

MEMORANDUM

DISPOSABLE BAGS

Effective May 1, 2022, the City of Fort Collins enacts regulation prohibiting large grocers from providing disposable plastic bags and requiring payment of a \$.10 disposable bag fee for disposable paper bags.

Disposable bag fees are reported to the City on a separate return and must be filed quarterly. Please note the first reporting period is May through June 2022 with a filing deadline of July 20, 2022.

[READ THE DISPOSABLE BAG ORDINANCE HERE](#)

Who is regulated by this ordinance?

This ordinance applies to *Large Grocers*.

Large grocer shall mean a retail business within the city limits that is located in a permanent building containing at least ten thousand (10,000) square feet of retail space, which operates year-round offering for sale at least four of the following typical grocery departments: staple foodstuffs, meats, produce, dairy products, frozen foods or other perishable items primarily for human consumption. Large grocer shall not include:

- (1) temporary vending establishments for fruits, vegetables, packaged meats, and dairy; or
- (2) vendors at farmers' markets or other temporary events.

What is considered a disposable bag?

Disposable bag shall mean a bag, other than a reusable bag, provided to a customer at a checkout stand, cash register, point of sale, or other point of departure by any retail establishment for the purpose of transporting and carrying away items purchased at the store. A disposable bag may be made primarily of paper (a disposable paper bag) or plastic (a disposable plastic bag) or other material that does not meet the standards for a reusable bag. Disposable bag shall not include:

- (1) bags used by consumers inside the store, before the point of sale, to:
 - a. package bulk items, such as fruit, vegetables, nuts, grains, candy or small hardware items;
 - b. contain or wrap frozen foods, meat, or fish;
 - c. contain or wrap flowers, potted plants, or other items where dampness may be a problem; or
 - d. contain unwrapped prepared foods or bakery goods.
- (2) bags used to protect a purchased item from damaging or contaminating other items when placed in a reusable bag;
- (3) bags provided by pharmacists to contain prescription drugs; or

- (4) newspaper bags, door-hanger bags, laundry-dry cleaning bags, or bags sold in packages containing multiple bags for uses such as food storage, garbage, pet waste, or yard waste.

How much is the disposable bag fee, how is it charged, and what are the remittance requirements?

The fee is 10 cents (\$0.10) per disposable paper bag used to carryout purchases. Retailer may not refund any part of the disposable bag fee. Retailer may not exempt any customer from any part of the disposable bag fee, unless the customer presents at the time proof of participation in a federal, state, county, or city income-qualified aid program.

Customer receipts must show the number of disposable bags provided and the total amount charged for disposable bags.

Is there a Vendor Share on the Disposable Bag Fee?

Yes, the **Vendor Share** is 40% and equals four cents (\$0.04) per disposable bag. Use of the **Vendor Share** is subject to restrictions and vendors should reference *City Code § 12-303 – Disposable bag fee requirements*.

Is any portion of the Disposable Bag Fee subject to sales tax?

The City is working to provide a sales tax exemption for the sale of **disposable bags**. The exemption's effective date is May 1, 2022, meaning large grocers should not include the disposable bag fee in net taxable revenue on their sales and use tax return. We recommend reporting total disposable bag fees on sales and use tax return line 3M – Deductions – Other.

City Council plans to review this sales tax exemption during their regular May 3, 2022 meeting. A second reading of the exemption is planned for May 17, 2022, and then, if passed, becomes City Ordinance on May 27, 2022. If City Council does not approve the exemption, then we will follow-up with impacted grocers.

Where Can Large Grocers File the Disposable Bag Fee with the City of Fort Collins?

Large grocers must file their disposable bag fee returns electronically. This will be done in a similar manner to how sales and use tax returns are filed. MuniRevs will be used to report the bag fee and the system can be accessed here, <https://fortcollins.munirevs.com/>. The disposable bag fee return will be available to your business account on the first of the month following the close of each reporting period.

How often is the Disposable Bag Fee return filed?

The disposable bag fee is reported quarterly and based on a standard calendar year. The disposable bag fee return is due on or before the twentieth of the month following the close of the period. For example, Quarter 1 represents January through March and the return is due by April 20th.

Please contact the Sales Tax Department at salestax@fcgov.com or by phone at 970-221-6780 with any questions.