

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 529** HLS 13RS 1035
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: 5c tax on plastic bags used at retail		

TAX OR INCREASE GF RV See Note Page 1 of 1
 (Constitutional Amendment) To impose a tax on single use plastic carry bags

Proposed law enacts a constitutional amendment which, upon approval of voters on November 4, 2014, levies a 5 cent tax per plastic bag used at a retail sale of goods.

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

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

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

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 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 the increased 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.

The bill provides no guidance for the use of the funds.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<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}

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