

Meeting Minutes
Friday, September 25, 2026

Virginia Litter Tax Study Group
DEQ Piedmont Regional Office
4949-A Cox Road, Glen Allen, Virginia

Members Present: Dan Baxter, Jenyla Brown, Kim Hynes, Mike O'Connor, Tad Phillips, Kate Vasquez, Elly Wilson
Members Absent: Jack DeBell, Greg Cross, Jay Ford, Teresa Sweeney
Other Attendees: Delegate Paul Krizek, Maria Salgado
Public Attendees: Phil Boykin, Brad Copenhaver, Ken Hutcheson, KerriLynn Miller

DEQ Staff Attendees: Brandon Bull, Prina Chudasama, Kathryn Perszyk, Rebecca Rathe, Sanjay Thirunagari, Brent Williams

TAX Staff Attendees: Ishraq Ahmed, Anaysiah Bailey, James Savage, Tyler Cattini, Renald Breville

The Virginia Department of Environmental Quality (DEQ) facilitated a meeting of the Virginia Litter Tax Study Group on September 25, 2026. The meeting was convened at 9:48 AM and adjourned at 3:04 PM. A break for lunch occurred from 11:55 AM until 1:00 PM. The group returned from lunch at 1:11 PM.

1. Welcome and Introductions [Kathryn Perszyk, DEQ]

- a. Ms. Perszyk welcomed the Study Group members and other attendees, introduced herself, stated the purpose of the meeting, facilitated member introductions, reviewed the meeting agenda, and some general logistics. The tentative agenda for the meeting had been previously emailed to members. (Attachment 1).
- b. Ms. Perszyk asked group members to introduce themselves and share their priorities for the group to focus on. Study group members shared their priorities, such as: ensuring the tax is fair, prioritization of getting money to municipalities, making sure programs funded by the tax continue to be implemented by localities and grant recipients, fine tuning the distribution of funds, ensuring manufacturers are not taxed multiple times, making sure money is spent effectively, and preventing the generation of litter.
- c. Ms. Perszyk turned the floor over to Delegate Krizek for opening remarks.

2. Opening Remarks [Delegate Krizek]

- a. Delegate Paul Krizek emphasized that any modernization of Virginia's litter tax should be fair and simple for taxpayers. He expressed the need to update and modernize the program so that it can better support for litter prevention, clean up, recycling, and remediation. Delegate Krizek stated that the current litter tax system does not reflect current commerce trends or types of materials entering the environment. Delegate

Krizek clarified that his goal was not to complicate the system or simply raise the tax, but to make it fairer, easier to justify, easier to comply with, and more effective in addressing litter issues. Delegate Krizek provided an overview of previously discussed models, explained how that could be applied fairly and equitably to businesses in the Commonwealth, and suggested additional approaches for the group to consider. He reminded the group members of the importance of developing a proposal that is both fair and workable and that improves upon the existing litter tax system. Delegate Krizek closed his remarks by providing questions for the study group to consider, including who should pay the litter tax, what the rate should be, and which products should be covered under the new proposed tax.

- b. Delegate Krizek thanked everyone in attendance for their effort.
- c. Delegate Krizek turned the meeting back over to Ms. Perszyk.

3. Review of Purpose [Kathryn Perszyk, DEQ]

- a. Ms. Perszyk reviewed the meeting group rules, including being on time, being prepared, focused and actively engaged.
- b. Ms. Perszyk gave an overview of the Freedom of Information Act (FOIA) guidelines for the Group. The FOIA guidelines had been previously e-mailed to the members, and copies were available in the room upon request. (Attachment 2).
- c. Ms. Perszyk explained the use of the public chair and reminded the Group of the decision made at the September 16, 2025, meeting regarding vote tallying.
- d. Ms. Perszyk reviewed House Joint Resolution 448 (HJ 448) (Attachment 3) outlining the Group's responsibilities, the required analysis, and the directive to consider the efficacy of the litter tax and potential small business exemptions. A copy of HJ 448 had been previously emailed to the members and copies were available in the room upon request.
- e. Ms. Perszyk reviewed the minutes from the Group's first meeting on September 16, 2025, which had been posted on the Virginia Regulatory Town Hall website and previously shared with the Group members. The minutes summarized discussions held during the second meeting.
- f. Ms. Perszyk called for consensus from the Group on finalizing the meeting minutes from the second Group meeting held on July 30, 2026. All Group members voted to finalize the minutes without changes.
- g. Ms. Perszyk then turned the meeting over to Mr. James Savage of the Virginia Department of Taxation.

4. Virginia Department of Taxation (TAX) Presentation [James Savage, TAX]

- a. Mr. Savage introduced himself and summarized the information requested from the Virginia Department of Taxation by the Group at the July 30, 2026, meeting, noting that he had compiled the requested information into a presentation. (Attachment 4)

- b. Mr. Savage provided an executive overview of the current litter tax and its interaction with the Soft Drink Excise Tax.
- c. Mr. Savage presented an overview of New Jersey's tax, explaining that it is based on a percentage of sales of litter-generating products and includes a small business exemption for entities with less than \$500,000 in annual sales of such products.
- d. Mr. Savage provided an overview of the fifteen categories of litter-generating products considered under both the Virginia and New Jersey models, highlighting where the Virginia model differed from New Jersey's, such as where Virginia considers all motor vehicle parts subject to the tax, while New Jersey only considers motor vehicle tires.
- e. Mr. Savage reviewed the exclusions of the New Jersey model, noting that it operates under a gross receipts system and exempts business-to-business transactions, wholesaler-to-wholesaler sales, intercompany transfers, and out-of-state shipments. He also reiterated that the New Jersey model fully exempts retailers with less than \$500,000 in sales.
- f. Mr. Savage provided an overview of how the New Jersey model would function if applied in Virginia. He explained that the implementation would require systems updates, a dedicated full-time employee at TAX, and a delayed effective date to ensure a smooth transition.
- g. Mr. Savage provided a breakdown of the current Litter Control and Recycling Fund, including revenue contributions by source.
- h. Mr. Savage discussed a potential structural conflict between the Soft Drink Excise Tax and adopting a gross-receipts-based litter tax, noting the risk of a potential double taxation issue. TAX provided several options to avoid this issue.
- i. Mr. Savage presented two potential tax structure options for the Group to consider. The first option would apply New Jersey's rates of 0.0225% on retail sales and 0.03% on wholesale and manufacturing sales, yielding approximately \$21.6 million in revenue. The second option would increase rates to reach New Jersey's revenue level of approximately \$24.9 million, requiring tax rates of 0.027% on retail sales and 0.034% on wholesale and manufacturing sales.
- j. Mr. Savage provided examples of how the Soft Drink Excise Tax could be repealed under each option described in Paragraph (i) above.
- k. Mr. Savage addressed numerous questions from the Group regarding potential repeal of the Soft Drink Excise Tax, the Beer and Wine Cooler Excise Tax, current revenue allocations, variations in revenue under different gross-receipts scenarios, administrative considerations, and additional clarifications on the New Jersey model and its potential application in Virginia.
- l. With no further questions, Mr. Savage concluded his presentation and returned the floor to Ms. Perszyk.

5. Group Discussion [Kathryn Perszyk, DEQ]

- a. Ms. Perszyk provided an overview of the Group's prior recommendations:

- i. The Litter Fund revenue should be increased.
 - ii. The applicable product list should be modernized.
- b. Ms. Perszyk utilized a presentation to facilitate the group discussion. (Attachment 5)
- c. The Group broadly discussed several options on potential adjustments to the Virginia Litter Tax model, including the following items:
 - i. Modernizing the applicable product list, including removing outdated items and considering additions of new products, such as metal, plastic, single-use cups, straws, expanded polystyrene, tobacco products (including vapes, lighters, cigarettes), and single-use plastic film.
 - ii. The Virginia waste tire fee and whether the Waste Tire Fund is adequately funded.
 - iii. Appropriate terminology for plastic containers, soft drinks, carbonated water, bottled water, electronic waste, and polyethylene. Ms. Perszyk shared the List of Visible Litter Study Material and Products to facilitate this discussion. (Attachment 6)
 - iv. The group discussed previous litter studies conducted across the Commonwealth and the potential for a state agency to conduct a future litter study.
 - v. Proposed legislative language, including references to “commonly discarded” products and maintaining flexibility through “a list maintained by” an appropriate entity.
 - vi. A member of the public, Mr. Brad Copenhaver, from Lidl Corp, utilized the public chair to advise the Group that the product list should be placed in the Virginia Administrative Code rather than solely on a website.
 - vii. Brandon Bull, DEQ Director of Policy, explained the difference between including items in statute versus regulation.
 - viii. TAX staff suggested defining and establishing parameters for the product list within the law due to legal restrictions on delegation of the taxing power.
 - ix. The definition and wording of commonly littered items. The group added “nicotine” to the tobacco category, added “litter-generating products” at the beginning of the list, and included “utensils” alongside single-use cups, lids, and straws.
 - x. A potential tax credit applied for documented litter abatement, collection plans, or other litter reduction activities.
 - xi. The appropriate litter tax rate and which businesses should be subject to it.
 - xii. To assist with the discussion, Ms. Perszyk presented Slide 11 of the Group Facilitator Presentation, which displayed a bar graph showing Litter Fund Revenues from Fiscal Year (FY) 2021 through FY 2026. Ms. Perszyk gave an overview of the previous discussion regarding this graph, and what was depicted by the data.

- xiii. Competitive and non-competitive grants, grant award amounts, and the number of applications received and accepted in the current grant year.
- xiv. Approaches to ensuring that the new litter tax would be fair and equitable.
- xv. The Beer and Wine Cooler Excise Tax, revenue allocation, tax collection points in the retail process, and repeal options. A member of the public, Mr. Phil Boykin, Virginia Beer Wholesalers Association, utilized the public chair to clarify that the proposals being discussed would not eliminate the tax but would change where the revenue is assigned. Mr. Boykin also answered questions from the Group on beer vs. wine tax differences, prior tax rate increases, and direct-to-consumer sales.
- xvi. Average convenience store income, proportion of retail sales vs. fuel sales, and which businesses would be subject to the tax. The Group updated the proposed language to clarify small business definitions and exemptions.
- xvii. During this discussion, Mr. Boykin utilized the public chair to support the discussion and address additional questions from the Group regarding convenience stores, private labels, and the Virginia Alcoholic Beverage Control Authority (VABC) retail and distribution operations.
- xviii. The Group clarified that the tax should apply to the first point of sale in Virginia for out-of-state products brought into the Commonwealth for resale. The group also discussed cannabis litter and agreed to add it to the product list.
- xix. The potential small business exemption, including consideration of a fixed dollar threshold, a population-based threshold, or a threshold to be set later. The group agreed on a small business exemption based on total sales of covered products, with the specific threshold to be later determined and adjusted by the Consumer Price Index (CPI).
- xx. Establishing a target litter fee revenue and determining how it would be calculated.
- xxi. Use of the litter fund for local litter prevention and recycling. The Group further discussed the possibility of allocating funds to conduct a statewide litter study and establish a baseline.
- xxii. Expanded polystyrene and determining the appropriate balance between competitive and non-competitive grants. Due to limited representation, the Group decided to pause this discussion and chose not to vote on this matter.
- d. During the Group Discussion, two members of the public addressed the Group by utilizing the public chair and being recognized by the facilitator.
- e. The group voted on six items:
 - i. Approval of the July 30, 2026, meeting minutes as final:
7 FOR; 0 ABSTAIN; 0 AGAINST
 - ii. Approval of a modernized list of commonly littered packaging and products to be subject to the litter tax, to include:

- Glass bottles and jars
- Metal cans and bottles
- Plastic bottles, jugs, clam shells, and plastic food service ware
- Film and flexible packaging
- Single use cups, lids, straws, and utensils
- Expanded polystyrene
- Nicotine and tobacco products, including lighters, pouches, and vapes
- Motor vehicle parts

6 FOR; 1 ABSTAIN; 0 AGAINST

- iii. Approval of the following recommendation in concept targeting who would pay the litter fee going forward with exact language to be developed:

Target to pay the litter fee based on gross receipts at first point of sale into Virginia by manufacturer, wholesaler, distributor or retailer (taxpayer based not location) of the agreed upon list of products; Ensure direct to consumer products are also captured similar to sales tax language

- Remove the Virginia Soft Drink Excise Tax Act
- Have 2% of beer/wine cooler taxes no longer go to litter fund
- Include standard penalty similar to other taxes

5 FOR; 1 ABSTAIN; 1 AGAINST

- iv. Add cannabis to the modernized list of commonly littered packaging and products to be subject to the litter tax:

7 FOR; 0 ABSTAIN; 0 AGAINST

- v. Include a small business exemption that includes a threshold of total sales of covered products (threshold amount to be determined). The threshold should include a CPI adjustment.

6 FOR; 1 ABSTAIN; 0 AGAINST

- vi. Approval of a target litter fee revenue of \$21.5 million for FY 2029, calculated based on \$2.50 per capita. Use this target to determine the appropriate litter fee to be assessed to wholesalers, manufacturers, distributors, and retailers based on this target revenue.

6 FOR; 0 ABSTAIN; 1 AGAINST

6. Wrap-Up [Kathryn Perszyk, DEQ]

- a. Ms. Perszyk thanked all the Group members and attendees for their contributions and outlined the next steps.
 - i. DEQ Staff will distribute meeting minutes to the Group and post them on the Virginia Regulatory Town Hall.
 - ii. Group members should direct any material for dissemination to Ms. Rebecca Rathe, who will distribute them to the Group.

- iii. DEQ Staff will prepare and compile an executive summary and findings report for submission to the Virginia General Assembly by January 14, 2027.

Attachments:

1. Tentative Meeting Agenda
2. FOIA Guidelines for Public Bodies
3. House Joint Resolution 448
4. Department of Taxation Meeting Presentation
5. Group Facilitator Presentation
6. List of Visible Litter Study Material and Products

Attachment 1 – Tentative Meeting Agenda

Tentative Agenda

Virginia Litter Tax Study Group

Friday, September 25, 2026

Virginia Department of Environmental Quality, Piedmont Regional Office Training Room

4949-A Cox Road, Glen Allen Virginia, 23060

Start Time: 9:30 AM

Welcome/Introductions

Opening Remarks

Review of Purpose

Presentation by Department of Taxation

Group Discussion

Next Steps

Attachment 2 - FOIA Guidelines for Public Bodies

A Guide to the Freedom of Information Act for Members of Boards, Councils, Commissions, and Other Deliberative Public Bodies



Prepared by the Virginia Freedom of Information Advisory Council

Policy Statement of the Virginia Freedom of Information Act (FOIA)

By enacting this chapter, the General Assembly ensures the people of the Commonwealth ready access to public records in the custody of a public body or its officers and employees and free entry to meetings of public bodies wherein the business of the people is being conducted. The affairs of government are not intended to be conducted in an atmosphere of secrecy since at all times the public is to be the beneficiary of any action taken at any level of government.

Unless a public body or its officers and employees specifically elect to exercise an exemption provided by this chapter or any other statute, every meeting shall be open to the public and all public records shall be available for inspection and copying upon request. All public records and meetings shall be presumed open, unless an exemption is properly invoked.¹

Public Records

What is a public record?

For the purposes of FOIA, a public record is all writings and recordings that consist of letters, words, or numbers, or their equivalent, set down by handwriting, typewriting, printing, photostating, photography, magnetic impulse, optical or magneto-optical form, mechanical or electronic recording, or other form of data compilation, however stored, and regardless of physical form or characteristics, prepared or owned by or in the possession of a public body or its officers, employees, or agents in the transaction of public business.²

All public records are open to the public unless a specific exemption in law allows the record to be withheld and a public body invokes such exemption.

What about retention of public records?

¹ See Subsection B of § 2.2-3700 of the Code of Virginia, the first section of the Virginia Freedom of Information Act.

² See the definition of "public records" in § 2.2-3701.

Public records must be retained according to retention schedules set by the Library of Virginia pursuant to the Virginia Public Records Act (§ 42.1-76 et seq.). The length of retention depends on the content of the record. After expiration of the applicable retention period, the records may be destroyed or discarded.

What about electronic mail?

Emails that relate to public business are public records, regardless of whether a home or office computer or phone is used and regardless of whether the communication is through text or a form of social media or other electronic application. It is the content of the record, not the equipment or account that is used, that controls.

Emails that qualify as public records must be retained as required by the Virginia Public Records Act. For additional information, see the Freedom of Information Advisory Council handout entitled "Email: Use, Access, and Retention" available on the FOIA Council website.

Public Meetings³

What is considered a meeting under FOIA for public bodies?

For the purposes of FOIA, a public meeting of a public body is any gathering, including work sessions, of the constituent membership of the public body convened physically or through electronic communication means pursuant to § 2.2-3708.2 or 2.2-3708.3 where the members discuss or transact public business of the public body. This meaning applies:

- To the public body or to an informal assemblage of (i) as many as three members or (ii) a quorum, if less than three, of the constituent membership;
- Wherever the gathering is held; and
- Regardless of whether minutes are taken or votes are cast.

NOTE: This requirement also applies to any meeting, including work sessions, of any subgroup of the public body, regardless of how the subgroup is designated (e.g., a committee, subcommittee, task force, work group, panel, etc.).

What is public business under FOIA?

For purposes of public meetings, public business means any activity a public body has undertaken or proposes to undertake on behalf of the people it represents.⁴

*What is **not** a meeting under FOIA?*

- The gathering of employees of the public body; or
- The gathering or attendance of two or more public body members at:
 - Any place or function where no part of the purpose of such gathering or attendance is the discussion or transaction of any public business, and such gathering or attendance was not called or prearranged with any purpose of discussing or transacting any business of the public body, and no discussion or transaction of public business takes place among the members of the public body;or

³ See the definition of "meeting" in § 2.2-3701.

⁴ *Id.*

- A public forum, informational gathering, candidate appearance, meeting of another public body, or debate, the purpose of which is to inform the electorate or to gather information from the public and not to transact public business or to hold discussions relating to the transaction of public business, where no discussion or transaction of public business takes place among the members of the public body, even though the performance of the members individually or collectively in the conduct of public business may be a topic of discussion or, debate, or question presented by others at such public meeting.

Specific Aspects of Public Meetings

Minutes: Minutes are required for any meeting of the public body or a subgroup of the public body.

Voting: No secret or written ballots are allowed. Votes must be taken at a public meeting conducted in accordance with FOIA.

Polling: Individual members may be contacted separately (one-on-one) to ascertain their positions by phone, letter, or email, so long as the contact is done on a basis that does not constitute a meeting.

Closed Meetings: A closed meeting is allowed only for certain limited purposes as specifically authorized by FOIA in § 2.2-3711 or other law and requires a motion stating the purpose, the subject of the closed meeting, and the specific Code section that authorizes the closed meeting. See § 2.2-3711 of FOIA for allowable purposes for closed meetings and §§ 2.2-3711 and 2.2-3712 of FOIA for procedures for holding a closed meeting.

Electronic Meetings: Meetings held through electronic communication means are allowed for public bodies under heightened procedural and reporting requirements depending on the type of electronic meeting (i.e., a meeting during a declared state of emergency, an in-person meeting with individual member(s) using remote participation, or an all-virtual public meeting). See §§ 2.2-3708.2 and 2.2-3708.3 of FOIA for specific requirements for meetings held under these circumstances.

Email and Meetings: The Virginia Supreme Court has held that emails may constitute a "meeting" as defined under FOIA if there is simultaneous email communication between three or more members of a public body.⁵ Avoid "reply all" as a general rule. For additional information, see the FOIA Council handout entitled "Email and Meetings" available on the FOIA Council's website.

Virginia Freedom of Information Advisory Council

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⁵ See *Hill v. Fairfax Cnty. Sch. Bd.*, 284 Va. 306, 727 S.E.2d 75 (2012); *Beck v. Shelton*, 267 Va. 482, 494, 593 S.E.2d 195 (2004).

foiacouncil.dls.virginia.gov

Updated July 2024

Attachment 3 – House Joint Resolution 448

HOUSE JOINT RESOLUTION NO. 448

Requesting the Department of Environmental Quality to study tax policy options for reforming the litter tax. Report.

Agreed to by the House of Delegates, February 3, 2025

Agreed to by the Senate, February 20, 2025

WHEREAS, the Commonwealth's litter tax has benefited Virginians for decades; and
WHEREAS, the production of plastic has grown by more than 744 percent since the litter tax was enacted; and

WHEREAS, according to a study performed by Clean Virginia Waterways, the Virginia litter tax generates the lowest revenue per capita of any state using a litter tax system; and

WHEREAS, modernization of the litter tax could better promote recycling, reduce landfill waste, and advance environmental stewardship; and

WHEREAS, it is appropriate to perform a full review of the application and utilization of the litter tax to assess how it meets current and anticipated needs; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Department of Environmental Quality be requested to study tax policy options for reforming the litter tax. Such study shall review how the litter tax could better promote recycling, reduce landfill waste, and advance environmental stewardship in the Commonwealth.

In conducting its study, the Department of Environmental Quality (the Department) shall (i) conduct an analysis of the Commonwealth's current solid waste streams, including solid waste generated by jurisdiction, by type, and by material, and the disposal methods by material and amount, with the costs and revenues for such solid waste disposal programs; (ii) conduct an analysis of the Commonwealth's current recycling streams, including (a) recycling materials and amounts processed by jurisdiction; (b) processing methods by material and amount; (c) the associated revenues and costs for recycling programs; (d) estimated amounts of recyclable materials not currently being recycled; (e) current recycling infrastructure capacity, need, and costs; (f) access and availability to recycling throughout the Commonwealth; (g) the collection, hauling, and composting of materials within the Commonwealth; and (h) the processing or composting of recyclable materials in the Commonwealth; (iii) conduct an analysis of market conditions and other opportunities for increasing recycling in the Commonwealth, including (a) coordination between local governments, consumer education regarding recycling, and organics recycling and contamination recycling; (b) opportunities in the recycling system for women and minorities; (c) worker conditions, wages, and benefits; and (d) reuse and organics recycling infrastructure; (iv) conduct an analysis of the economic opportunities in the Commonwealth's recycling system, including (a) revenue lost by the Commonwealth and localities when materials are not recycled, (b) opportunities to increase employment in the recycling industry by material type and the current jobs associated with the solid waste and recycling industries, (c) business opportunities and barriers associated with recycling, (d) barriers to increasing use of recyclables as feedstock of principal processors and manufacturers and means of eliminating those barriers, (e) incentives for stimulating job growth and business opportunities in the recycling industry, (f) methods for improving equitable outcomes for underserved populations within the recycling system, and (g) the efficacy of the current litter tax; (v) develop options for implementing an additional cigarette litter abatement fee to compensate for the frequent occurrence of cigarette litter; and (vi) consider creating litter tax exemptions for small businesses. In conducting this study, the Department shall utilize an independent, trained facilitator and ensure that a representative of an organization that is a recipient of the litter tax and a member of the Litter Control and Recycling Fund Advisory Board established pursuant to § 10.1-1422.02 of the Code of Virginia are included as members of the study. The Department shall provide study members with at least two weeks' notice of the agenda and background materials for all meetings. Any policy recommended in the final report shall pass by a motion with a recorded vote, and dissenting views may be included in such report.

Technical assistance shall be provided to the Department by the Department of Taxation and the Department of Planning and Budget. All agencies of the Commonwealth shall provide assistance to the Department for this study, upon request.

The Department shall complete its meetings for the first year by November 30, 2025, and for the second year by November 30, 2026, and the Department shall submit to the Governor and the General Assembly an executive summary and report of its findings and recommendations for publication as a House or Senate document for each year. The executive summaries and reports shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports no later than the first day of the next Regular Session of the General Assembly and shall be posted on

the General Assembly's website.

Attachment 4 - Department of Taxation Meeting Presentation

Virginia Litter Tax

2025 HJR 448 Study Group

September 25, 2026

Executive Summary

Overview

1. Virginia's current establishment-based flat-fee model yields approximately **\$2.1M annually**.
2. Moving to a New Jersey-style gross receipts system generates between approximately **\$21.6M** and **\$24.9M**, depending on rate structure.
3. If adopted, the New Jersey gross receipts tax has implications for Virginia's current structure of the Soft Drink Excise Tax.

New Jersey Tax Overview

2025 HJR 448 Study Group

How New Jersey's Gross Receipts Model Operates

- ▶ **Tax Base:** New Jersey imposes a gross receipts tax on actual dollar sales of 15 “litter-generating products” within the state. A **0.03%** rate is imposed on sales of products by manufacturers, wholesalers, and distributors. A **0.0225%** rate is imposed on sales of products by retail establishments.
- ▶ **Filing Requirement:** New Jersey requires an annual return filed under oath on or before **March 15** reporting taxable sales and paying full fees due.
- ▶ **Small Business Exemption:** Any retailer with **less than \$500,000** in annual retail sales of litter-generating products is **100% exempt**.

15 Litter-Generating Categories (NJ & VA)

Food	Groceries, food for human or pet consumption
Drinks	Soft drinks and carbonated waters, beer and other malt beverages, wine, distilled spirits
Products	Cigarettes and tobacco products, cleaning agents and toiletries, paper products and household paper, newspaper and magazine stock, nondrug drugstore sundry products
Materials	Glass containers, metal containers, and plastic or fiber containers made of synthetic material
Vehicle	NJ: Motor vehicle tires; VA: Motor Vehicle Parts



- ▶ New Jersey excludes books, roll stock, and wood pulp for paper products and household paper.
- ▶ Virginia and New Jersey both exclude printed media such as books and general commercial print items from the litter tax.

B2B & Retail Exclusions

- ▶ **B2B Exclusions:** Wholesaler-to-wholesaler sales and intercompany transfers between wholly-owned entities are fully exempt.
- ▶ **Co-Op Exclusion:** Sales by retail cooperative distributors to their retail members are excluded to prevent tax cascading.
- ▶ **Out-of-state Shipments:** Products manufactured locally but shipped out-of-state for out-of-state use are explicitly excluded.
- ▶ **Restaurant 10% Threshold:** Take-out/drive-thru is taxable. Full sit-down restaurants with **less than 10%** off-premises sales are exempt.

Key Takeaways: How the New Jersey Model Operates

1. New Jersey uses a gross receipts model.
2. 0.03% on manufacturers/wholesalers; 0.0225% on retailers.
3. Retailers with **less than \$500,000** in annual sales are **fully exempt**.
4. Excludes B2B wholesaler-to-wholesaler transactions, intercompany transfers, and out-of-state shipments.

Implementing a New Jersey-Like Gross Receipts Tax in Virginia

2025 HJR 448 Study Group

Comparison of Litter Tax Architectures

Feature/Metric	VA Model	NJ Model
Tax Mechanism	Flat-fee per establishment.	Ad Valorem fee on gross receipts.
Standard Rate	\$20 flat annual fee per location.	0.03% Wholesaler/ 0.0225% Retailer.
Surtax/Tier	+\$30 for groceries, soft drinks, & beer.	N/A: standard rates apply uniformly to gross receipts.
Small Store Protection	Farmer/egg-seller exemption under \$1,000 .	Full exemption for retailers under \$500,000 .
Transactional Exclusions	N/A: every establishment must pay.	Excludes B2B wholesale loops, intercompany transfers, and co-ops.
Annual Collections	\$2.10M (56,150 locations) (FY 2025).	\$24.9M (FY 2021).

System Updates

- ▶ Virginia Tax is currently undergoing a multi-year project to update its systems. Implementation is anticipated to be complete by the end of Calendar Year 2029.
- ▶ Adding a new gross receipts tax for our agency to administer will require system updates that must be sequenced within the ongoing implementation.
- ▶ As a result, Virginia Tax requests a delayed effective date of March 15, 2029, for the first return due, covering Calendar Year 2028.

System Updates

- ▶ Virginia Tax does not currently have a dedicated FTE for litter tax administration. The current flat-fee structure requires minimal administration compared to a gross receipts model.
- ▶ A gross receipts model requires Virginia Tax to verify reported sales figures against applicable rates and exemptions, and handle taxpayer inquiries. The administrative costs below reflect system updates and one new FTE:
 - ▶ \$82,625 in FY 2028;
 - ▶ \$122,199 in FY 2029; and
 - ▶ \$70,539 each fiscal year thereafter.*

*Virginia Tax's costs assume that e-filing would continue to be required, as is the case under current law.

Considerations Adopting a New Jersey-Like Model

2025 HJR 448 Study Group



FY 24: \$3,359,880

Litter Tax: \$2,240,607

Beer Tax: \$834,188

Soft Drink
Tax: \$285,085

Litter Tax

All revenue goes into Litter Control and Recycling Fund.

Soft Drink Excise Tax

All revenue goes into Litter Control and Recycling Fund.

Excise Tax on Beer and Wine Coolers

Currently, only 2% of this tax is collected to go into the Litter Control and Recycling Fund.

Soft Drink Excise Tax: Potential Structural Issue

- ▶ Virginia's Soft Drink Excise Tax is already a gross receipts tax on carbonated soft drink wholesalers and distributors. The tax ranges from a **flat \$50 (gross-receipts under \$100K)** up to **\$33,000 (gross receipts over \$50M)**.
- ▶ The proposed NJ-style litter tax would also apply a gross receipts rate to those same entities on those same products.
- ▶ Result: double taxation on the same base for soft drink wholesalers.
- ▶ The workgroup could consider whether to repeal or fold the Soft Drink Excise Tax into the new gross receipts structure, as the NJ model could make the Soft Drink Excise Tax structurally redundant.

Soft Drink Excise Tax

	Virginia's Soft Drink Excise Tax	New Jersey's Model
Taxable Base	Carbonated drinks only.	Carbonated drinks are included in New Jersey's 15 product categories.
Rates & Structure	10 bracketed tiers: \$50 for gross receipts under \$100K ; \$33K for gross receipts over \$50M .	Fractional Percentage: 0.03%/0.0225% .
Taxpayers	Wholesalers & distributors.	Wholesalers, retailers, and manufacturers.
Small Business Protection	N/A: stores that produce under \$100K annually in gross receipts pay \$50 .	Retailer exemption for businesses that make less than \$500,000 in annual gross receipts.

The Beer and Wine Cooler Excise Tax: No Structural Issue

- ▶ Virginia's Beer and Wine Cooler Excise Tax is assessed based upon packaging size:
 - ▶ Per gallon: **0.2565** per gallon per barrel.
 - ▶ Small bottles (7 oz or less): **\$0.02** per bottle.
 - ▶ Medium bottles (7 oz to 12 oz): **\$0.0265** per bottle.
 - ▶ Large bottles (over 12 oz): **\$0.00222** per ounce.
- ▶ Because it is structurally different from the NJ model, there is no double-taxation concern.
- ▶ Only **2%** of that excise flows to the Litter Fund (\$834K of FY24 total)

Two Potential Tax Policy Options

- ▶ Option A: Applying the New Jersey rates of 0.0225% on retail sales and 0.03% on wholesale and manufacturing sales results in revenue of about \$21.6M (+\$19.5M above current collections).
- ▶ Option B: Rates to Achieve New Jersey Level Revenue
 - ▶ Currently, New Jersey yields about \$24.9M annual in revenue for their Litter Control Fee (+\$22.8M above current collections).
 - ▶ To achieve this revenue in Virginia, the rate would need to be 0.027% on retail sales and 0.034% on wholesale and manufacturing sales.

Combining The Two Options with a Soft Drink Excise Tax Repeal

- ▶ Because the Soft Drink Excise Tax may be structurally redundant, the workgroup could combine either Option A or Option B with a Soft Drink Excise Tax repeal:
 - ▶ If Option A rates are adopted and the Soft Drink Excise Tax is repealed, the net impact is an approximately \$21.2M gain (\$21.6M in gross receipts revenue less \$340,000 in Soft Drink Excise revenue, FY 2025*).
 - ▶ If Option B rates are adopted and the Soft Drink Excise Tax is repealed, net impact is an approximately \$24.5M gain (\$24.9M in gross receipts revenue less \$340,000 in Soft Drink Excise revenue, FY 2025*).

*Slide 13 reflects FY 2024 collections. The Soft Drink Excise Tax figure above reflects more recent FY 2025 data from [Virginia Tax's FY 2025 Annual Report](#).

Thank you



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Attachment 5 - Group Facilitator Presentation



Litter Tax Study Group

House Resolution 448 (2025)

Virginia Department of Environmental Quality
September 25, 2026

Agenda

- Welcome / Introductions
- Opening Remarks
- Review of Purpose, Reminders
 - Approve Minutes from Meeting 2
- Presentation by Dept of Taxation
- Group Discussion
- Next Steps/Close Out

Welcome / Introductions



Name



Organization / Affiliation



What tax policy option is highest priority for your organization?

Opening Remarks

Ground Rules

- Be on time
- Come prepared
- Stay present and focused
- Everyone participates
- FOIA reminder
- Record votes by # count

- Use of a Public Chair



House Resolution 448 (HJ448)

HJ 448 Overview – Study Request

- Requested DEQ study tax policy options for reforming the litter tax
- Review how the litter tax could better promote recycling, reduce landfill waste, and advance environmental stewardship in the Commonwealth

Goals of Today's Meeting

- Approve Minutes from Meeting 2
- Presentation by Dept of Taxation
- Discuss Policy Recommendations
 - Tax policy options for reforming the litter tax
- Final Report Input

First Meeting Recommendations



The litter tax fund revenue should be increased.



The list of applicable products subject to the litter tax should be modernized.

Litter Tax (§ 58.1-1707)

Applies to manufacturers,
wholesalers, distributors or retailers
of certain products

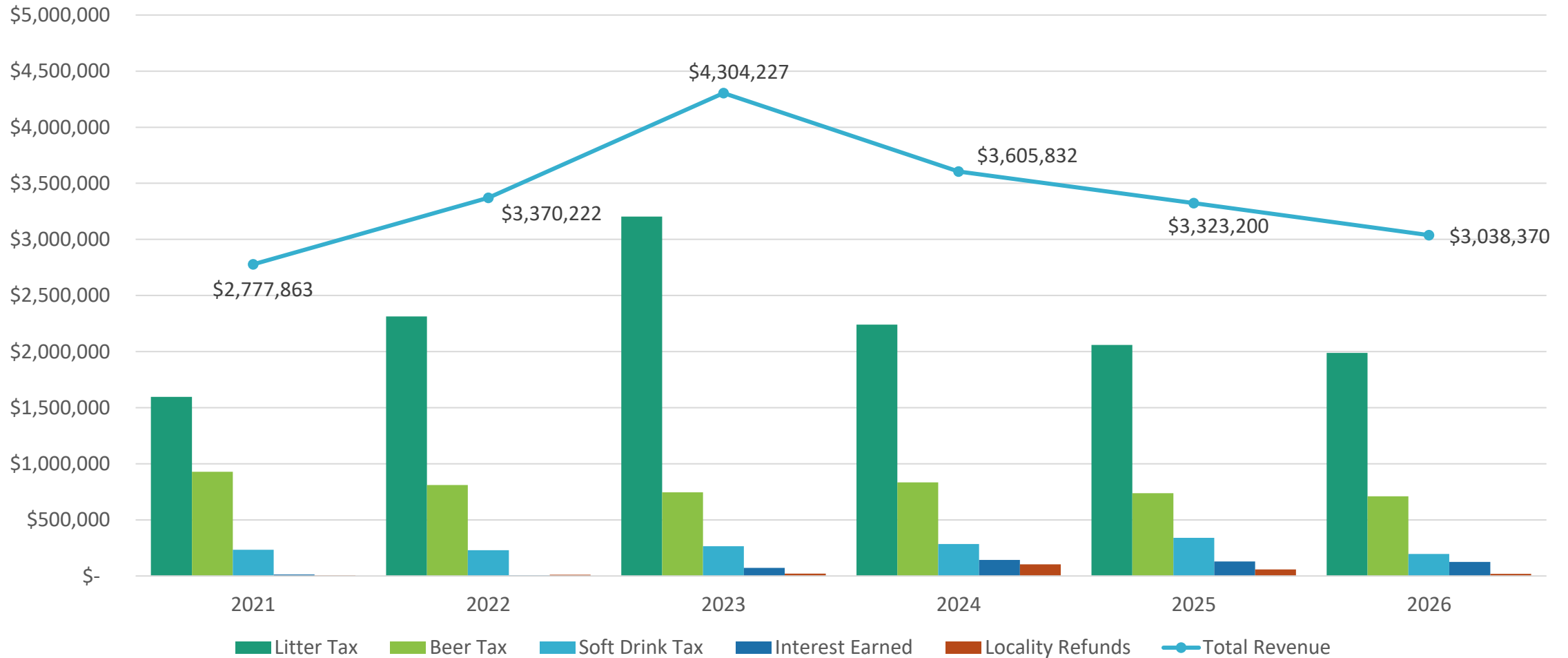
\$20 for each establishment
dealing with products 1-15

+ \$30 for each establishment
dealing with products 2, 4, or 5

Applicable Products:

1. Food for human or pet consumption
2. Groceries
3. Cigarettes and tobacco products
4. Soft drinks and carbonated waters
5. Beer and other malt beverages
6. Wine
7. Newspapers and magazines
8. Paper products and household paper
9. Glass containers
10. Metal containers
11. Plastic or fiber containers made of synthetic material
12. Cleaning agents and toiletries
13. Nondrug drugstore sundry products
14. Distilled spirits
15. Motor vehicle parts

Litter Fund Revenues, FY2021 – FY2026



Executive Summary & Report of Findings & Recommendations

- DEQ shall:
 - Submit to the Governor and the General Assembly
 - Post on the General Assembly website
 - Due no later than the first day of the next Regular Session of the General Assembly (January 13, 2027)

Format: Executive Summary & Report of Findings & Recommendation

- Executive Summary
- Background
- Summary of Meetings
- Recommendations of the Study Group
- Requested Analyses of Solid Waste & Recycling
 - Solid Waste Streams
 - Recycling Streams
 - Market Conditions & opportunities to increase recycling
 - Economic Opportunities in recycling system
- Conclusion

Next Steps

- Distribute minutes to group & post to Town Hall
- Compile executive summary & findings report, submit to General Assembly by Jan 13, 2027

Attachment 6 - List of Visible Litter Study Material and Products

Appendix

Table 1: List of Visible Litter Study Materials and Products

A comprehensive list of the littered items we tracked for the 2026 National Litter Study.

PAPER	Fast-food paper bags	Office paper/ mail
	Fast-food paper cups	Newspaper/ inserts
	Other paper fast-food service items	Magazines
	Cardboard	Books
	Kraft bags	Aseptic/ gable top containers
	Receipts	Beverage carriers/ cartons
	Political signs	Paper home food packaging
	Other advertising signs	Wine or liquor container
	Other cup	Napkin
	Other paper	
PLASTIC	Soda	Utensil
	Single-serve wine & liquor	Plastic trash bags
	Other wine & liquor	Other plastic bags
	Sports & energy drinks	Food-packaging film
	Juice	Other film
	Tea & coffee	Other fast food service items
	Still water	Expanded polystyrene food service items
	Other water	Other expanded polystyrene
	Other plastic beverage bottles	Other expanded plastic
	Fast-food plastic cups	Other plastic food packaging
	Other jug or container	Buoy or float
	Loose cap	Fishing line or lure
	Loose tab	Rope or net
	Beverage ring	Personal care product
	Straw or stirrer	Other plastic
	Other beverage packaging	
METAL	Beer	Other beverage bottles
	Soda	Loose cap
	Other wine or liquor	Loose tab
	Hard seltzer and pre-mixed cocktails	Other beverage packaging
	Sports & energy drinks	Aerosol can
	Juice	Other food packaging
	Tea & coffee	Other metal

Appendix

GLASS	Beer	Tea & coffee
	Soda	Still water
	Single-serve wine & liquor	Other water
	Other wine & liquor	Other glass beverage bottles
	Hard seltzer and pre-mixed cocktails	Broken glass or ceramic
	Sports & energy drinks	Other glass food packaging
	Juice	Other glass
ORGANICS	Pet waste	Other food waste
	Human waste	Other organics
	Confection	
SMOKING OR TOBACCO	Cigarette butt	Smokeless tobacco pouch
	Electronic cigarettes cartridge	Disposable lighter
	Other electronic cigarettes related product	Other smokeless tobacco-related product or packaging
	Cigar tip	Other smoking or tobacco
TIRES & VEHICLE DEBRIS	Vehicle debris	Tire tread
	Tire	
TEXTILES	Clothing or shoe	Natural fiber rope or net
	Towel or rag	Other textile
OTHER	Medical waste	Personal sanitary product
	PPE gloves	Entertainment items
	PPE masks	Flat screen TVs and computer monitors
	Hazardous waste	CRT televisions and computer monitors
	Construction and demolition debris	Portable electronics
	Other camping item	Electronic cords
	Bulky items	Other electronics
	Balloon	Other items
	Explosive	