




# County of Fairfax, Virginia

## MEMORANDUM

**DATE:** July 19, 2022

**TO:** Board of Supervisors

**FROM:** Kambiz Agazi   
Director, Office of Environmental and Energy Coordination

**SUBJECT:** Plastic Bag Tax Revenue

Effective January 1, 2022, Fairfax County established a five-cent tax on disposable plastic bags provided at grocery stores, convenience stores and drug stores. Revenue from the tax accrues monthly and must be used to fund the provision of reusable shopping bags to low-income residents or to fund programs related to environmental cleanup and pollution prevention. The purpose of this memorandum is to present a proposed project selection process to fund applicable county programs and initiatives using revenue from the disposable plastic bag tax.

### Background

On September 14, 2021, the Board of Supervisors (Board) adopted [Article 30](#) under Chapter 4 of the Code of the County of Fairfax, relating to a disposable plastic bag tax. Article 30, which went into effect on January 1, 2022, established a five-cent tax on disposable plastic bags provided by grocery stores, convenience stores and drug stores to curb the use of such bags and reduce pollution in the natural environment. The tax is being collected, administered, and enforced by the Virginia Department of Taxation, with revenue allocated to the county as soon as practicable at the end of each month for which the tax is remitted.

As mandated in the enabling legislation passed in the 2020 Virginia General Assembly, and codified in Title 58.1, Taxation, Chapter 17, *Miscellaneous Taxes*, [Article 12, Disposable Plastic Bag Tax](#), plastic bag tax revenue must be appropriated to certain purposes. These include environmental cleanup, providing educational programs designed to reduce environmental waste, mitigating pollution and litter, or providing reusable bags to recipients of Supplemental Nutrition Assistance Program (SNAP) or Women, Infants, and Children Program (WIC) benefits.

In its first five months of implementation, Fairfax County received over \$500,000 in revenue from the plastic bag tax; it is on track to receive over \$1.2 million in revenue in the first year. Revenue is likely to fluctuate in the first few years of implementation. For instance, in 2022, affected retailers are permitted to retain two out of every five cents collected on disposable plastic bags. Beginning January 1, 2023, retailers will only be permitted to retain one cent. As has been observed in other jurisdictions with a plastic bag tax, over the long term, tax revenue is likely to trend downward as consumers begin reducing their use of disposable plastic bags.

### **Initial Revenue Allocations**

To ensure that the plastic bag tax revenue is distributed in a manner consistent with state regulations, staff is proposing the establishment of a project funding selection process, described in the section below. As the county currently has over \$500,000 in revenue (accrued between January and May 2022), staff is proposing this revenue be allocated to applicable projects before the project funding selection process is established.

Staff is proposing the initial five months of revenue be allocated to existing county programs and initiatives, such as [Operation Stream Shield](#), which provides individuals experiencing homelessness with a nominal stipend and workforce skills while providing stream clean up. Revenue would also support the procurement of supplies for county-led volunteer stream cleanups; the provision of reusable bags at farmers markets, food pantries and for SNAP and WIC recipients; and resources for stormwater maintenance projects, such as storm drain markings. A complete list of projects is included in Attachment 1.

### **Project Selection Process for Plastic Bag Tax Revenue**

Going forward, staff is proposing the development of a formal project selection process to allocate revenue from the disposable plastic bag tax. The process is modelled, in part, after the Environmental Improvement Program (EIP). County agencies will be invited to apply for funding and a Project Selection Committee (PSC) will review applications, interview applicants when needed, and evaluate and prioritize projects. The PSC will then submit its recommendations to the Chief Financial Officer (CFO) and Department of Management and Budget (DMB) for final review.

Project applicants must meet certain submission criteria to ensure projects (1) meet one of the four allowable uses for plastic bag tax revenue; (2) are located in Fairfax County or are part of a regional effort that directly benefits Fairfax County; (3) can or will be initiated in the year for which funding is requested; (4) shall not be used to fund permanent (merit) positions; and (5) shall not be included in the Capital Improvement Program (CIP) and, absent extenuating circumstances, must have no alternate source of funding (e.g., enterprise/special revenue funds).

Staff will provide periodic updates to the Board on plastic bag tax revenue and the projects funded through this selection process.

Please contact me at 703-324-1788 or via email at [Kambiz.Agazi@fairfaxcounty.gov](mailto:Kambiz.Agazi@fairfaxcounty.gov) with any questions.

Attachment 1: Initial Allocation of Estimated Plastic Bag Tax Revenue

cc: Bryan J. Hill, County Executive  
Rachel Flynn, Deputy County Executive  
Christina Jackson, Chief Financial Officer

### Initial Allocation of Estimated Plastic Bag Tax Revenue

The following table includes proposed programs to be funded with current revenue funds from the plastic bag tax:

<b>Project Name</b>	<b>Project Summary</b>	<b>Lead Agencies</b>	<b>Funding</b>
<a href="#"><u>Operation Stream Shield (OSS)</u></a>	OSS provides temporary work experience to individuals experiencing homelessness. Funding will support the removal of debris from in and around waterways and VDOT right-of-ways.	Department of Public Works and Environmental Services (DPWES), Office to Prevent and End Homelessness (OPEH)	\$370,000
<a href="#"><u>Storm Drain Education and Labelling Projects</u></a>	Funding will support the provision of labels and other program costs.	DPWES, Northern Virginia Soil and Water Conservation District (NVSWCD)	\$70,000
<a href="#"><u>Community Labor Force (CLF) Maintenance</u></a>	CLF crews assist in many of the county's maintenance activities. Funding will support this initiative.	DPWES	\$30,000
Bandalong and StormX Maintenance	Bandalong and StormX are used to capture litter in county waterways. Funding will support maintenance of these technologies.	DPWES	\$20,000
Reusable Bags – SNAP & WIC Recipients	Funding will be used to provide reusable shopping bags to the county's SNAP and WIC recipients.	Department of Family Services (DFS), Fairfax County Health Department	\$5,500
Reusable Bags – Food Pantries	Funding will be used to provide reusable shopping bags to food pantries.	Neighborhood and Community Services (NCS)	\$5,500
Reusable Bags – Farmers Markets	Funding will be used to provide reusable shopping bags to shoppers at county farmers markets.	Fairfax County Park Authority (FCPA), Virginia Cooperative Extension	\$5,000
Volunteer Stream Cleanups	Funding will provide gloves and trash bags for volunteer stream cleanups	NVSWCD, FCPA, Clean Fairfax Council	\$5,000
<b>TOTAL</b>			<b>\$511,000</b>