



OFFICE OF THE INSPECTOR GENERAL

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NEWS RELEASE

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OIG Finds County Missing Opportunity to Collect Revenue through the Carryout Bag Tax Program

Rockville, Maryland – Montgomery County Maryland Inspector General Megan Davey Limarzi announced today the release of a new Office of the Inspector General (OIG) report, [Carryout Bag Tax](#), OIG Publication # 23-015, detailing the results of an OIG review of the administration of the county's carryout bag tax program. The review was initiated in furtherance of the OIG's mission to promote efficiency and effectiveness in county programs and operations, and promote accountability.

On January 1, 2012, the county began requiring certain retail establishments that provide plastic or paper carryout bags to charge consumers 5 cents per bag. The intent of the carryout bag tax was to shift a portion of litter cleanup costs from taxpayers to consumers, while offering a choice to avoid the 5-cent charge by bringing reusable bags. This OIG review found that poor administration and weak implementation of the carryout bag tax law diminished its potential impact. OIG testing of a sample of county retailers concluded that not all were charging the mandated bag tax, not all were registered in the county's Bag Tax System, and some were potentially not remitting collected taxes to the county. These deficiencies have resulted in the county not collecting thousands of dollars that could be used to defray the cost of litter cleanup efforts.

The OIG also found that little has been done to assess the impact of the law on consumer behavior and the amount of litter generated from carryout bags. Available data does not yield information that allows the county to draw conclusions about the effectiveness of the carryout bag tax. The OIG encouraged the county to establish formal testing protocols to better assess the impact of the tax. The OIG also urged county leadership to do more to identify retailers who should be remitting bag tax and take proactive steps to enforce compliance with the law.

The full report can be found at the following location,
<https://montgomerycountymd.gov/OIG/Resources/Files/PDF/IGActivity/FY2023/OIG23-15.pdf>

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