
MEMORANDUM

To: Atlanta, Georgia City Council
 From: Grace Baranowski, Maxwell Ruppensburg, Kurt Fire
 Date: May 6, 2016
 Subject: Potential Atlanta Plastic Bag Tax

Environmental Impacts

Plastic bags constitute an unmanageable environmental threat. As plastic bags aren't collected at the curb for recycling,¹ Americans only recycle 3% of the plastic bags they use.² But even that small percentage of recycled plastic bags can become litter by becoming airborne out of garbage cans and trucks, as well as landfills.³ Indeed, vehicles with unsecured loads of trash contribute 20.7% of sizeable roadside litter.⁴

This translates into a sizeable but varying presence of plastic bags in litter across the country. Plastic bags were the third most frequently collected item of litter in the Ocean Conservancy's cleanups of "coastal and inland" areas, representing 10% of all collected litter.⁵ Over half (56.7%) of Austin residents characterized plastic bags as "harmful" "because they are a leading source of litter."⁶ Such litter also carries significant costs for local governments, businesses, and property owners. The majority of the national cost of litter clean-up (\$11.5 billion) is borne by businesses, which pay \$9.1 billion annually to clean up litter.⁷ And, communities displaying a "visible" amount of litter suffer from a 7% decline in property value.⁸ In addition to creating "visual pollution,"⁹ plastic bag litter holds real environmental costs. Animals may ingest them, harming both the health of natural wildlife and commercial livestock. And, thin plastic bags don't decompose organically—they break down into small pieces that absorb toxins and thus pollute the surrounding land and water.¹⁰

Some cite the disproportionate environmental costs of creating alternative carriers as support for continued use of single-use plastic bags. Paper bags must be reused at least three times to achieve lower global warming impact than a single-use plastic bag, while cotton bags must be reused at least 131 times.¹¹ Pacific Research Institute (PRI) states that "'the paper bag produces more than four times the atmospheric pollutants and 15 times the waterborne pollutants' of a plastic bag."¹² It is unlikely, however, that any public policy intervention in a single municipality would dramatically shift production worldwide of any of those carrier options. Cities aim instead to shift residents' consumer behavior, and thus levels of local litter, within their own microeconomic markets.

A strong plastics lobby supports this sensationally misleading research and pushes against political progress. Since 1986, Koch family foundations have donated \$1.6 million to PRI.¹³ Research demonstrating a slight decline in sales in areas affected by a Los Angeles plastic bag ban¹⁴ also benefitted from the Koch brothers' philanthropic support¹⁵ and featured a response rate of 3%.¹⁶ The Society of the Plastics Industry has established the American Progressive Bag Alliance (APBA), which leads the "Bag the Ban" initiative, encouraging the recycling, not banishment, of plastic bags.¹⁷ This industry has made its presence known in Georgia. Representing 16.1% of the statewide plastics industry, more than 55 Georgia companies create plastic bags and other plastics packing products.¹⁸

Legislative Landscape

While only California has passed statewide regulation on plastic bag use, representatives have increasingly worked over the past decade to introduce such legislation in local governments across the country.¹⁹ Data demonstrates the effectiveness of such legislation. In one study, charging consumers for plastic bag use has led to increased usage of their own bags. This effect continued for two months, and the effect of using their own bags became stronger over time.²⁰ Success through such local measures in Austin and Washington, DC suggest potential for local Georgia lawmakers as well.

Austin, TX

In accordance with the city's 2011 Master Plan, the City of Austin passed a Single-Use Carryout Bag Ordinance (SUBO) in March 2013. This legislation required that businesses provide customers only reusable plastic, paper, or cloth bags at check out,²¹ though some use-specific bags like those used to carry frozen food or waste are exempt.²² From 2009 to 2013, the number of single-use plastic bags used by Austin residents decreased by 75%. In the six months after this ordinance passed, support from "heavy shoppers" dropped by 6%, citing inability to reuse plastic bags and the "inconvenience of having to bring their own bags."²³ Still, data suggests that many Austin residents have replaced banned single-use plastic bags with reusable plastic bags.²⁴

But banning single-use plastic bags altogether, thus forcing consumers to replace these thinner carriers with thicker bags where plastic remains necessary, led to unintended negative environmental consequences. The City of Austin saw an increase in thicker plastic bags in municipal landfills—while these are less likely to harm animals, these carriers require more space and degrade even more slowly than their single-use counterparts.²⁵ Levying a fee instead of imposing a ban would have allowed consumers to use thinner, single-use bags where personally necessary and reduce the unnecessarily widespread disposal of thicker, multiple-use carriers, while increasing municipal revenue.

Washington, DC

Instatement of a five-cent single-use plastic bag fee levied on consumers receiving such single-use bags from stores and restaurants dramatically reduced monthly plastic bag use in DC from 22.5 million in 2009 to 3 million in January 2010, the legislation's first month of existence.²⁶ Compared to prior the instatement of the fee, the majority (80%) of DC residents report reducing plastic bag use, and 67% report witnessing less plastic bag litter.²⁷ Most (69%) of DC business owners reported "no negative impact" of the fee on their business operations, 21% of which report a positive impact.²⁸ The city has also realized a positive impact, collecting fee revenue of almost \$150,000 in January 2010.²⁹

Georgia

Georgia has traditionally allowed local control over waste management. In 1992, the State of Georgia encouraged local governments to reduce "solid waste" by a quarter over five years, but did not arm this proposal with any legal weight.³⁰ At least four Georgia cities (Decatur, Lawrenceville, Snellville, and Duluth) operate "pay as you throw" waste collection programs, forcing residents to pay the city a certain rate for collecting non-recyclable waste. In addition to promoting cost-savings, this program has increased the recycling rate to almost 90% in one

city.³¹ The Comprehensive Litter Prevention and Abatement Act of 2006 established local jurisdiction over establishing local penalties for littering.³²

While discussions over banning plastic bags have remained locally driven, lobbyists have driven the state to introduce bans on bags. Movement to ban plastic bags has only occurred in two localities—Tybee Island City Council and Clarke County—while only the former officially introduced legislation.³³ This Tybee Island ordinance captured considerable public attention from its introduction in October 2014, to its failure to pass the Council by one vote, to the Council’s vote to delay the legislation for 120 days in May 2015.³⁴ On Feb. 18, 2015, pro-plastics lobbyists, including a representative from APBA, attended a public stakeholders’ meeting discussing the proposed Tybee Island ordinance.³⁵ Days later,³⁶ in the 2015-2016 Regular Session of the Georgia General Assembly, state legislators introduced bills in both the House and Senate to prevent any local regulations on the use of “auxiliary containers,” allowing only the state that ability in the interest of protecting local businesses.³⁷ While HB 444 stalled within days of its introduction to the House of Representatives,³⁸ SB 139 passed the Senate within a week of its introduction and lost in the House one month later.³⁹ Even though statewide efforts to intervene failed, the lobbyists’ pressure succeeded. The resulting failure in Tybee Island forced local anti-littering advocates to instead lead an educational campaign and recycling initiative in the hopes of achieving similar goals.⁴⁰ Indeed, the plastics industry is a force that must be considered in Georgia.

Why Atlanta?

There are several good reasons for targeting Atlanta as the first Georgia city in which to pass a plastic bag tax similar to that seen in Washington, D.C. First and foremost, it reinforces Atlanta’s identity as a green city. Atlanta is recognized as one of the most tree-friendly cities in America due to the relatively high concentration of trees and greenspace within the city limits. In the current age of heightened environmental concern, passing this tax will garner media attention and it will help **bolster Atlanta’s identity as a progressive southeastern city** that recognizes the value of the great outdoors and the importance of maintaining balance between nature and human development. It also has the potential to draw and keep more young people who are looking to live in a city that respects green spaces. Furthermore, it will serve as a pilot program not only for the state of Georgia but other southern states that would typically lean away from such legislation and ultimately pave the way for other southern cities interested in doing the same.

Improving Upon the Problem

The City of Atlanta does not have programs to collect plastic bags. Instead, “plastic bags, wraps, and film may be recycled at your local grocery or home improvement store.”⁴¹ While providing people with the option to recycle is important and valuable, most Atlantans still end up throwing away their bags at one time or another and they end up in landfills or as litter. If the goal of such a program was to reduce waste, which of course it is, then arguably, it is failing. Therefore, **another approach is necessary** and fortunately, we enjoy the benefit of seeing the impact of what other cities around the US have done and we can learn from their efforts to craft the best possible piece of legislation.

Taxing to Reduce Use

It is important to state that this **plastic bag tax is in no way a ban**. It will not prevent any business or individual from using the bags they wish to use. Instead, it merely seeks to impose the social and environmental cost of the use of these bags on those using them. The tax will be a meager 5 cents per bag. The amount of a nickel is almost a negligible monetary amount but the high visibility of the added tax at checkout creates an annoyance that is enough to help change behavior, as demonstrated by a similar bag tax in DC where plastic bag usage declined from 22.5 million bags a month in 2009 to only 3 million in January of 2010.⁴² The annoyance of the fee proves enough of a reminder to change people's consumption patterns and reduce bag waste.

Tax Incidence and Collection

Responsibility for collection and remittance of the tax falls legally upon the merchant. The economic burden should fall entirely upon the consumer in a highly visible manner as this proves the most effective means by which to change individual behavior. Therefore, the addition of the fee as a line item onto the receipt just like sales tax will be strongly encouraged, if not possibly mandated. To incentivize collection and remittance, for every \$.05 cents remitted by the merchant, the merchant will receive back \$.01, or \$.02 if they offer a bag credit program which gives customers a credit of \$.05 for using a reusable plastic or nonplastic bag. This also means that reusable plastic bags must be clearly marked as such for the benefit of the merchants. The schedule for **collection should be the same as sales and use tax** so that it does not add any significant additional administrative tax burden for the merchants. This also mimics the DC tax and it has thus far proven relatively acceptable for merchants, as "(50%) of business owners and managers said they have **saved money by buying fewer bags** for their customers or by keeping a portion of the 5-cent fee, compared to 40% who said they have not saved money."⁴³

Inclusions and Exclusions

While several plastic bag taxes have been targeted primarily at merchants selling food, **we recommend the extension of the tax to include all retail merchants** in addition to any selling food so as not to unfairly target one sector of commerce. While grocery stores may be the primary place people think of using single-use plastic bags and where the most are used by an individual at one time, we can also help discourage the use of single-use plastic bags at retailer locations by imposing this tax, or at the very least collect revenue to help offset their usage. This is a small point of divergence from preceding legislation but an important one. However, just like the proposals for a statewide tax in Virginia, 'reusable' plastic bags are not included in the tax, meaning bags "made of durable plastic with a thickness of at least 2.25 mm," which will effectively exempt most consumer goods retailers using thicker bags.⁴⁴

Some important exclusions also need to be included as part of the legislation. In similarity to a tax passed in Ireland, the exemptions include bags used for meats, unpackaged foods, and items where condensation or leakage may be a problem. While we would like to see a tax imposed on the use of takeout and delivery bags, this is a necessary exemption to reduce negative public response. As has been argued elsewhere, "by installing only a small number of exceptions, the bag law is less confusing than one with a myriad of exclusions, thus remaining broad and effective."⁴⁵

Branding and Use of Funds

We recommend that the fee legislation be properly branded to effectively communicate the purpose of the fee and the efforts that collected funds will serve -- **keeping Atlanta clean** and maintaining healthy green spaces that make the city a great place to live. It is important that the fee be **prominently placed upon receipts** in order to most effectively achieve a change in consumer behavior. There is always resistance to the passing of new fees so it is important we package it strategically. We would like to recommend branding it as the **“Keep Atlanta Clean Fee”** in all public settings while attempting to pass the new policy. On all receipts, it should be listed as the “ATL Plastic Bag Fee” to remind people that not using plastic bags is how they can avoid the fee.

The funds that are collected from the fee should be **earmarked for the expansion of environmental clean-up** purposes within the city. It is important the funds serve this purpose and not be funneled into the city general fund so that people are able to connect the cost with already important though perhaps underappreciated litter cleanup efforts. We recommend using the funds to help strengthen citywide cleanup efforts in collaboration with environmentally oriented local nonprofits and create a campaign using “ATL Clean Up” as a rallying cry to encourage citizens to appreciate their green spaces, discourage littering, encourage recycling, and create their own local volunteer clean up groups. The funds may not be substantial enough to expand cleanup across the entire city of Atlanta so the expansion should primarily be focused on **cleaning public spaces in areas experiencing the most economic blight** which tend to suffer from the highest incidence of litter and typically receive less attention from volunteer cleanup efforts.

Avoiding Regressivity

Some concerns have been raised in other cities that the tax may prove regressive because low-income residents are the least able to handle the additional costs of paying for the bags or purchasing reusable bags but there are some simple measures others have recommended to avoid this. First, all SNAP or other welfare recipients making **purchases using an EBT card will be exempt from the fee**. However, the goal is still to discourage the use of single-use bags so the second solution involves using part of the funds generated to “purchase reusable bags and provide them to low-income individuals and families.”⁴⁶ The latter solution faces more likely misuse but proves an important complement to exemption in order to achieve the policy’s overall goals. All members of the Atlanta community can and should be a part of the solution. Everyone benefits from a clean neighborhood and a clean city, and everyone deserves to be proud of where they live.

Outcomes

Positive Implications of this Proposal

This policy would bring about a number of positive outcomes for Atlanta. A reduction in plastic bag litter would not only reduce the cost of cleaning up litter for public and private entities, but also help mitigate the decrease in property values seen in high-litter areas. Improving the perception of Atlanta as an environmentally-friendly city will make the city attractive to businesses and families. Some estimate that plastic bags may take up to a thousand years to

decompose in landfills, considerably longer than in instances of natural decomposition. Studies vary widely on their estimate of the decomposition length, often not taking into account the superficial amount of decomposition that takes place in most landfills.⁴⁷ Ultimately, any reduction in the use of plastic bags will lessen the burden on Georgia landfills.

By displaying the “ATL Plastic Bag Fee” prominently on receipts, Atlantans will be aware of the cost of their using plastic bags. Funds raised through this tax would support the new “ATL Clean Up” initiative, rather than be funneled ambiguously into the city general fund. By using these funds to further reduce littering, the city will be fighting litter with a two-pronged approach.

Administratively, this tax would be easy to implement. Existing sales tax systems can be modified to apply this tax, and thus enforcement will be simple. As companies utilizing plastic bags will receive some of the tax remitted if they have a reusable bag program, many Atlanta companies will respond positively to this proposal. Additionally, as this tax is not a ban, those who prefer the use of plastic bags can continue to do so.

Potential Negative Implications of this Proposal

Atlanta’s implementation of a plastic bag tax will likely spur new attempts for state legislators to ban such taxes statewide. Georgia’s prominent plastics lobby will undoubtedly mobilize against this proposal, fearing that the rest of Georgia’s cities would follow in Atlanta’s footsteps. While previous legislation has lacked the majority of votes needed to be enacted, such a visible proposal may provoke united opposition.

As with most taxes, would cause different decisions to be made than without it. While the impact on businesses will be lessened through the bag credit program, restaurants and other businesses that depend on plastic bags for their service will be disadvantaged by the program.

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Conclusion

It would be in the best interests of Atlantans to enact this policy as soon as possible. By discouraging plastic bag use with a tax, Atlanta can fund a new citywide cleanup campaign that will further reduce the harmful effects of litter. If the city doubles down on this program, uniting with existing Atlanta nonprofits, this policy will have a lasting positive impact in the city. Learning from the lessons of existing plastic bag tax policies, Atlanta can craft a policy that will most effectively reduce plastic bag use with minimal disruption of existing markets.

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