COLORADO · SINCE 1878

Disposable Bag Tax

Taxable Transactions

The Louisville Municipal Code ("LMC") imposes a disposable bag tax on every paper and plastic bag provided to a customer by a Louisville retailer. All retail stores in Louisville are required to charge $0.25 for every plastic or paper bag used at checkout. Retailers will retain $0.10 of each disposable bag tax collected as a vendor's fee to be used for administration of the tax, such as training staff, improving or altering infrastructure for administration of the tax, and improving infrastructure to increase bag recycling.

Disposable bag tax, just like sales tax, must always be shown as a separate and distinct line-item charge and may not be combined with any other fees or charges imposed by the retailer. Retailers are required to record the number of disposable bags provided and the total amount of disposable bag tax charged on the customer receipt. Any excess tax collected as a disposable bag tax, in excess of the disposable bag tax imposed by the LMC, must be remitted to the City.

Disposable bag tax collected, less the $0.10 per bag vendor's fee retained by the retailer, must be remitted to the City on a quarterly basis using the City's Disposable Bag Tax Return form. Printable disposable bag tax return forms can be obtained at the City of Louisville's website Business Licensing Forms & Applications | City of Louisville, CO or can be remitted through a taxpayer's online sales tax account.

Disposable Bag Tax Exemptions

The disposable bag tax *does not* apply to participants in a federal or state food assistance program (i.e. SNAP). A food assistance affidavit will need to be completed by the customer for every purchase made at retailers who do not have automated systems to process federal or state food assistance program purchases. The retailer will retain the completed food assistance affidavit as documentation of the bags exempted from the disposable bag tax.

The disposable bag tax *does not* apply to retailers at temporary events that do not occur more than one time annually (i.e. 1-Day events). Please note that Farmers Market and Street Faire participants do not fall under this exemption and must collect the disposable bag tax fee.

The disposable bag tax *does not* apply to disposable bags:

1. Used by consumers inside stores 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;
    (d) Contain unwrapped prepared foods or bakery goods; or
    (e) A non-handled bag used to protect a purchased item from damaging or contaminating other purchased items when placed in a recyclable paper bag or reusable bag.

The information contained in the Tax Guide publications is intended to offer general guidance in layman's terms, for this topic, industry or business segment, and is not intended for legal purposes to be substituted for the full text of the Louisville Municipal Code rules and regulations. This guide does not constitute a city tax policy.

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2. Provided by pharmacists to contain prescription drugs.

3. Newspaper bags, door-hanger bags, laundry-dry cleaning bags, or bags sold in packages containing multiple bags for uses such a food storage, garbage, pet waste, or yard waste bags.

Examples

1. Retailer A provided 1,200 disposable bags at checkout to customers during the month. Retailer A must remit $180 of disposable bag tax to the City. The disposable bag tax is calculated as follows:
   - $300.00 collected from customers at checkout (1,200 disposable bags x $0.25/bag)
   - ($120.00) Vendor's Fee Deduction (1,200 disposable bags x $0.10/bag)
   - $180.00 Net Disposable Bag Tax Due to the City (1,200 disposable bags x $0.15/bag)

2. Retailer B provided 1,500 disposable bags at checkout to customers during the month. Of the 1,500 disposable bags provided, 500 disposable bags were provided to participants in federal or state food assistance programs. Retailer B does not have an automated system to process federal or state food assistance program purchases, but obtained signed affidavits from the food assistance customers to document the bags exempted from the disposable bag tax. The disposable bag tax is calculated as follows:
   - $250.00 collected from customers at checkout
     i. (1,000 disposable bags [1,500 total bags provided – 500 food assistance customer exempt bags] x $0.25/bag)
   - ($100.00) Vendor's Fee Deduction (1,000 disposable bags x $0.10/bag)
   - $150.00 Net Disposable Bag Tax Due to the City (1,000 disposable bags x $0.15/bag).

3. Retailer C provided 1,500 disposable bags at checkout to customers during the month. Of the 1,500 disposable bags provided, 500 disposable bags were provided to participants in federal or state food assistance programs. Retailer C does not have an automated system to process federal or state food assistance program purchases. Retail C did not obtain signed affidavits from customers participating in federal or state food assistance programs to document the exempted bags provided. The disposable bag tax is calculated as follows:
   - $375.00 collected from customers at checkout (1,500 disposable bags x $0.25/bag)
     i. Retailer C cannot exempt the food assistance customer bags from the disposable bag tax calculation because Retailer C did not obtain signed affidavits for documentation of the exemption.
   - ($150.00) Vendor's Fee Deduction (1,500 disposable bags x $0.10/bag)
   - $225.00 Net Disposable Bag Tax Due to the City (1,500 disposable bags x $0.15/bag).

4. Retailer D provided 1,500 disposable bags at checkout to customers during the month. Of the 1,500 disposable bags provided, 500 disposable bags were provided to participants in federal or state food assistance programs. Retailer D has an automated system to process federal or state food assistance program purchases to document the bags exempted from the disposable bag tax. The disposable bag tax is calculated as follows:
   - $250.00 collected from customers at checkout

i. (1,000 disposable bags [1,500 total bags provided – 500 food assistance customer exempt bags] x $0.25/bag)

- ($100.00) Vendor's Fee Deduction (1,000 disposable bags x $0.10/bag)
- $150.00 Net Disposable Bag Tax Due to the City (1,000 disposable bags x $0.15/bag)