



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 711** HLS 13RS 1036  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
  
Proposed Amd.:  
Sub. Bill For.:

|                                        |         |                                |
|----------------------------------------|---------|--------------------------------|
| <b>Date:</b> May 3, 2013               | 1:33 PM | <b>Author:</b> BARROW          |
| <b>Dept./Agy.:</b> Revenue             |         |                                |
| <b>Subject:</b> 5c tax on plastic bags |         | <b>Analyst:</b> Deborah Vivien |

TAX OR INCREASE SD RV See Note Page 1 of 1  
Imposes a tax on single-use plastic carry bags and provides for the use of the avails thereof

Proposed law levies a 5 cent tax on each plastic bag bag used at a retail sale of goods; not subject to vendor compensation. Proceeds are deposited in the Plastic Bag Management Fund, created by this bill, which will be dedicated 20% to projects specified by legislators (distributed by population), with 18% staying with existing state programs and 61% appropriated to specific non-profit organizations. All projects funded must be for a public purpose. In addition, the Office of Community Development in the Division of Administration will receive 1% to alleviate expenses related to grant administration.

| EXPENDITURES   | 2013-14    | 2014-15    | 2015-16    | 2016-17    | 2017-18    | 5 -YEAR TOTAL     |
|----------------|------------|------------|------------|------------|------------|-------------------|
| State Gen. Fd. | \$0        | \$0        | \$0        | \$0        | \$0        | <b>\$0</b>        |
| Agy. Self-Gen. | \$0        | \$0        | \$0        | \$0        | \$0        | <b>\$0</b>        |
| Ded./Other     | INCREASE   | INCREASE   | INCREASE   | INCREASE   | INCREASE   |                   |
| Federal Funds  | \$0        | \$0        | \$0        | \$0        | \$0        | <b>\$0</b>        |
| Local Funds    | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <b><u>\$0</u></b> |
| Annual Total   |            |            |            |            |            |                   |

| REVENUES       | 2013-14    | 2014-15    | 2015-16    | 2016-17    | 2017-18    | 5 -YEAR TOTAL     |
|----------------|------------|------------|------------|------------|------------|-------------------|
| State Gen. Fd. | \$0        | \$0        | \$0        | \$0        | \$0        | <b>\$0</b>        |
| Agy. Self-Gen. | \$0        | \$0        | \$0        | \$0        | \$0        | <b>\$0</b>        |
| Ded./Other     | INCREASE   | INCREASE   | INCREASE   | INCREASE   | INCREASE   |                   |
| Federal Funds  | \$0        | \$0        | \$0        | \$0        | \$0        | <b>\$0</b>        |
| Local Funds    | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <b><u>\$0</u></b> |
| Annual Total   |            |            |            |            |            |                   |

EXPENDITURE EXPLANATION

The Division of Administration may require additional personnel to administer this program but should be provided with sufficient funds for such as 1% of the proceeds are dedicated to that purpose. The bill allows each legislator to choose multiple recipients for grant funding from a portion of the collections.

REVENUE EXPLANATION

This bill imposes a 5 cent tax on each plastic bag (as defined in the bill) used in the transport of retail goods. According to the Revenue Department, a Wall Street Journal article implied a per capita plastic bag use of 324 nationwide (the LFO has not been able to corroborate that estimate). Applying that estimate to the LA population of 4.5 M people would imply plastic bag use in the state of 1.5 B. At 5 cents per bag, the state would collect almost \$70 M. However, it is expected that bag use would decline significantly in response to this new tax. The level of decline would directly impact the amount of revenue the state would receive. According to NCSL, a similar fee imposed in Washington, DC saw plastic bag use fall by almost 90%. In that case, the state would collect an estimated \$7 M. Currently, there are no other statewide taxes imposed on the use of plastic bags, and any estimate of receipts is highly uncertain.

Any revenue generated is dedicated to specific purposes. 20% of the proceeds (or \$1.4 M) are dedicated in equal shares to the House (\$700,000) and Senate (\$700,000). Each legislator will receive funding based on the percentage of state population in his district. The legislator may choose public or private projects to receive grant funding as long as the project is for a public purpose. The remaining 80% of the proceeds is split between various specified non-profit organizations and the state. The state will receive administrative expenses (1% or \$70,000) and 6% or \$420,000 each for DHH funding for HIV/Aids and the Office of Elderly Affairs. The remaining funding will be distributed to certain non-profits as listed along with percentages in the bill. However, 3% or \$210,000 will be reserved for the account to the prevention of child abuse, which is less specific than the other entities.

|                                                                                        |                     |                                                                                            |                                               |
|----------------------------------------------------------------------------------------|---------------------|--------------------------------------------------------------------------------------------|-----------------------------------------------|
| Senate                                                                                 | Dual Referral Rules | House                                                                                      |                                               |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}                  |                     | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}                        |                                               |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} |                     | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | <b>Gregory V. Albrecht</b><br>Chief Economist |