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HOUSE BILL NO. 534**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the Senate Committee on Finance and Appropriations
on February 25, 2020)

(Patron Prior to Substitute—Delegate Carr)

A *BILL to amend the Code of Virginia by adding in Chapter 38 of Title 58.1 an article numbered 7.2, consisting of sections numbered 58.1-3835, 58.1-3836, and 58.1-3837, relating to a local disposable plastic bag tax.*

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 38 of Title 58.1 an article numbered 7.2, consisting of sections numbered 58.1-3835, 58.1-3836, and 58.1-3837, as follows:

Article 7.2.

Disposable Plastic Bag Tax.

§ 58.1-3835. Disposable plastic bag tax.

A. There is hereby imposed on each locality in Planning District 8 a tax in the amount of five cents (\$0.05) for each disposable plastic bag provided, whether or not provided free of charge, to a consumer of tangible personal property by retailers in grocery stores, convenience stores, or drugstores. Each such locality shall provide for collection, administration, and enforcement of such tax by the locality and shall allow a retailer discount as required by § 58.1-3837.

B. Any locality not located in Planning District 8 may by ordinance impose a tax in the amount of five cents (\$0.05) for each disposable plastic bag provided, whether or not provided free of charge, to a consumer of tangible personal property by retailers in grocery stores, convenience stores, or drugstores. Such ordinance shall provide for collection, administration, and enforcement of such tax by the locality and shall include provisions allowing a retailer discount as required by § 58.1-3837.

C. Any tax imposed under this section shall be collected by the retailer, along with the purchase price and all other fees and taxes, at the time the consumer pays for such personal property, and such tax shall be remitted to the locality in which it is collected. All revenue accruing to the locality from a tax imposed under the provisions of this article shall be appropriated for the purpose of environmental cleanup, education programs designed to reduce environmental waste, or mitigating pollution and litter.

§ 58.1-3836. Exemptions.

Any tax imposed pursuant to the provisions of this article shall not apply to the following:

1. Durable plastic bags with handles that are specifically designed and manufactured for multiple reuse;
2. Plastic bags used to carry ice cream, meat, fish, poultry, produce, unwrapped bulk food items, perishable food items, leftover restaurant food, newspapers, or dry cleaning;
3. Plastic bags used to carry alcoholic beverages or prescription drugs; and
4. Multiple plastic bags sold in packages and intended for use as garbage, pet waste, or leaf removal bags.

§ 58.1-3837. Retailer discount.

A. Beginning July 1, 2021, and ending July 1, 2023, every retailer that collects a tax imposed by a locality under this article shall be allowed to retain two cents (\$0.02) from the tax collected on each disposable plastic bag, provided that each such retailer shall dedicate at least 50 percent of such retained amount to promoting the use of reusable bags by its customers.

B. Beginning July 1, 2023, every retailer that collects a tax imposed by a locality under this article shall be allowed to retain one cent (\$0.01) from the tax collected on each disposable plastic bag, and there shall be no restriction on the use of such retained amount.

C. Any retailer that retains a discount pursuant to this section shall account for it in the form of a deduction when paying the amount due to the locality.

2. That the provisions of this act shall become effective on July 1, 2021.