

DEPARTMENT OF TAXATION

2020 Fiscal Impact Statement

1. **Patron** Alfonso H. Lopez

3. **Committee** House Finance

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

2. **Bill Number** HB 1154

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 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.

If enacted during the Regular Session of the 2020 General Assembly, 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.

If enacted during the Regular Session of the 2020 General Assembly, this bill would be effective July 1, 2020.

Similar Legislation

House Bill 302 would amend the funding for the Litter Control and Recycling Fund and repeal the sections of the Code of Virginia relating to the litter tax. Any litter tax levied prior to July 1, 2020, would not be affected by the provisions of this repeal.

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

cc: Secretary of Finance

Date: 1/30/2020 SK
HB1154F161