

PLASTIC BAG TAX

Two new bills in the General Assembly would make Illinois home to the nation's first statewide plastic bag tax. But Chicagoans wouldn't pay it.

First, a new tax introduced by state Sen. Terry Link, D-Gurnee, would charge Illinois shoppers statewide an extra 7 cents per plastic bag.

The Senate Revenue Committee passed Link's bag tax proposal, Senate Bill 1240, unanimously on March 6. It specifically exempts Illinois municipalities with a population greater than 2.5 million. Chicago's population is 2.7 million. It also exempts municipalities with a bag tax on the books as of Feb. 1, 2018, such as Oak Park. The bill now awaits a full Senate vote.

Gov. J.B. Pritzker included a bag tax of his own in his proposed fiscal year 2020 budget, floating a statewide tax of 5 cents per bag. Pritzker's administration pegged revenue estimates for the new tax at \$19 million to \$23 million, depending on whether Chicago was exempt.

No U.S. state currently collects a statewide plastic bag tax.

Link's 7-cent checkout bag charge would be distributed as follows:

- 2 cents per bag flows to the retailer
- 2 cents per bag flows to the state's general revenue fund
- 3 cents per bag flows to a new state-level Checkout Bag Tax Fund

Chicagoans would not pay this new tax despite the fact that the city receives money from the state's general fund, where part of the tax revenue would end up.

Chicago is one of a handful of major U.S. cities to impose a bag tax of its own, levying a 7-cent-per-bag tax for both paper and plastic grocery bags since February 2017 – 2 cents go to the retailer and 5 cents go to the city.

Link and Pritzker aren't alone.

State Rep. Ann Williams, D-Chicago, also introduced a statewide bag tax that would not apply to Chicago residents. House Bill 3335 would charge a 10-cent-per-bag fee, with 3 cents going to the retailer, 4 cents into the Carryout Bag Fee Fund, 1 cent to the Prairie Research Institute of the University of Illinois, 1 cent to the Solid Waste Management Fund, and 1 cent into the Partners for Conservation Fund.

Municipalities with over 1 million residents are exempt from the 10-cent charge. Under any of these bag tax proposals, Illinois would become the only U.S. state to charge a plastic bag tax that flows to state coffers.

California comes closest. It bans single-use plastic bags and mandates certain businesses to levy a 10-cent minimum charge for recycled paper bags, reusable plastic bags and compostable bags. The stores that sell the bags keep the fee money. Washington, D.C., in 2009 passed a 5-cent tax on disposable paper and plastic bags for businesses that sell food or alcohol.

In contrast to Illinois, neighboring states such as Missouri, Iowa, Wisconsin, Michigan and Indiana all have state laws on the books preventing local bag taxes.