

# DEPARTMENT OF TAXATION

## 2020 Fiscal Impact Statement

1. **Patron** Alfonso H. Lopez

2. **Bill Number** HB 1154

3. **Committee** Passed House and Senate

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

4. **Title** Litter Tax: Amount of Tax

**Second House:**

           **In Committee**

           **Substitute**

      X       **Enrolled**

### 5. **Summary/Purpose:**

This bill would increase the Virginia Litter Tax rate to \$20 for each establishment engaged in business as a manufacturer, wholesaler, distributor or retailer of particular products enumerated in state law. In addition, each person engaged in business as a manufacturer, wholesaler, distributor or retailer of certain categories of products would pay an additional annual litter tax of \$30 for each establishment from which such business is conducted.

Under current law, the Virginia Litter Tax is imposed annually at a rate of \$10 per establishment from which business is conducted by manufacturers, wholesalers, distributors of enumerated products. An additional litter tax of \$15 per establishment is imposed on manufacturers, wholesalers, distributors, and retailers of groceries, soft drinks, carbonated waters, beer, and other malt beverages.

This bill would be effective July 1, 2020.

6. **Budget amendment necessary:** Yes:  
Item 379: Environmental Financial Assistance

7. **Fiscal Impact Estimates are:** Preliminary (See Line 8.)

### 8. **Fiscal implications:**

#### Administrative Costs

The Department considers implementation of this bill as routine and does not require additional funding.

#### Revenue Impact

This bill would have a positive revenue impact to the Litter Control and Recycling Fund of \$825,000 in Fiscal Year 2021, and \$900,000 annually thereafter.

**9. Specific agency or political subdivisions affected:**

Department of Taxation  
Department of Environmental Quality  
Localities

**10. Technical amendment necessary:** No

**11. Other comments:**

The Virginia Litter Tax is imposed annually at a rate of \$10 per establishment from which business is conducted by manufacturers, wholesalers, distributors, and retailers of:

- Food for human or pet consumption;
- Groceries;
- Cigarettes and tobacco products;
- Soft drinks and carbonated waters;
- Beer and other malt beverages;
- Wine;
- Newspapers and magazines;
- Paper products and household paper;
- Glass containers;
- Metal containers;
- Plastic or fiber containers made of synthetic material;
- Cleaning agents and toiletries;
- Nondrug drugstore sundry products;
- Distilled spirits; and
- Motor vehicle parts

An additional litter tax of \$15 per establishment is imposed on manufacturers, wholesalers, distributors, and retailers of groceries, soft drinks, carbonated waters, beer, and other malt beverages. The Department has interpreted groceries to include produce and dairy products.

The litter tax and returns are due on May 1 of each year. Virginia imposes a penalty equal to 100% of the tax assessed if the litter tax is paid late. All litter tax revenue collected, minus the necessary expenses of the Department of Taxation for the administration of this tax, are deposited into the Litter Control and Recycling Fund.

Proposal

This bill would increase the Virginia Litter Tax rate to \$20 for each establishment engaged in business as a manufacturer, wholesaler, distributor or retailer of particular products enumerated in state law.

In addition, each person engaged in business as a manufacturer, wholesaler, distributor or retailer of certain categories of products would pay an additional annual litter tax of \$30 for each establishment from which such business is conducted.

This bill would be effective July 1, 2020.

Similar Legislation

**House Bill 502** would add \$100 to the existing penalty for litter tax delinquency.

cc: Secretary of Finance

Date: 3/4/2020 SK  
HB1154FER161