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(Original Signature of Member)

114TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to impose a retail tax on  
carryout bags, and for other purposes.

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**IN THE HOUSE OF REPRESENTATIVES**

Mr. LOWENTHAL introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the Internal Revenue Code of 1986 to impose  
a retail tax on carryout bags, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Trash Reduction Act  
5       of 2015”.

6       **SEC. 2. IMPOSITION OF TAX ON CARRYOUT BAGS.**

7       (a) GENERAL RULE.—Chapter 31 of the Internal  
8       Revenue Code of 1986 (relating to retail excise taxes) is

1 amended by inserting after subchapter C the following new  
2 subchapter:

3 **“Subchapter D—Carryout Bags**

“Sec. 4056. Imposition of tax.

4 **“SEC. 4056. IMPOSITION OF TAX.**

5 “(a) GENERAL RULE.—There is hereby imposed on  
6 any retail sale a tax on each carryout bag.

7 “(b) AMOUNT OF TAX.—The amount of tax imposed  
8 by subsection (a) shall be \$0.10 per carryout bag.

9 “(c) LIABILITY FOR TAX.—The retailer shall be liable  
10 for the tax imposed by this section.

11 “(d) DEFINITIONS.—For purposes of this section—

12 “(1) CARRYOUT BAG.—

13 “(A) IN GENERAL.—The term ‘carryout  
14 bag’ means a bag of any material, commonly  
15 plastic or kraft paper, which is provided to a  
16 consumer at the point of sale to carry or cover  
17 purchases, merchandise, or other items.

18 “(B) EXCEPTIONS.—Such term does not  
19 include—

20 “(i) any reusable bag that is distrib-  
21 uted to a customer without charge during  
22 a limited duration promotional event,

23 “(ii) any bag manufactured for use by  
24 a customer inside a store to package bulk

1 items such as fruit, vegetables, nuts,  
2 grains, candy, or small hardware items,  
3 such as nails and bolts,

4 “(iii) any bag that contains or wraps  
5 frozen foods, prepared foods, or baked  
6 goods when not prepackaged,

7 “(iv) any bag manufactured for use by  
8 a pharmacist to contain prescription drugs,  
9 and

10 “(v) any bag manufactured to be sold  
11 at retail in packages containing multiple  
12 bags intended for use as garbage, pet  
13 waste, or yard waste bags.

14 “(2) REUSABLE BAG.—The term ‘reusable bag’  
15 means a bag that is—

16 “(A)(i) made of cloth or other machine  
17 washable fabric, or

18 “(ii) made of a durable plastic that is at  
19 least 2.25 millimeters thick, and

20 “(B) is specifically designed and manufac-  
21 tured for multiple use.

22 “(3) LIMITED DURATION PROMOTIONAL  
23 EVENT.—A limited duration promotional event shall  
24 not be treated as including any day in a calendar  
25 year if limited duration promotional events taken

1 into account under paragraph (1)(B)(i) have oc-  
2 curred on 7 or more preceding days during such cal-  
3 endar year.

4 “(e) SPECIAL RULES.—

5 “(1) PASS THROUGH OF TAX.—The tax im-  
6 posed by subsection (a) shall be passed through to  
7 the customer and shall be separately stated on the  
8 receipt of sale provided to the customer.

9 “(2) 1ST RETAIL SALE; USE TREATED AS  
10 SALE.—For purposes of this section, rules similar to  
11 the rules of subsections (a) and (b) of section 4002  
12 shall apply.”.

13 (b) PLASTIC CARRYOUT BAG RECYCLING PRO-  
14 GRAM.—Subchapter B of chapter 65 of such Code is  
15 amended by adding at the end the following new section:

16 **“SEC. 6433. QUALIFIED PLASTIC CARRYOUT BAG RECY-  
17 CLING PROGRAM.**

18 “(a) ALLOWANCE OF CREDIT.—If—

19 “(1) tax has been imposed under section 4056  
20 on any carryout bag,

21 “(2) a retailer provides such bag to a customer  
22 in a point of sale transaction,

23 “(3) in the case of a carryout bag made of  
24 paper, such paper consists of not less than 40 per-  
25 cent post-consumer recycled content,

1           “(4) such retailer has in effect at the time of  
2           such transaction a qualified plastic carryout bag re-  
3           cycling program, and

4           “(5) such retailer has kept and can produce  
5           records for purposes of this section and section 4056  
6           that include the total number of carryout bags pur-  
7           chased and the amounts passed through to the cus-  
8           tomer for such bags pursuant to section 4056(e),  
9           the Secretary shall pay (without interest) to such retailer  
10          an amount equal to the applicable amount for each such  
11          bag used by the retailer in connection with a point of sale  
12          transaction.

13          “(b) APPLICABLE AMOUNT.—For purposes of sub-  
14          section (a), the applicable amount is \$0.04.

15          “(c) QUALIFIED PLASTIC CARRYOUT BAG RECY-  
16          CLING PROGRAM.—For purposes of this section—

17                 “(1) IN GENERAL.—The term ‘qualified plastic  
18                 carryout bag recycling program’ means a recycling  
19                 program under which the retailer—

20                         “(A) to the extent the retailer provides  
21                         carryout bags (as defined in section 4056)  
22                         made of plastic to customers—

23                                 “(i) passes through the tax imposed  
24                                 by section 4056 and tracks the total num-  
25                                 ber of bags purchased and amount of tax

1           passed through pursuant to section  
2           6433(a),

3           “(ii) has printed or displayed on each  
4           such bag, in a manner clearly visible to a  
5           customer, the words ‘PLEASE RETURN  
6           TO A PARTICIPATING STORE FOR  
7           RECYCLING’,

8           “(iii) uses bags that are 100 percent  
9           recyclable ,and

10          “(iv) uses bags that are made of high-  
11          density polyethylene film marked with the  
12          SPI resin identification code 2 or low-den-  
13          sity polyethylene film marked with the SPI  
14          resin identification code 4,

15          “(B) places at each place of business at  
16          which retail operations are conducted one or  
17          more plastic carryout bag collection bins which  
18          are visible, easily accessible to the customer,  
19          and clearly marked as being for the purpose of  
20          collecting and recycling plastic carryout bags,

21          “(C) recycles the plastic carryout bags col-  
22          lected pursuant to subparagraph (B),

23          “(D) maintains for not less than 3 years  
24          records (which shall be available to the Sec-

1           retary) describing the collection, transport, and  
2           recycling of plastic carryout bags collected,

3           “(E) makes available to customers within  
4           the retail establishment reusable bags (as de-  
5           fined in section 4056(c)(2)) which may be pur-  
6           chased and used in lieu of using a single-use  
7           carryout bag, and

8           “(F) meets the definition of 4056(d)(3).

9           “(2) RECYCLING PROGRAM.—The term ‘recy-  
10          cling program’ means a program that processes used  
11          materials or waste materials into new products to  
12          prevent waste of potentially useful materials; reduce  
13          raw materials consumption; reduce energy usage; re-  
14          duce air, water, or other pollution; or reduce the  
15          need for disposal.”.

16          (c) ESTABLISHMENT OF TRUST FUND.—Subchapter  
17          A of chapter 98 of such Code (relating to trust fund code)  
18          is amended by adding at the end the following:

19          **“SEC. 9512. CARRYOUT BAG TRUST FUND.**

20               “(a) CREATION OF TRUST FUND.—There is estab-  
21          lished in the Treasury of the United States a trust fund  
22          to be known as the ‘Carryout Bag Trust Fund’ (referred  
23          to in this section as the ‘Trust Fund’), consisting of such  
24          amounts as may be appropriated or credited to the Trust  
25          Fund as provided in this section or section 9602(b).

1       “(b) TRANSFERS TO TRUST FUND.—There is hereby  
2 appropriated to the Trust Fund an amount equivalent to  
3 the amounts received in the Treasury pursuant to section  
4 4056.

5       “(c) EXPENDITURES FROM TRUST FUND.—Amounts  
6 in the Trust Fund shall be available, as provided by appro-  
7 priation Acts, for making payments under section 6433.

8       “(d) TRANSFER TO LAND AND WATER CONSERVA-  
9 TION FUND.—

10       “(1) IN GENERAL.—The Secretary shall pay  
11 from time to time from the Trust Fund into the  
12 Land and Water Conservation Fund provided for in  
13 title I of the Land and Water Conservation Fund  
14 Act of 1965 amounts (as determined by the Sec-  
15 retary) equivalent to the aggregate of the trans-  
16 actions on which tax is imposed under section 4056  
17 aggregate amounts determined on the basis of  
18 \$0.06.

19       “(2) SPECIAL RULE REGARDING AMOUNTS  
20 TRANSFERRED.—Amounts transferred to the Land  
21 and Water Conservation Fund under paragraph (1)  
22 shall not be taken into account for purposes of de-  
23 termining amounts to be appropriated or credited to  
24 the fund under section 2(c) of the Land and Water



1 Conservation Fund Act of 1965 (16 U.S.C. 460l–  
2 5(c)).”.

3 (d) STUDY.—Not later than December 31, 2017, the  
4 Comptroller General of the United States shall conduct  
5 a study on the effectiveness of the provisions of this Act  
6 at reducing the use of carryout bags and encouraging re-  
7 cycling of such bags. The report shall—

8 (1) address measures that the Comptroller Gen-  
9 eral determines may increase the effectiveness of  
10 such provisions, including the amount of tax im-  
11 posed on each carryout bag, and

12 (2) any effects, both positive and negative, on  
13 any United States businesses.

14 The Comptroller General shall submit a report of such  
15 study to the Committee on Ways and Means of the House  
16 of Representatives and the Committee on Finance of the  
17 Senate.

18 (e) CLERICAL AMENDMENTS.—

19 (1) The table of subchapters for chapter 31 of  
20 such Code is amended by inserting after the item re-  
21 lating to adding at the end thereof the following new  
22 item:

“Subchapter D. Carryout bags.”.

1           (2) The table of sections for subchapter B of  
2       chapter 65 of such Code is amended by adding at  
3       the end the following new item:

“Sec. 6433. Qualified plastic carryout bag recycling program.”.

4           (3) The table of sections for subchapter A of  
5       chapter 98 of such Code is amended by adding at  
6       the end the following new item:

“Sec. 9512. Carryout bag trust fund.”.

7       (f) EFFECTIVE DATE.—The amendments made by  
8       this section shall take effect on July 1, 2016.