

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 CB64-2019 Requirements:

- 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.

CB 67-2021 implemented a recommendation presented in the FY21 Annual Disposable Bag Fee Report to adjust the payment due dates from the last day of each quarter to the following:

REMITTANCE SCHEDULE FOR QUARTERLY FEES COLLECTED BY STORE:

CALENDAR QUARTER	REMITTANCE ON OR BEFORE THE STORE'S LAST BUSINESS DAY OF:
JANUARY THROUGH MARCH	APRIL
APRIL THROUGH JUNE	JULY
JULY THROUGH SEPTEMBER	OCTOBER
OCTOBER THROUGH DECEMBER	JANUARY

Bag Fee Administration

Howard County's Department of Finance and Office of Community Sustainability (OCS) collaborate closely on managing the Bag Fee Program. Members of each office worked together to design the program and continue to meet quarterly to discuss maintenance, compliance and outreach issues/efforts. Within the last year, the Department of Finance hired a Bag Fee Program Administrator to manage the Bag Fee legislation requirements and assist customers in becoming compliant.

The Department of Finance pulls a list of businesses each month from the State of Maryland that have a trader's license and operate within Howard County. The businesses that are added each month are sent a letter with their Bag Fee Customer Number, information about the Bag Fee Program, what the business needs to do to ensure compliance with the Bag Fee Program, as well as the contact information for the Bag Fee Program Administrator.

The Program Administrator is proactive in reaching out to businesses that are not compliant via email, phone, or in-person visits to the location, and also responds to emails and phone calls that come in through the bag fee email, bagfee@howardcountmd.gov or phone number 410-313-4063.

Within the last year, the Office of Finance has redesigned the bag fee website, www.howardcountymd.gov/bagfee, to make it easier for businesses to navigate and understand what they need to do to be compliant.

Compliance

Retailers are considered in compliance for reporting purposes if they have remitted payment or submitted one of the 3 exemption forms. Closed businesses are also included as compliant.

Within the last year, the Department of Finance worked with the Office of Law to solidify the process for issuing notice of violations and civil citations; four notices of violations have been issued, and no civil citations have been issued.

To educate stores about the program and increase compliance in the program, Howard County employs a compliance vendor. The compliance vendor is a contractor and the same vendor utilized by the Health Department for 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.

Compliance vendor visited 778 retailers in FY2021 and 282 retailers in FY2022.

In mid-June 2022, letters were sent out to businesses that had not acted to comply with the Bag Fee Program encouraging them to comply or contact the Program Administrator with any questions or assistance. A separate letter was sent to businesses that had taken action to comply at one point but were not current with their compliance.

Compliance rates are as follows:

<u>Reporting Period</u>	<u>Compliance %</u>
FY21	
FY21 2Q (10/1/2020 – 12/31/2020)	88.03%
FY21 3Q (1/1/2021 – 3/31/2021)	87.30%
FY21 4Q (4/1/2021 – 6/30/2021)	86.81%
FY22	
FY22 1Q (7/1/2021 – 9/30/2021)	82.91%
FY22 2Q (10/1/2021 – 12/31/2021)	81.90%
FY22 3Q (1/1/2022 – 3/31/2022)	80.09%
FY22 4Q (4/1/2022 – 6/1/2022)	75.89%

	<u>FY22</u>	<u>FY21</u>
Total Customers in Program	3,267	2,814
Total Program Exemption forms received	659	474
Total Annual Exemption forms received	1,070	945
Total Quarterly Minimum Exemption forms received	1,039	432

** Compliance % and program totals as of 7/28/2022. Please note FY22 4Q due date is 7/31/2022.

Bag Fee Revenue and Costs

Fees Collected by Reporting Period as of 7/28/2022

<u>Reporting Period</u>	<u>Total dollars*</u>	<u>Total Bags</u>
FY21		
FY21 2Q (10/1/20 – 12/31/20)	\$207,933.73	5,110,851
FY21 3Q (1/1/21 – 3/31/21)	\$173,281.98	4,307,359
FY21 4Q (4/1/21 – 6/30/21)	\$181,135.01	4,506,598
FY21 Totals to date	\$562,350.72	13,924,808
FY22		
FY22 1Q (7/1/21 – 9/30/21)	\$203,030.62	5,057,618
FY22 2Q (10/1/21 – 12/31/21)	\$229,321.84	5,787,856
FY22 3Q (1/1/22 – 3/31/22)	\$175,607.05	4,372,224
FY22 4Q (4/1/22 – 6/1/22)	\$164,425.18	2,261,033
FY22 Totals to date	\$772,384.69	17,478,732

*Total late fees included \$6,507.62

While we have seen an increase in disposable bag payments, we believe there are several reasons as to why:

- As COVID restriction have eased, businesses are opening back up to normal operations and customers are visiting stores more.
- This fiscal year, the Department of Finance hired a Program Administrator and increased outreach and enforcement of the Bag Fee Program.
- Each month, the Department of Finance pulls the list of businesses from the state which adds to our number of businesses monitored.
- Several times a month the Bag Fee Administrator visits businesses that are not in compliance; these visits often produce compliance in the form of exemption forms and/or payment of fees collected.
- At least one store, Weis Market, has begun remitting the fee for their 4 locations because they were using thicker plastic bags not captured in the program (and charging 10 cents but not remitting to the County) but now uses the plastic bags that most grocery stores offer and falls within the bag fee law. CVS is the only major retailer that is still using the thicker bags that they note are intended for reuse.

FY22 Program Costs as of 7/28/2022

FY2022 Expense Summary	
<u>Expense</u>	<u>Cost</u>
Salaries	\$96,385.61
Supplies and Materials	\$8,043.14
Contractual/Security Services	\$4,929.20
Contractual Services (Other Sustainability Projects)	\$54,944.98
Contractual Services (Grants)*	\$259,989.00
Total	\$424,291.93

* Includes FY21 earmarked funds

Complaints

There were no complaints reported in FY2022 as both customers and retailers have adapted to the Bag Fee Program.

Reducing Plastic Use

Plastic bag fee revenues increased mostly due to the factors mentioned previously.

While several stores stopped using disposable plastic bags altogether; there are some stores that initially stopped using plastic bags but have since returned to using them. For example, the four Weis locations initially stopped providing disposable plastic bags at the point of sale but have since returned to using plastic.

Based on what County staff have observed in stores, consumer and retailer behavior has changed since implementation of the fee. Stores routinely ask if customers want bags and it was also observed customers declining bags when they have a smaller number of items or customers have gotten into the habit of taking their own reusable bags when they shop.

The total number of bags reported in the three quarters of FY21 was just over of 13.9 million. For FY22, we are showing approximately 17.4 million bags used.

One factor that is hard to measure is the growing popularity of self-checkout registers at retail locations and the accuracy of self-reporting of how many plastic bags are being used.

Restaurants, as well as businesses with under 1,000 bags per quarter, are exempt from the policy and we are not fully accounting for all bags truly being used.

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 5,000 reusable grocery bags to Howard County residents, 2,500 in FY21 and 2,500 in FY22. The totals are: 2,400 to the Howard County Food Bank, 1,500 to the County’s Roving Radish meal kit and food distribution program, 900 to 50+ centers and community centers, and 200 through outreach events. The Office of Community Sustainability 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 Grant in 2021.

In 2021, 10 grantees were provided funds to complete 11 different projects. The total amount of grant funds awarded was \$243,165. A new webpage was created to highlight the projects. Project results are also promoted through the Live Green Howard social media and e-newsletter. Summaries of the 2021 projects and general information about the grant program can be found at <https://livegreenhoward.com/recycling-waste/plastic-bag-fee/prep-grants/>.

2022 PREP grants are being finalized as of July 2022. Grant applications have been received and reviewed. Eleven grants are expected to be awarded in 2022 with an estimated total amount of \$300,000.

Future Plans and Expenses

- OCS Personnel \$84,000
\$40,000 funds an OCS part-time, contingent employee to oversee the plastics reduction efforts including implementing CB13-2021, other environmental outreach, and supporting the PREP grant program. \$44,000 is budgeted for half the cost of a new full time benefitted employee in FY23 for environmental grant coordination and water quality improvement projects. (The remaining costs for the benefitted employee will come from the Watershed Protection and Restoration Fund.)
- Other Contractual Services \$500,000 - \$750,000*
This will fund the PREP Grant and other environmental projects and programs.
* This figure will be based on the total money collected and includes the fund balance carryover from FY21
- Supplies and Materials \$10,000
Reusable bags and other supplies as needed to support outreach and education.
- Finance personnel \$90,000
This Finance employee supports bag fee administration and fee collection.
- Finance contractor \$50,000
Contractor support associated with bag fee collection - mailings and education 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.
- Bag fee payments increased in FY22 from FY21, which is likely a combination of increased enforcement and a return to in-person shopping coinciding with COVID restrictions being lessened.
- Some stores discontinued the use of disposable plastic bags altogether.
- Howard County has used the collected fees to pursue environmental education, single-use plastics reduction projects, and other environmental projects, including grants to local non-profits. Approximately \$545,000 in bag fee funded grants will have been disbursed by the end of calendar year 2022 (\$243,165 in 2021, estimated \$300,000 in 2022).

Recommendations

- Eliminate the requirement to post signs at the registers and every place where the shopping carts are kept. The bag fee policy has been in place long enough that consumers are aware of the fee for plastic bags, and the signs benefit the stores more than the county. The Office of Law has stated that when issuing citations, the current legislation allows for discretion to not cite for signs, but it would be better to be removed as a requirement from legislation as opposed to discretion from the person(s) writing the citation.
- Stay abreast on changes from state regarding banning disposable plastic bags.