Year 2025-2026 Special Fund Budget for the purpose of funding environmental cleanups; providing education programs designed to reduce environmental waste; mitigating pollution and litter; and providing reusable bags to recipients of the Supplemental Nutrition Assistance Program or Women, Infants, and Children Program benefits.

REASON: City Council approved a five-cent tax on disposable plastic bags distributed from grocery stores, convenience stores, and drugstores on June 2, 2025. 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 revenue from this tax is expected to be \$200,000 for fiscal year 2026. These funds are restricted to uses outlined in Ordinance 2025-099, per Virginia Code §58.1-1745, and require the establishment of a special fund.

BACKGROUND: The General Assembly enacted Virginia Code §58.1-1745, which, as of January 1, 2021, authorizes municipalities to implement a single-use plastic bag fee of \$0.05 per bag at grocery stores,

convenience stores, and drugstores within the locality. The City Council adopted Ordinance 2025-099, establishing a five-cent Disposable Plastic Bag Tax for grocery stores, convenience stores, and drugstores. The revenue generated from the tax will be shared between the City and the retailer, on a 4:1 basis.

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 revenue from this tax is expected to be \$200,000 for fiscal year 2026. Revenue from this tax is restricted for the following purposes:

1. Funding environmental cleanups;
2. Providing educations programs designed to reduce environmental waste;
3. Mitigating pollution and litter; and,
4. Providing reusable bags to recipients of the Supplemental Nutrition Assistance Program or Women, Infants, and Children Program benefits.

In order to manage the tax revenue remitted from the Virginia Department of Taxation, a special fund must be established to receive the funds, the Special Fund for Fiscal Year 2025-2026 Budget must be amended to include the anticipated revenue generated, and the authority to spend the funds must be established.

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 \$200,000 for fiscal year 2026. Revenue restricted to uses outlined in ordinance, per Virginia Code §58.1-1745.

DESIRED EFFECTIVE DATE: January 1, 2026

REQUESTED INTRODUCTION DATE:

CITY COUNCIL PUBLIC HEARING DATE:

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development

AFFECTED AGENCIES: Office of Sustainability, Department of Budget and Strategic Planning, and
Department of Finance

RELATIONSHIP TO EXISTING ORD. OR RES: Ord. 2025-099

ATTACHMENTS: Budget Memo

STAFF: Tara Worden