

10 cents
each



NEW FEE ON PAPER & PLASTIC BAGS

FREQUENTLY ASKED QUESTIONS

What is the reason for the bag fee and ban?

Single-use plastic bags and paper bags are made from natural resources, and the sheer volume of disposable bags creates an enormous—yet preventable—environmental impact. According to the Colorado Public Interest Research Group (CoPIRG), an estimated 4.6 million single-use plastic bags are used daily in Colorado. Placing a small fee on paper and plastic bags and eventually phasing out single-use plastic bags is a policy solution that has been proven to reduce plastic pollution.

Which retailers have to charge for paper and plastic bags?

Retailers that are required to charge the 10 cent bag fee on plastic and paper checkout bags include:

Grocery stores, supermarkets, convenience stores, liquor stores, pharmacies or drug stores, or other retailers with more than three locations in Colorado OR with one or more locations outside of Colorado.

Are there any exemptions for businesses?

Yes. Some retailers are exempt and are not required to charge the 10 cent bag fee on plastic and paper checkout bags. Exempt retailers may choose to charge the 10 cent bag fee and keep 100% of the fees collected. Exempt businesses include:

- “Small” stores (The law defines “small” stores as those with three or fewer locations operating solely in Colorado and is not part of a franchise, corporation, or partnership with locations outside of Colorado)
- Restaurants
- Farmers markets and roadside stand vendors that qualify for the small business exemption (three or fewer locations operating solely in Colorado).

Does my business have to charge for bags at self-checkout stands?

Yes, and many large retailers already charge for bags at self-checkouts across the country. Businesses must include on receipts the type and number of bags taken and bag fee(s) paid by the customers.

Does my business have to charge for all types of bags?

No, the bag fee only applies to paper and plastic carryout bags. Retailers do not have to charge for:

- Produce bags, and bags used for food that could contaminate other items, such as frozen food, meat, seafood, etc.
- Bags for unwrapped food or bakery goods
- Bags for loose, bulk items, including hardware, nuts, fruits, vegetables, and grains
- Bags for dry cleaning, laundry, or garments
- Bags used for prescription medication
- Bags for the sale of small pets like fish, crustaceans, mollusks, and insects

Can customers avoid the fee? Are there any exemptions for customers?

Yes. Customers who bring their own reusable bags or skip using a bag do not have to pay any fee. Also, customers who qualify for state and federal income assistance programs are exempt from the bag fee. Assistance programs include:

- Electronic Benefits Transfer (EBT)
- Supplemental Nutrition Assistance Programs (SNAP)
- Women, infants, and children (WIC)
- Temporary Assistance to Needy Families (TANF)
- Colorado Cash Assistance Programs

How much of the fee can a business keep, and what can they do with it?

Retailers that are not exempt from the law must charge a 10 cent fee for each single-use checkout bag sold starting in 2023. When single-use plastic bags are banned in 2024, retailers will continue to charge 10 cents per single-use paper bag. The retailer may keep 40% of the bag fees and use it as they wish. Some stores may want to use the funds for employee training and administration of the bag fee program, purchase of reusable or paper bags, or other measures. The retailer must remit the remaining 60% of the bag fee to the municipality within which the store is located or, if it is not located in a municipality, to the county in which the store is located.

Frequently asked questions, continued...

Paper bags are more expensive than plastic bags. How is my business expected to cover the cost?

Charging for single-use bags and keeping 40% of the bag fee funds will help offset the cost of purchasing paper bags. Additionally, businesses have to provide fewer bags when customers bring their reusable bags. For example, despite the higher cost of paper bags, four major retailers in Steamboat Springs subject to the town's fee saw a total savings in bag purchase of over \$12,000 in the first year of their plastic bag ban and paper bag fee.

When single-use plastic bags are banned statewide, how long does my business have to use up existing supplies of plastic bags?

Single-use plastic bags will be banned statewide starting January 1, 2024. However, a non-exempt store has until June 1, 2024, to use up its existing inventory of single-use plastic bags.

Does my business need to charge sales tax on each bag?

This depends on each municipality or county. Municipalities and counties can exempt the bag fee from local sales tax. The 40% of bag fee funds that businesses retain does not count as revenue for the purpose of calculating state sales tax.

Is the bag fee used on pick-up/delivery services?

Yes, the bag fee will still apply for delivery and pickup services at qualifying stores. All restaurants are exempt from the bag fee.

How often does my business need to remit bag fees?

Businesses that collect bag fees will remit 60% of the bag fees to the local government every quarter. Your municipality can use its portion of the fee to support and educate about recycling, composting, and waste aversion in your community. Businesses must remit the 60% to the local government starting April 1, 2024. At that time, businesses will be required to remit all the fees owed since January 1, 2023. Some local governments may begin accepting the fee earlier than April 1, 2024.

What if my business only sells a few bags each quarter?

If your business collects less than \$20 of bag fees in a quarter, then you retain the fees until you have collected more than \$20 worth of fees. Once your business has collected more than \$20 of bag fees, then 60% of the bag fees must be remitted to the local government quarterly.

Does my business have to put up signs about the bag fee?

Yes, the new state law requires businesses to post a sign reminding customers about the bag fee. Signs located in the parking lot, on store doors, at checkout, at self-checkout lanes, on carts' advertising space (if available), or in the cart corral can be used to encourage customers to bring their own bags.

Your local government may have signage available to download and print. If not, access free signs and communication materials at <https://ecocycle.org/PPRA>.

How is this law enforced?

HB21-1162, the Plastic Pollution Reduction Act, is a state-level law, but local governments are tasked with enforcement.

If my local government has a bag fee that is higher than this state fee, which do I have to comply with?

HB21-1162 imposes the statewide bag fee of at least \$0.10 per single-use bag. Some local jurisdictions have higher fees or taxes. If the municipalities or county where your business is located has a higher fee or tax, you will need to comply with their fees, but you will not have to charge the \$0.10 required in HB21-1162 in addition to your local fees. See your local municipality's website or contact them for questions about local fees.



Does this law also ban polystyrene (Styrofoam™) food containers?

Yes, however, the polystyrene ban does not start until January 1, 2024. At that time, polystyrene (Styrofoam™) food containers and cups will be banned for all ready-to-eat food in Colorado.