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**HOUSE JOINT RESOLUTION NO. 35**

Offered January 10, 2024

Prefiled January 9, 2024

*Requesting the Department of Taxation, in conjunction with the Department of Environmental Quality, to study tax policy options for reforming the litter tax. Report.*

Patrons—Krizek and Hope; Senator: Surovell

Referred to Committee on Rules

WHEREAS, the Commonwealth's litter tax has benefited Virginians for decades; and

WHEREAS, the production of plastic has grown by more than 744 percent since the litter tax was passed; and

WHEREAS, according to a study performed by Clean Virginia Waterways, the Virginia litter tax generates the lowest revenue per capita of any state using a litter tax system; and

WHEREAS, modernization of the litter tax could better promote recycling, reduce landfill waste, and advance environmental stewardship; and

WHEREAS, it is appropriate to perform a full review of the application and utilization of the litter tax to assess how it meets current and anticipated needs; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Department of Taxation, in conjunction with the Department of Environmental Quality, be requested to study tax policy options for reforming the litter tax. Such study shall review how the litter tax could better promote recycling, reduce landfill waste, and advance environmental stewardship in the Commonwealth.

In conducting its study, the Department of Taxation shall (i) conduct an analysis of the Commonwealth's current solid waste streams, including solid waste generated by jurisdiction, by type, and by material and the disposal methods by material and amount, with the costs and revenues for such solid waste disposal programs; (ii) conduct an analysis of the Commonwealth's current recycling streams, including (a) recycling materials and amounts processed by jurisdiction; (b) processing methods by material and amount; (c) the associated revenues and costs for recycling programs; (d) collection and tipping fees; (e) estimated amounts of recyclable materials not currently being recycled; (f) current recycling infrastructure capacity, need, and costs; (g) access and availability to recycling throughout the Commonwealth; (h) the collection, hauling, and composting of materials within the Commonwealth; and (i) the process or composting of recyclable materials in the Commonwealth; (iii) conduct an analysis of market conditions and other opportunities for increasing recycling in the Commonwealth, including (a) coordination between local governments, consumer education regarding recycling, and organics recycling and contamination recycling; (b) opportunities in the recycling system for women and minorities; (c) worker conditions, wages, and benefits; and (d) reuse and organics recycling infrastructure; (iv) conduct an analysis of the economic opportunities in the Commonwealth's recycling system, including (a) revenue lost by the Commonwealth and localities when materials are not recycled, (b) opportunities to increase employment in the recycling industry by material type and the current jobs associated with the solid waste and recycling industries, (c) business opportunities and barriers associated with recycling, (d) barriers to increasing use of recyclables as feedstock of principal processors and manufacturers and means of eliminating those barriers, (e) incentives for stimulating job growth and business opportunities in the recycling industry, (f) improving equitable outcomes for underserved populations within the recycling system, and (g) examining the current efficacy of the litter tax; (v) investigate whether to tie the Virginia litter tax to the Consumer Price Index for All Urban Consumers (CPI-U); (vi) examine the option of implementing an additional cigarette litter abatement fee to compensate for the frequent occurrence of cigarette litter; and (vii) consider creating litter tax exemptions for small businesses. In conducting this study, the Department of Taxation shall utilize an independent, trained facilitator and ensure that a representative of an organization that is a recipient of the litter tax is included as a member of the study. The Department of Taxation shall further provide study members with at least two weeks' notice of the agenda and background materials for all meetings. Any policy recommended in the final report shall pass by a motion with a recorded vote, and dissenting views may be included in such report.

Technical assistance shall be provided to the Department of Taxation by the Division of Legislative Services, the fiscal staff of the House Committee on Appropriations, and the Department of Planning and Budget. All agencies of the Commonwealth shall provide assistance to the Department of Taxation for this study, upon request.

The Department of Taxation shall complete its meetings by November 30, 2024, and shall submit to

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59 the Governor and the General Assembly an executive summary and a report of its findings and  
60 recommendations for publication as a House or Senate document. The executive summary and report  
61 shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for  
62 the processing of legislative documents and reports no later than the first day of the 2025 Regular  
63 Session of the General Assembly and shall be posted on the General Assembly's website.