



House of Representatives

General Assembly

File No. 55

January Session, 2017

Substitute House Bill No. 6313

House of Representatives, March 13, 2017

The Committee on Environment reported through REP. DEMICCO of the 21st Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT ESTABLISHING A TAX ON SINGLE-USE PLASTIC AND PAPER BAGS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2017*) (a) For the purposes of
2 this section:

3 (1) "Single-use carryout bag" means a bag made of plastic, paper or
4 other material that is provided by a store to a customer at the point of
5 sale, customarily without a fee, and that is not one hundred per cent
6 recyclable. "Single-use carryout bag" does not include any of the
7 following: (A) A bag provided by a pharmacy to a customer
8 purchasing a prescription medication, (B) a nonhandled bag used to
9 protect a purchased item from damaging or contaminating other
10 purchased items when placed in a one hundred per cent recyclable
11 bag, a compostable bag, a recycled paper bag or a reusable bag, (C) a
12 bag provided to contain an unwrapped food item, or (D) a nonhandled
13 bag that is designed to be placed over: (i) Articles of clothing on a
14 hanger, or (ii) a newspaper.

15 (2) "Store" means a retail establishment that meets any of the
 16 following requirements: (A) Is a full-line, self-service retail store with
 17 gross annual sales of two million dollars or more and that sells a line of
 18 dry groceries, canned goods or nonfood items and some perishable
 19 items, (B) contains not less than ten thousand square feet of retail space
 20 that generates sales or use tax in accordance with title 12 of the general
 21 statutes, (C) is a convenience food store, foodmart or other entity that
 22 is engaged in the retail sale of a limited line of goods, generally
 23 including milk, bread, soda and snack foods, or (D) is a convenience
 24 food store, foodmart or other entity that is engaged in the retail sale of
 25 goods intended to be consumed off the premises.

26 (b) (1) On and after October 1, 2017, no store shall provide or sell to
 27 any customer at the point of sale a single-use carryout bag at a cost of
 28 less than five cents.

29 (2) Any funds collected by a store pursuant to subdivision (1) of this
 30 subsection shall be deposited with the Commissioner of Revenue
 31 Services who shall provide for the deposit of such funds into the
 32 account established pursuant to section 23-15b of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2017	New section

ENV Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 18 \$	FY 19 \$
Department of Energy and Environmental Protection	GF-Maintenance, Repair, and Improvement Account - Revenue Gain	12 million	16 million
Department of Revenue Services	GF - Cost	218,640	124,853
State Comptroller - Fringe Benefits ¹	GF - Cost	35,658	47,544

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a 5-cent fee on single-use bags at certain retail stores. This results in an estimated revenue gain of \$12 million in FY 18 (partial year) and \$16 million annually thereafter, as well as a cost to the Department of Revenue Services (DRS) of \$254,298 in FY 18 and \$172,397 annually thereafter. The bill specifies that all revenue from the fee is deposited in the General Fund's maintenance, repair, and improvement account (MRI) for state parks, administered by the Department of Energy and Environmental Protection (DEEP).²

To administer the newly established fee, DRS would require one Tax Corrections Examiner (\$58,640 for salary and \$22,330 for fringe

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 38.08% of payroll in FY 18 and FY 19.

² The current balance in the MRI account is \$1,849,556.

costs) to verify the accuracy of return information and one Revenue Examiner (\$66,213 for salary and \$25,214 for fringe costs) for audit and enforcement. This estimate is based on the administrative requirements of other state trust taxes.

The DRS would also incur a one-time cost of approximately \$125,000 in FY 18 for form development and printing, changes to the online Taxpayer Service Center (TSC) associated with electronic filing, programming changes to the agency's Integrated Tax Administration System (ITAS), and mailing expenses.

The revenue estimate is based on data from the Citizens Campaign for the Environment indicating that Connecticut residents use approximately 800 million to 1 billion single-use bags every year. Additionally, a 60% reduction in consumption of single-use bags is assumed based on actual data from Washington, D.C., which instituted a similar measure.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to fluctuation in the number of single-use bags utilized in Connecticut.

*Sources: Citizens Campaign for the Environment 2/22/17 Public Hearing Testimony
Washington, D.C. Department of Energy & Environment Anacostia River
Cleanup and Protection Act of 2009 survey*

OLR Bill Analysis**sHB 6313*****AN ACT ESTABLISHING A TAX ON SINGLE-USE PLASTIC AND PAPER BAGS.*****SUMMARY**

Starting October 1, 2017, this bill requires certain retail stores to charge customers at least 5 cents for each single-use carryout bag the stores provide or sell to them. Money from bag fees must go to the revenue services commissioner, who must deposit the funds into the General Fund's maintenance, repair, and improvement account for state parks (see BACKGROUND).

EFFECTIVE DATE: October 1, 2017

STORES THAT MUST CHARGE FOR SINGLE-USE CARRYOUT BAGS

The bill applies to the following stores:

1. a full-line, self-service retail store with gross annual sales of \$2 million or more that sells a line of dry groceries, canned goods or nonfood items, and some perishable items;
2. a store with at least 10,000 square feet of retail space that generates the state sales or use tax; and
3. a convenience store, foodmart or other entity that sells, at retail, (a) a limited line of goods, generally including milk, bread, soda, and snack foods or (b) goods meant for off-premises consumption.

SINGLE-USE CARRYOUT BAG

Under the bill, a "single-use carryout bag" is (1) made of plastic, paper, or another material; (2) provided by a store to a customer at the

point of sale, customarily without a fee; and (3) not 100% recyclable. The following bags are not considered single-use carryout bags under the bill:

1. a bag provided (a) by a pharmacy to a customer buying prescription medication or (b) to contain unwrapped food; and
2. bags without handles (a) used to protect a purchased item from damaging or contaminating other purchased items when placed in a 100% recyclable bag, compostable bag, recycled paper bag, or reusable bag or (b) designed to cover articles of clothing on a hanger or a newspaper.

BACKGROUND

Maintenance, Repair and Improvement Account

By law, this is a separate, nonlapsing account in the General Fund. Money deposited in the account comes from rents paid to use state parks for special events, such as weddings and receptions. The account may also receive money from private and public sources, including the federal or municipal governments.

The account contains separate subaccounts for each state park from which rents are collected. The energy and environmental protection commissioner may use this money to maintain, improve, and build structures on, or repair the property of, the state park for which the subaccount was established. Money in this account supplements, but does not replace, state funds appropriated for the general operation of state parks (CGS § 23-15b).

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 19 Nay 10 (03/01/2017)