



Financial Services  
Sales Tax Division  
215 N. Mason Street – 2<sup>nd</sup> Floor  
Fort Collins, CO 80524  
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## MEMORANDUM

### DISPOSABLE CARRYOUT BAGS PROVIDED BY LARGE RETAILERS

Effective January 1, 2023, the State of Colorado enacts regulation requiring *large retail stores* charge a 10-cent (\$0.10) fee for all disposable *carryout bags*. The State law empowers local governments to enforce and ensure compliance with the carryout bag fee, therefore the fee is reported and paid to the City on a separate return that is filed quarterly.

Please be aware that the carryout bag fee starts January 1, 2023, and that reporting of the bag fee to the City is required each quarter, but payment to the City of the fees collected is not required until after April 1, 2024. Businesses may choose to voluntarily pay the fees collected before April 1, 2024, however.

The City previously enacted on May 1, 2022 a disposable bag fee and plastic bag ban applicable to *Large Grocers*, [please follow this link for more information](#). *Large Grocers* are not impacted by the State law and should continue collecting and reporting the disposable bag fee as they currently are.

For more information than what's provided in this memo, [please follow this link to visit the City's Environmental Services page](#) for additional information.

#### [Read the State Plastic Pollution Reduction Act here](#)

*Who is regulated by the State law effective January 1, 2023?*

The State law applies to (*large retail*) Stores.

**Store** (*large retail*) means a convenience store, liquor store, dry cleaner, pharmacy, drug store, clothing store, or other type or retail establishment at which carryout bags are traditionally provided to customers. **Store** includes a farmers' market, roadside market or stand, festival, or other temporary vendor or event that includes temporary vendors.

*Who is not regulated by the State law effective January 1, 2023?*

The State law does not apply to *Small Stores* and *Retail Food Establishments*.

**Small Store** means a store that operates solely in Colorado, has three or fewer locations in the state, and is not part of a franchise, corporation, or partnership that has physical locations outside of Colorado.

**Retail Food Establishment** means a retail operation that stores, prepares, or packages food for human consumption or serves or otherwise provides food for human consumption to consumers directly or indirectly through a delivery service, whether such food is consumed on or off the premises or whether there is a charge for such food.

Please be aware that *retail food establishments* will be affected by a similar ban on polystyrene containers starting January 1, 2024. Please [visit Environmental Services](#) for additional information.

*What is considered a carryout bag?*

**Carryout bag** means a bag that is furnished to a customer at a store at the point of sale for use by the customer to transport or carry purchased items. Carryout bag does not include:

- (1) A bag made of paper when the paper has a basis weight of thirty 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 much is the carryout bag fee and how is it charged?*

The fee is 10-cents (\$0.10) per carryout bag. Customer receipts must show the number of carryout 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 proof of participation in a federal or state food assistance program.

*Is there a vendor share on the carryout bag fee?*

Yes, the **Vendor Share** is 40% and equals four cents (\$0.04) per carryout bag.

*Is any portion of the carryout bag fee subject to sales tax?*

No, the carryout bag fee is not subject to sales tax, nor does the vendor share count as revenue for the purpose of calculating sales tax.



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*Where can retailers file the carryout bag fee with the City of Fort Collins?*

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. MuniRevs will be used to report the bag fee and the system can be accessed here, <https://fortcollins.munirevs.com/>. The carryout bag fee return will be available to your business account on the first of the month following the close of each reporting period.

*How often is the carryout bag fee return filed?*

The carryout bag fee is reported quarterly and based on a standard calendar year. The carryout bag fee return is due on or before the twentieth of the month following the close of the period. For example, the first quarter of the year represents January through March and that bag fee return is due by April 20<sup>th</sup>.

*The State law doesn't require carryout bag fee payment to the City until April 1, 2024; what does that mean exactly, and can I pay the fee earlier?*

The State law requires retailers report the bag fee to the City each quarter, but payment of the fee isn't required until after April 1, 2024. This means a retailer must report bag fee returns for quarters one through four, 2023, but payment of those bag fees is not required until April 20, 2024. Please be aware that the first quarter 2024 bag fees must also be reported and paid by April 20, 2024.

Retailers can voluntarily choose to start paying the bag fee with the first quarter 2023 return, due by April 20, 2023.

*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 those fees as part of the next quarterly remittance.

Please contact the sales tax department at [salestax@fcgov.com](mailto:salestax@fcgov.com) or by phone at 970-221-6780 with any questions.