

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.

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.

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.

Several times a month the Bag Fee Administrator and compliance vendor visits businesses that are not in compliance; these visits often produce compliance in the form of exemption forms and/or payment of fees collected. If a business remains non-compliant after multiple visits, a Notice of Violation is issued and can result in a Civil Citation.

Within the last year, the Department of Finance has issued one civil citation. The appropriate steps were taken and then citation ended up going to court where a judge ruled in favor of Howard County for a fine of \$500.00.

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 approximately 360 retailers in FY23.

Compliance rates are as follows:

<u>Reporting Period</u>	<u>Compliance %</u>
FY21	
FY21 2Q (10/1/2020 – 12/31/2020)	93.61%
FY21 3Q (1/1/2021 – 3/31/2021)	93.40%
FY21 4Q (4/1/2021 – 6/30/2021)	93.06%
FY22	
FY22 1Q (7/1/2021 – 9/30/2021)	90.77%
FY22 2Q (10/1/2021 – 12/31/2021)	90.60%
FY22 3Q (1/1/2022 – 3/31/2022)	89.97%
FY22 4Q (4/1/2022 – 6/1/2022)	88.94%
FY23	
FY23 1Q (7/1/2022 – 9/30/2022)	82.50%
FY23 2Q (10/1/2022 – 12/31/2022)	83.05%
FY23 3Q (1/1/2023 – 3/31/2023)	80.59%
FY23 4Q (4/1/2023 – 6/1/2023)	78.50%

	<u>FY23</u>	<u>FY22</u>	<u>FY21</u>
Total Customers in Programs	3,522	3,267	2,814
Total Program Exemption Customers	886	659	474
Total Annual Exemption forms received	1,144	1,070	945
Total Quarterly Minimum Exemption forms received	1,770	1,039	432

** Compliance % and program totals as of 7/28/2023. Please note FY23 4Q due date is 7/31/2023.

Bag Fee Revenue and Costs

Fees Collected by Reporting Period as of 7/28/2023

<u>Reporting Period</u>	<u>Total dollars*</u>	<u>Total Bags</u>
FY21		
FY21 2Q (10/1/20 – 12/31/20)	\$210,070.33	5,154,433
FY21 3Q (1/1/21 – 3/31/21)	\$174,832.56	4,339,409
FY21 4Q (4/1/21 – 6/30/21)	\$183,948.32	4,569,501
FY21 Totals to date	\$568,851.21	14,063,343
FY22		
FY22 1Q (7/1/21 – 9/30/21)	\$205,309.98	5,112,514
FY22 2Q (10/1/21 – 12/31/21)	\$232,832.53	5,868,489
FY22 3Q (1/1/22 – 3/31/22)	\$178,061.52	4,437,326
FY22 4Q (4/1/22 – 6/1/22)	\$172,795.24	4,313,758
FY22 Totals to date	\$788,999.27	19,732,087
FY23		
FY23 1Q (7/1/22 – 9/30/22)	\$153,886.41	3,841,128
FY23 2Q (10/1/22 – 12/31/22)	\$176,359.65	4,403,594
FY23 3Q (1/1/23 – 3/31/23)	\$149,680.94	3,742,170
FY23 4Q (4/1/23 – 6/1/23)	\$149,267.44	3,730,640
FY23 Totals to date	\$629,194.44	15,717,532

*Includes total late fees collected to date: \$9,024.82

FY23 Program Costs as of 7/28/2023

FY2023 Expense Summary	
<u>Expense</u>	<u>Cost</u>
Salaries	\$155,981.18
Supplies and Materials	\$9,436.18
Contractual/Security Services	\$7,610.00
Contractual Services (Other Sustainability Projects)	\$101,965.15
Contractual Services (Grants)*	\$347,532.95
Other Contractual Services	\$13.02
Total	\$622,538.48

Complaints

We received a complaint for Wegmans about charging for paper bags. This has been a common complaint as several stores have started to carry paper bags and charge for them. In these situations, the Department of Finance advises the customer that the store can charge for paper bags as a business decision, and then contacts the store to ensure proceeds from the paper bags are not being paid to the County as part of the Bag Fee Program.

In one specific instance, the Department of Finance worked with Wegmans to update their language on their self-checkouts to clarify to customers that only paper bags are being used at their location and that it is a charge by the store and not associated with the County Bag Fee policy.

Reducing Plastic Use

Stores have started using paper bags as an option in lieu of plastic bags and have been charging for paper bags to incentivize customers to bring their reusable bags when they shop.

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 for FY22 is approximately 17.4 million. In FY23, approximately 15.2 million have been reported.

The County Council asked for information on Howard County's Bag Fee Program compliance compares to Montgomery County as Montgomery County has had a bag program in place since January 1, 2012. In reaching out it was discovered that Montgomery County recently hired a position to handle their bag program and are just now working to stand up their compliance and enforcement efforts. Howard County Department of Finance has offered to be a resource to help answer questions.

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 7,336 reusable grocery bags to Howard County residents. 2,500 in FY21, 2,500 in FY22, and 2,336 in FY23. 3,000 bags were ordered in FY23, but supply chain problems led to the vendor supplying as many as they could which was 2,336. The overall reusable bag distribution totals are: 3,900 to the Howard County Food Bank, 2,336 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. A 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](#) and [2022](#) projects and general information about the grant program can be found at <https://livegreenhoward.com/recycling-waste/plastic-bag-fee/prep-grants/>.

In 2021, 10 grantees were provided funds to complete 11 different projects. The total amount of grant funds awarded was \$243,165. In 2022, 11 grantees received funds for 11 projects. The total allocated for these projects was \$364,346.95.

2023 PREP grants are being finalized as of July 2022. Grant applications have been received and reviewed. Ten grants are expected to be awarded in 2023 with an estimated total amount of \$350,000.

Approximately \$958,522 bag fee funded grants will have been disbursed by the end of calendar year 2023 (\$243,165 in 2021, \$365,357 in 2022, and an estimated \$350,000 in 2023).

Future Plans and Expenses

- OCS Personnel - \$187,462 including benefits and fringe
Approximately \$49,000 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. Approximately \$48,000 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.) Approximately \$90,000 is budgeted for a new position to assist in implementing the Climate Action Plan and staffing the subcabinet.
- Other Contractual Services - \$853,126
This will fund the PREP Grant and other environmental projects and programs.
- 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.

- System Upgrade for Finance - *No Cost*

The Department of Finance is working to create a database that will help to streamline our processes and more efficiently pull data in an effort to increase compliance and answer any questions presented about the Bag Fee Program.

Conclusions

- There has been an increase in paper bag use by stores. Stores encouraging customers to bring their own bags has also become routine.
- Paying for plastic bags has become expected in Howard County and we should expect to continue to see a drop in the number of plastic bags used.
- 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.
- 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. In three years of grants, approximately \$958,522 in bag fee funded grants will have been disbursed by the end of calendar year 2023.

Recommendations.

- Stay abreast on changes from state regarding banning disposable plastic bags.
- Extend the due date for the Annual Bag Fee Report to the end of August to allow all payments and exemption forms to come in for Q4.