

DEPARTMENT OF TAXATION

2020 Fiscal Impact Statement

1. **Patron** Joseph P. McNamara

3. **Committee** House Finance

4. **Title** Litter Tax Repeal

2. **Bill Number** HB 302

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would repeal the Virginia Litter Tax. Any litter tax levied prior to July 1, 2020 would not be affected by the provisions of this repeal.

Under current law, Litter Tax is imposed annually on manufacturers, wholesalers, distributors, and retailers of certain products, including “groceries,” at a rate of \$10 per establishment from which business is conducted. 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 become 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 of Taxation (“the Department”) considers implementation of this bill as routine and does not require additional funding.

Revenue Impact

Based on historical data regarding the average litter tax collected during Fiscal Years 2010 through 2017, it is anticipated that this bill would result in an estimated negative revenue impact to the Litter Control and Recycling Fund of \$900,000 annually beginning in Fiscal Year 2021.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No

11. Other comments:

Background

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

- 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
- 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 return 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 repeal the Virginia Litter Tax. Any litter tax levied prior to July 1, 2020, would not be affected by the provisions of this repeal.

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

Similar Legislation

House Bill 502 would increase existing penalties for delinquent payment of the litter tax.

House Bill 1154 would increase the annual litter tax from \$10 to \$20 and the additional annual litter tax from \$15 to \$30.

cc: Secretary of Finance

Date: 1/23/2020 SK
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