

To: Large retailers located within [your city or county]

From: [your city or county]

RE: Plastic Bag Ban and Paper Bag Fee Compliance begins January 1, 2024

The State of Colorado passed [House Bill 21-1162](#) in 2021, which institutes a **ban on plastic checkout bags and a minimum \$0.10 fee on paper checkout bags in Colorado beginning January 1, 2024**. More details on the bag ban and fee, including information on how to remit collections of the fee to the [City/County], and a retailer toolkit that provides required signage, can be found on the [City/County] website at [add url].

REQUIREMENTS OF RETAILERS

BAN ON PLASTIC CARRY-OUT BAGS AND FEE ON PAPER CARRY-OUT BAGS

Beginning January 1, 2024, large retail stores are prohibited from providing single-use plastic checkout bags. After that date, stores will be permitted to distribute remaining inventory of plastic checkout bags for a \$0.10 fee until supplies are depleted, or until June 1, 2024. Large retail stores must continue to collect the \$0.10 fee for paper checkout bags.

“Large retailer” definition: According to Colorado law, a large retailer is defined as having more than three locations in Colorado, or one or more locations outside the state. Restaurants and small, Colorado-only stores with three or fewer locations are exempt from the ban on plastic carryout bags and the fee on paper carryout bags. See more details on page 2.

The paper bag fee does not apply to customers receiving state or federal food assistance. There is no fee on single-use bags used inside the store to package bulk items; wrap frozen or fresh foods, flowers, or other items where dampness may be a problem; or contain unwrapped prepared foods and bakery goods. It also does not apply to bags used for prescription drugs.

Remitting fees collected on checkout bags

If fees on carryout bags are collected, the store is entitled to retain \$0.04 for every bag. Stores are required to remit \$0.06 of the \$0.10 fee to the [City/County]. Bag fees can be used to fund recycling, composting, and other waste diversion programs, including outreach and education activities.

On a quarterly basis (starting in 2023 per an update from [HB23-1285](#)), the total amount of bag fees collected in the previous quarter(s) must be remitted to the [City/County]. The link to online fee remittance will be posted here: [add your url link to a remittance form; if you don't already have a form, you can use: ecocycle.org/resources/toolkit-bag-fee-remittance-form-for-retailers].

Additional requirements of large retailers

The State Law requires that large retailers providing paper checkout bags for a \$0.10 fee:

- Educate customers on the fee via posted signage. Free signage can be downloaded at [\[add your website url if posting signage. If not posting signage to your website add the url: ecocycle.org/2024-bag-ban\]](#).
- Include on receipts the number of bags taken and bag fee(s) paid by the customer.

Read the State Plastic Pollution Reduction Act:

leg.colorado.gov/sites/default/files/2021a_1162_signed.pdf

FREQUENTLY ASKED QUESTIONS

Who is REQUIRED to eliminate the use of plastic checkout bags and charge a \$0.10 fee on paper checkout bags per this state law effective January 1, 2024? The state law applies to large retail stores. “Large retail store” means a grocery store, convenience store, liquor store, dry cleaner, pharmacy, drug store, clothing store, or other type of retail establishment with more than three locations in Colorado, or with one or more locations outside the state.

Who does NOT have to eliminate the use of plastic checkout bags or charge a \$0.10 fee on paper checkout bags per this state law effective January 1, 2024? The state law does not apply the plastic bag ban or paper bag fee to:

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

What is considered a checkout bag? A checkout bag is furnished to a customer at a store at the point of sale for use by the customer to transport or carry purchased items.

Checkout bags do not include:

- (1) A bag made of paper when the paper has a basis weight 30 pounds or less;
- (2) A bag that a pharmacy provides to a customer purchasing prescription medication;
- (3) A bag that a customer uses inside a store to:
 - a) Package loose or bulk items, such as fruits, vegetables, nuts, grains, candy, or greeting cards; nails, bolts, screws, or other small hardware items; live insects, fish, crustaceans, mollusks, or other small species; and bulk seed, bulk livestock feed, or bulk pet feed;
 - b) Contain or wrap frozen foods, meat, seafood, fish, flowers, potted plants, or other items that, if they were to come in contact with other items, could dampen or contaminate the other items;
 - c) Contain unwrapped prepared foods or bakery goods;
 - d) A laundry, dry cleaning, or garment bag.

How is the paper checkout bag fee charged? Customer receipts must show the number of paper checkout bags provided and the total amount charged for carryout bags. Retailers may not refund any part of the carryout bag fee. **Retailers may not exempt any customer from any part of the carryout bag fee unless the customer presents at the time of purchase proof of participation in a federal or state food assistance program.**

Who is exempt from the paper bag fee? Customers who provide evidence to the store that the customer is a participant in a federal or state food assistance program. Customers who are using reusable bags, request not to receive a checkout bag, or are reusing plastic or paper checkout bags they brought in, are also exempt from paying the fee.

May the store keep any of the fee? Yes, the store may retain 40 percent, or four cents (\$0.04) per carryout bag.

Is any portion of the paper checkout bag fee subject to sales tax? The checkout bag fee is not subject to state sales tax. The vendor or store's share does not count as revenue for the purposes of calculating sales tax. **Local sales taxes may apply. [some municipalities have passed ordinances exempting the bag fee from local sales tax. Update this text to indicate if local taxes apply].**

Where can retailers file the checkout bag fee with [your city/county]? Retailers should file their carryout bag fee returns electronically. This will be done in a similar manner to how sales and use tax returns are filed **[describe the system you wish to use and provide the web address for accessing the system].**

How often is the paper checkout bag fee return filed? The checkout paper bag fee is reported quarterly and based on a standard calendar year. The state law requires retailers to report the bag fee to their municipality/county each quarter. The original law required the remittance of all fees collected quarterly in 2023 to be paid by April 2024. The law has since been amended to require quarterly remittance starting in 2023. If a business has not yet remitted bag fee funds, the first payment should include the funds collected since January 1, 2023, and all subsequent remittances should occur on a quarterly basis.

My business will collect minimal carryout bag fees; am I still required to report and pay each quarter? The state law allows retailers that collect less than twenty dollars (\$20) in carryout bag fees per quarter to hold those fees until a later date. The retailer should retain those collected fees until it has more than twenty dollars' total worth of collected fees and then remit 60 percent of those fees as part of the next quarterly remittance.

Please contact **[local contact information]** with any questions.