

## Annual Disposable Bag Fee Report

In accordance with Sec. 20.1307 of the Howard County Code

### Background

CB 64-2019 required that beginning October 1, 2020, Howard County retailers must collect \$0.05 for each disposable plastic bag provided to a customer at the point of sale. There were some exemptions allowed and these are described in the Implementation section below.

Additional Requirements found in CB64-2019 include:

- Retailers that provide more than 1,000 disposable plastic bags during the quarter must remit \$0.04 for each bag provided on or before the last business day of the calendar quarter.
- The bag fee charged must be itemized on a customer's receipt.
- Stores must post signage notifying customers of the 5-cent fee at checkouts and where carts are kept.
- Retailers must keep their records regarding the bag fee for at least 3 years.

### Implementation

Howard County's Department of Finance and Office of Community Sustainability (OCS) collaborate closely on implementing the bag fee program. Members of each staff worked together to design the program and continue to meet monthly to discuss implementation, compliance and outreach issues.

Successful implementation of the bag fee has relied on being prepared and providing outreach, particularly to the business community.

The Finance Department began with the state list of retailers in Howard County. These retailers were sent a series of letters. The first one was sent on August 14, 2020 letting retailers know that the bag fee was coming and what it would require.

The second letter was mailed on September 25, 2020 and provided additional information to the retailers including their bag fee customer number and explanation of the available exemptions.

The Finance department follows up with retailers who email or call with questions on the bag fee requirements and payments. A new email address, [bagfee@howardcountymd.gov](mailto:bagfee@howardcountymd.gov) was created and retailers may also call 410-313-3258.

Finance and OCS also collaborated to create two new webpages regarding the bag fee. The webpage <https://www.howardcountymd.gov/finance/disposable-bag-fee> is specific to the retailer requirements, exemption forms and payment information. The webpage <https://livegreenhoward.com/recycling-waste/plastic-bag-fee> has more general information about the program and is aimed at keeping Howard County residents informed about the program.

There are some exemptions as to which retailers must implement the bag fee program and remit payment to Howard County. These are:

- Program Exemption – the retailer is exempt from the program (i.e., the retailer does not sell products at a point of sale).
- Annual Exemption – the retailer does not provide a bag at checkout that is considered a disposable plastic bag under the law’s definition.
- Minimum Bag Fee Exemption - the retailer provides fewer than 1,000 during a quarter. Retailers in this category still need to charge the fee, but they only remit payment once the total number of bags reaches 1,000.
- During the implementation of the law, it was determined that restaurants were not intended to be included and so were also exempt from the program.

To keep track of the retailer exemptions, Howard County Department of Finance created exemption forms. These can be found on the webpage <https://www.howardcountymd.gov/finance/disposable-bag-fee>

Retailers also had the opportunity to stop providing disposable bags.

To receive bag fee payments, the Finance department created a new online payment portal so that payments would be secure and convenient for stores. The retailer enters the total number of bags provided along with the remittance due date (i.e. last day of quarter) and the payment amount is auto calculated including the late fee if applicable. Payments are made in the portal via ACH and the retailer is responsible for paying the \$1.50 convenience fee.

Regarding the bag fee program requirement to post signage, suggested cards and signs were created. These can be found on both websites listed above. An overall logo for the program was also created:



## Compliance

Retailers are considered in compliance if they have remitted payment or submitted one of the 3 exemption forms. Closed businesses are also included as in compliance. A yearly comparison of the current bag fee customers and the most recent trader's license list will be updated with new businesses and closed businesses each year.

Compliance rates are as follows:

| Reporting Period                            | Compliance % |
|---|--------------|
| FY2021 2Q<br>(October 2020 – December 2020) | 75.7%        |
| FY2021 3Q<br>(January 2021 – March 2021)    | 71.7%        |
| FY2021 4Q<br>(April 2021 – June 2021)       | 67.9%        |

|  |       |
|--|-------|
| Total Customers in Program                       | 2,814 |
| Total Program Exemption forms received           | 474   |
| Total Annual Exemption forms received            | 945   |
| Total Quarterly Minimum Exemption forms received | 432   |

\*\* Compliance % and program totals as of 07/18/2021

To educate stores about the program and increase compliance in the program, Howard County employs a compliance vendor. At this time compliance visits are for educational purposes only; no citations have been issued for non-compliance. The compliance vendor is a contractor and the same company that the Health Department uses for alcohol and tobacco point of sale inspections/enforcement.

During the compliance visit, the contractor makes note of signs & fee collection. Additionally, they provide an explanation of the exemptions and an informational packet (program summary & FAQs) as necessary. Information packet attached.

Compliance vendor has visited 685 retailers since March 2021.

**Bag Fee Revenue and Costs**

Fees Collected by Reporting Period as of 07/18/2021

| <b>Reporting Period</b>                     | <b>Total dollars collected</b> | <b>Total bags reported</b> |
|---|--------------------------------|----------------------------|
| FY2021 2Q<br>(October 2020 – December 2020) | \$206,602.17                   | 5,081,879                  |
| FY2021 3Q<br>(January 2021 – March 2021)    | \$169,609.58                   | 4,223,461                  |
| FY2021 4Q<br>(April 2021 – June 2021)       | \$134,272.65                   | 3,354,202                  |
| FY2021 totals to date                       | <u>\$510,484.40</u>            | <u>12,659,542</u>          |

|   |            |
|---|------------|
| Total Payments received                       | 540        |
| Late fees included in total dollars collected | \$4,104.43 |

**Program Costs as of 07/18/2021**

| <b>Expense</b>    | <b>Cost</b>        |
|-------------------|--------------------|
| Mailings          | \$7,240.00         |
| Reusable bags     | \$3,464.00         |
| Compliance Vendor | \$8,800.00         |
| Salaries          | \$22,895.40        |
| <b>Total</b>      | <b>\$42,399.40</b> |

**Complaints**

There were some complaints at the start of the program, but they are very infrequent now. The major complaints were:

**Customers**

- Implementation during pandemic – there were complaints from customers for implementing during the COVID-19 pandemic. At the beginning of COVID, some stores did not allow the use of reusable bags at all. Many stores did not allow their cashiers to do the bagging when customers are using reusable bags.
- Some retailers no longer supply disposable plastic bags.
- Some retailers are now charging for paper bags or other thicker bags that have been made available.

### **Retailers**

- Due date for remittance is unreasonable
- Requirement to submit exemption forms is burdensome
- Stores that chose to stop using disposable plastic bags needed to find an alternative for their customers.

### **Reducing Plastic Use**

With only two complete quarters of bag fee payments, and no baseline numbers for before the fee started, there isn't very much data to judge how much the fee has already reduced plastic bag usage. There was a decline of 16.8% in reported bag use between the first quarter (October-December 2020) and the second quarter of the program (January 2021-March 2021).

Several stores have stopped using disposable plastic bags altogether. 6 High's of Baltimore locations and 4 Weis locations are two examples of retailers that are no longer providing disposable plastic bags at the point of sale.

Based on what County staff have observed in stores, there has been consumer and retailer behavior change since implementation of the fee. Stores routinely ask if customers want bags and we have observed customers decline bags when they have a smaller number of items. Practices such as double bagging are very likely to have declined as well. Having the fee, signs, bag payments at self-checkout and having cashiers ask if customers want bags all raise awareness about plastic use.

The total number of bags reported in the two full quarters was over 9 million bags. With such a large volume of bags, even small behavior changes due to the fee will continue to have a large impact.

### **Reusable Bags**

Money collected from the bag fee by Howard County Government are kept separate from general funds and put into a Disposable Plastics Reduction Fund.

One of the approved uses of the fund is to provide reusable bags "predominantly to vulnerable individuals." So far, Howard County has provided 900 reusable bags to customers of the county's Roving Radish meal kit program and 1600 reusable bags to the Howard County Food Bank and will continue to partner with non-profit groups to supply bags to those in need.

### **Plastics Reduction and Environmental Protection (PREP) Grants**

The bag fee legislation indicated that funds may also be used by Howard County for environmental purposes including providing grants to local groups with projects and programs that will reduce litter, increase environmental education and awareness, and improve water and environmental quality of our communities.

The Office of Community Sustainability created the Plastics Reduction and Environmental Protection Grants. Grant requirements and the application were posted online with an application due date of April 13, 2021.

Thirteen grant applications were received. All grants were approved, with some modifications. Girl Scouts of Central Maryland withdrew their application when they could not get the approval to receive it. The awards for 2021 PREP grants total approximately \$250,000.

### **Future Plans and Expenses**

- OCS Personnel       \$40,000  
This OCS part-time, contingent employee will provide plastics reduction efforts including implementing the upcoming CB13-2021, other environmental outreach, and support the PREP grant program.
- Other Contractual Services   \$250,000 - \$540,000\*  
This will fund the PREP Grant and other environmental projects and programs.  
\* This figure will be based on the total money collected
- Supplies and Materials     \$17,500  
Reusable bags and other supplies as needed to support outreach and education
- Finance personnel       \$85,129  
This Finance employee will support bag fee administration and fee collection
- Finance contractor       \$50,000  
Contractor support associated with bag fee collection - mailings and compliance visits

### **Conclusions**

- There has been consumer and retailer behavior change.
- Stores routinely ask if customers want bags and customers refuse bags more than they did before the fee.
- COVID impacted the implementation of the bag fee.
- After some hesitation due to COVID, stores are once again allowing reusable bags and most are allowing cashiers to pack reusable bags again.
- Some stores discontinued the use of disposable plastic bags all together.
- Stores need more time to submit their quarterly fees.
- Suggest changing the payment due date to give retailers more time after each quarter closes to remit payment to the County.

- Howard County will use the collected fees to pursue environmental restoration and protection, including grants to local non-profits and innovative projects.

### **Recommendations**

- Change the remittance due date to the County to the end of the month following the end of the calendar quarter. The current due date for payment is the last day of the quarter, leaving no time for stores to collect the information and remit payment.
- Stay abreast on changes from state regarding banning disposable plastic bags.