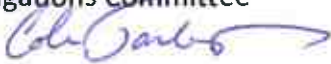


MEMORANDUM

DATE: July 23, 2019
TO: Judiciary and Legislative Investigations Committee
FROM: Colin Tarbert, President & CEO 
POSITION: Oppose
SUBJECT: City Council Bill No. 19-0401 – Comprehensive Bag Reduction

INTRODUCTION

The Baltimore Development Corporation (BDC) is reporting on City Council Bill No. 19-0401 – Comprehensive Bag Reduction - introduced by Councilmember Henry, et al.

PURPOSE

This bill repeals the Plastic Bag Reduction Program; prohibits certain dealers from supplying customers with plastic bags for use as checkout bags; authorizes certain exemptions; defines certain terms; imposes certain civil and criminal penalties; imposes a surcharge on checkout bags supplied by dealers to certain customers; and provides for special effective dates.

BRIEF HISTORY

In 2010 the Baltimore City Council passed the Plastic Bag Reduction Program, which prohibits certain food and non-food dealers from providing consumers with a single-use plastic bag at the point of sale. By enrolling in the Reduction Program, the dealer pledged to follow specific bag reduction efforts including only offering single-use plastic bags upon request, providing a collection bin for recycling and offering reusable bags for sale. Currently retailers can provide plastic bags at no additional cost to consumers, if a bag is requested. Paper bags are available at some retailers at no cost also if requested by the consumer.

For nearly a decade BDC, as one of the founding partners in the Baltimore Food Policy Initiative, has been at the forefront of supporting healthy food access for city residents with a retailer attraction and retention strategy, including implementing the City's only tax credit for **grocery**. Bill No. 19-0401 bans plastic bags completely and requires the retailers collect a five cent fee for a paper bag, if requested by the consumer, and remit four cents of the fee to the City. By allowing the retailer to keep only one cent per bag, which is less than the costs of providing a paper bag and administering the collection and payment of the fee, the fee acts as an additional tax on retailers. The provision in the bill that requires EBT users to get a free bag is also too costly to businesses which now provide plastic bags for free because they are a fraction of the cost of paper.

Supermarkets in the city are already uniquely burdened by the beverage container tax (City Ordinance 12-045) relative to their suburban competitors. Grocery is a low margin business and, just as grocers were unable to absorb the five cents per container tax and have **passed**

those costs onto the consumer, so too will this fee further shrink a store's profit margins or lead to higher prices for city residents which may incentivize them to take their dollars to stores in the surrounding Counties.

Existing taxes and fees make the cost of doing business in the city higher than surrounding counties; requiring a fee for a bag only adds to the higher costs of shopping in the city. That these fees are earmarked for other efforts intended to support City residents does not appear to influence customer behavior. City consumers aren't necessarily aware that the container tax goes to building schools, just as they will not recognize that this proposed bag fee will fund as-yet unidentified City initiatives. Instead, a consumer's conclusion is that it is more costly to shop in the city, leading them to do it less, making it harder for city retailers to be profitable. There is a direct relationship between this phenomenon and BDC's ability to attract certain retailers to the city.

FISCAL IMPACT

NONE

AGENCY POSITION

The BDC opposes City Council Bill No. 19-0401 because it unduly burdens supermarkets operating in the city.

Though the BDC opposes this legislation, if the bill does proceed in the process, alternatives to lessen the burden on supermarkets are to allow the retailers to set the fee for the bag and keep the entire amount of the fee collected to cover their costs. Furthermore, requiring a free bag be provided to EBT users should be removed.

If you have any questions, please do not hesitate to contact Kim Clark at 410-837-9305 or kclark@baltimoredevelopment.com

cc: Jeffrey Amoros

[KD]