



## The Chicago “Progressive Bag Policy” - A New Concept

### Hypothesis

In the current confluence of the climate crisis, an unpredictable federal government, budget crises and the status of Chicago as both a Sanctuary City and a climate refugee destination of the future, it is critical that we consider wise policy that both defends the health of our environment and residents *and* generates revenue for Chicago. These two things allow us to protect our autonomy in an unstable political world as well as our natural resources that we all rely on for our survival. Chicago-based Triveni Institute worked for months on the subject matter hearing held last week - “Plastics and Human Health”<sup>1</sup> - in the Committee for Environmental Protection and Energy and the Committee on Health and Human Relations. There is no question that swift action needs to be taken on environmental justice, habitat and species preservation, solid waste, air pollution, water pollution and **plastic pollution** to protect the health of Chicagoans, and that **action must be focused on both holding polluting corporations accountable *and* consumer behavioral change.**

Corporate America will defend their actions as simply meeting consumer demands, and consumers often point the finger at corporate greed as the problem. The truth is that *both* corporations and consumers need to change: corporations need to operate from a place of more responsibility and ethical capitalism, and consumers need to make different choices in what they do and the votes they cast with their money. A solution to these complex problems is **Pollution Taxes**: these generate critical revenue for cities and support business, *all while changing consumer behavior.*

Chicago already has a Pollution Tax on the books: the **Chicago Checkout Bag Tax (2016)**. This policy is in immediate danger of being wiped out by a statewide “bag ban” - SB1872<sup>2</sup>, which could be passed out of the Illinois Senate any day - and this paper is an argument for why SB1872 is not a wise solution for Chicago or the environment. We propose a better solution, which we are calling the “Progressive Bag Policy.” By keeping the Chicago Checkout Bag Tax intact and modifying it to evolve into the Progressive Bag Policy in structure, we could do three things: 1) generate well **over \$300 million in revenue for Chicago over the next ten years** to support crucial programs and the Department of Environment 2) generate the equivalent amount for retailers, therefore being business-friendly and 3) *effectively change consumer behavior* over time. At the end of the progressive tax increase, there would also be a permanent tax in place that would generate **several million a year indefinitely**. This policy could also be expanded to solve other pollution problems, such as the solid waste and health issues resulting from single-use coffee cups and lids, as well as many other pollution problems that require more conscious consumer choices and have easy reusable alternatives.

**The Progressive Bag Policy is a win-win-win.**

---

<sup>1</sup> [4.23.25 Chicago City Council Joint Committee Subject Matter Hearing: Environmental Protection and Energy, Health and Human Relations - “Plastics and Human Health”](#)

<sup>2</sup> Full SB1872 text [here](#)

## History: The Chicago Plastic Bag Ban (2014)

In 2014, Chicago passed its first checkout bag policy, which was a ban on single-use plastic bags. The ordinance, that went into effect in 2015, allowed retailers to provide three types of

checkout bags free of charge: paper bags, compostable bags, and “reusable” bags that were thicker plastic bags with handles that met the specifications of “reusable” bags per the ordinance. Because these bags were free, consumers overwhelmingly started to use these “reusable” bags as single-use bags, which was worse for the environment, and increased costs to retailers by approximately 300% (single-use plastic bags were ~ \$.02 and “reusable” bags were ~ \$.06).

The unintended consequences of this policy brought three entities to the table to find a solution: retailers, environmentalists and the City. The solution was to bring the single-use plastic bags back (reducing retailers’ costs), charge a 7-cent tax on all bags (with 5 cents going to the City and 2 cents going to the retailers) and implement a “No Free Bags” policy (which was critical in changing behavior). This was considered a “win-win-win” at the time - for retailers, the environment *and* the City - and Mayor Rahm Emanuel promised that in future years some revenue would be earmarked for environmental purposes.<sup>3</sup>

## Repealing the Plastic Bag Ban and Passing the Chicago Checkout Bag Tax (2016)

There was no Chicago-specific data pre-ordinance regarding bag usage, but based on national estimates of annual per capita bag usage Chicagoans were using approximately **365 bags per capita per year**.<sup>4</sup> In 2016 the population of Chicago was 2.716 million. According to this national statistic, total single-use bags used in 2016 in Chicago was approximately **991,340,000**.

The Chicago Checkout Bag Tax was passed in the 2017 City Budget, and the first full year the Chicago Checkout Bag Tax was in effect (2018), total revenue generated was \$6,426,920<sup>5</sup>. This translated to 128,538,400 bags used in 2018, and with a slightly smaller population in Chicago of 2.701 million, this calculates to **48 bags per capita**. Taking into consideration that people on programs such as SNAP and WIC were exempt from paying the tax, this was a drop from 365 bags per capita in 2016 to 48 bags per capita in 2018: or a **possible 87% reduction from 2016 levels of consumption**.

The revenue was stable throughout 2019 and 2020, but began to creep up in 2021 (to \$7,479,829). In 2022, it *doubled* to \$15,822,784. The reasons for this are possibly a combination of the following:

- 1) The COVID-19 pandemic hit in March of 2020, and shortly thereafter Governor JB Pritzker issued a “ban on reusable bags” out of concern that they might be fomites and endanger essential workers and shoppers. The Checkout Bag Tax was suspended for consumers, *but not for retailers*: they still had to pay the tax on the bags they were getting from

---

<sup>3</sup> Rahm Emanuel left office in 2019 and this promise never came to fruition.

<sup>4</sup> [National Geographic, December 2018](#)

<sup>5</sup> The Checkout Bag Tax officially went into effect in February 2017

wholesalers. Suddenly people were using significantly more single-use bags that were all continuing to be taxed.

- 2) Due to pandemic-based fear and “hygiene theater” (the belief that single-use plastic would calm consumers and make them feel safer) the plastics industry experienced a boom in demand for single-use plastic.
- 3) There was a lag time in the City collecting the tax from retailers - many of whom had extra time to pay it due to the pandemic - and that could explain in part the precipitous jump in revenue in 2022.
- 4) When the Checkout Bag Tax was reinstated for consumers at some point in 2021, there was little to no coordinated effort or city-wide announcement. Stores “came back online” at different times and often didn’t tell their customers that they had started to charge the tax again. Cashiers often failed to alert customers that they were paying a tax, and simply charged for bags. There was a general “sloppiness” that retailers seemed to never recover from.
- 5) Self-checkout lines operate on the honor system, and many people do not pay for the bags they use.
- 6) More people used single-use bags during the pandemic and either didn’t ever switch to reusables or didn’t switch back. It’s likely that people adapted to the 7-cent charge after several years and a pandemic, and were no longer sufficiently motivated to switch to reusable bags.

Most recent FOIA<sup>6</sup>:

Checkout Bag Tax Revenue Collections by Month									
Tax Periods: January 1, 2017 - March 13, 2025									
Month	2017 Collections	2018 Collections	2019 Collections	2020 Collections	2021 Collections	2022 Collections	2023 Collections	2024 Collections	2025 Collections
January	\$ 1,728	\$ 611,893	\$ 602,933	\$ 666,731	\$ 629,824	\$ 560,743	\$ 859,697	\$ 944,401	\$ 1,129,727
February	\$ 139,764	\$ 534,704	\$ 467,463	\$ 517,316	\$ 463,362	\$ 559,440	\$ 683,011	\$ 826,219	\$ 1,535,980
March	\$ 853,588	\$ 461,017	\$ 514,008	\$ 520,832	\$ 522,698	\$ 1,955,159	\$ 3,414,482	\$ 869,636	\$ 173,360
April	\$ 532,212	\$ 521,803	\$ 543,735	\$ 593,560	\$ 516,891	\$ 567,598	\$ 3,542,176	\$ 5,814,605	
May	\$ 453,074	\$ 511,534	\$ 493,846	\$ 472,868	\$ 493,260	\$ 620,103	\$ 933,120	\$ 5,411,823	
June	\$ 506,006	\$ 499,020	\$ 501,162	\$ 474,539	\$ 492,369	\$ 957,023	\$ 1,369,297	\$ 941,728	
July	\$ 505,583	\$ 547,146	\$ 552,993	\$ 432,236	\$ 499,402	\$ 788,142	\$ 839,155	\$ 931,973	
August	\$ 550,778	\$ 536,997	\$ 541,627	\$ 513,786	\$ 626,659	\$ 6,419,741	\$ 1,260,110	\$ 1,462,472	
September	\$ 543,494	\$ 526,458	\$ 523,557	\$ 551,911	\$ 529,348	\$ 769,182	\$ 1,002,688	\$ 1,220,447	
October	\$ 547,025	\$ 529,460	\$ 505,770	\$ 440,129	\$ 518,676	\$ 837,316	\$ 999,342	\$ 919,396	
November	\$ 547,677	\$ 577,779	\$ 535,664	\$ 525,465	\$ 777,292	\$ 772,668	\$ 857,370	\$ 892,458	
December	\$ 540,460	\$ 569,109	\$ 606,448	\$ 549,670	\$ 1,410,048	\$ 1,015,670	\$ 1,758,189	\$ 1,826,562	
Totals:	\$ 5,721,389	\$ 6,426,920	\$ 6,389,206	\$ 6,259,043	\$ 7,479,829	\$ 15,822,784	\$ 17,518,637	\$ 22,061,722	\$ 2,839,067
Note:	While the Bag Tax was implemented February 1, 2017 with initial payments due by 3/15/17, a "Floor Tax" was collected on existing bags in inventory during January and February 2017.								
	**updated through March 13, 2025								

The Checkout Bag Tax revenue has continued to climb, reaching \$17,518,637 in 2023 and a staggering \$22,061,722 in 2024. This can possibly be explained by *consumers being unaware that they are paying the tax*, or being *aware but not caring* that they are paying a tax. The jump in revenue from approximately \$6.4 million to \$22 million in 6 years indicates that either people started paying the tax who hadn’t before or new consumers (potentially young people or people new to Chicago) were “coming online” and paying the tax while consumers using reusable bags were moving or “going offline” in some way.

<sup>6</sup> FOIA received from the City of Chicago on March 19th, 2025

That being said, even at its peak of \$22,061,722 in 2024, with the population of Chicago being an estimated 2,746,388, bag usage in Chicago was **162 bags per capita**: still well below the national average of 365 bags per capita.

## The Increased Chicago Checkout Bag Tax (2024)

In the 2025 budget, the Chicago City Council decided to increase the amount of the Checkout Bag Tax to \$.10, with the retailer receiving \$.01 instead of \$.02. This change went into effect January 1st, 2025. The City, increasing its revenue per bag 80% (from \$.05 to \$.09) is predicted to receive **\$39,711,100 in 2025**, assuming no change in consumer behavior. Early comparisons to 2024 indicate that January 2025 shows a potential 33% drop in consumer bag usage, but a February 2025 comparison to 2024 shows just a slight decrease. It's too early to tell, but if cashiers are making people aware that they are paying the tax, it might have a slight "loss aversion"<sup>7</sup> effect due to it being a new increase.

## A Proposed Statewide Bag Ban, SB1872

For a couple years the Illinois Environmental Council has been in talks with IRMA (the Illinois Retail Merchants Association) regarding a statewide bag policy. IRMA is motivated to make the increasing patchwork of bag laws in IL uniform, and is also following retailers who have successfully retained 100% of bag fees in states such as California<sup>8</sup> and New Jersey. In both of these states, however, there have been unintended consequences in the laws. In New Jersey, retailers experienced a windfall in revenue from "reusable bags" which were used by consumers only a few times apiece. The American Recyclable Plastic Bag Alliance hated the policy for obvious reasons, and funded a now infamous study done by the Freedonia Group<sup>9</sup>. The study found that reusable bag usage as well as retailer profits skyrocketed when single-use bags were banned, because retailers could give away reusable bags for free or charge for them. This is a problem we also saw in Chicago in 2015: when "reusable" bags were free or cheap, consumers used them as single-use or a few times, at best.

At the same time environmental organizations like Beyond Plastics<sup>10</sup> were singing the praises of the New Jersey law, claiming that "a sample of 160 grocery stores showed a reduction in single-use paper bags from 1.1 million per month to zero at those locations, and a reduction in single-use plastic bags from 55 million per month to zero." So whose take was correct?

Like most things, the truth was probably somewhere in the middle: there probably was a profound reduction in single-use plastic and paper bags, *and* a profound uptick in "reusable" bag usage as single-use - plus a windfall of profits for retailers. This is almost certainly going to be the outcome of SB1872, if it goes into effect in four years.

The most important purpose of a bag policy is to **change consumer behavior**: to motivate people to start using reusable bags, not once, not a few times, but *hundreds* of times apiece. If

---

<sup>7</sup> Loss aversion is a cognitive bias where the emotional impact of a loss is felt more intensely than the joy of an equivalent gain. *The Decision Lab*

<sup>8</sup> In California it is illegal to tax bags, per a statewide law supported by the plastics industry. Retailers keep the entire fee on bags, and this has generated hundreds of millions of dollars annually for retailers in the State of California. Read about California's loophole that made their plastic bag problem worse [here](#).

<sup>9</sup> Read the Forbes article commissioned by plastic bag manufacturers about New Jersey [here](#).

<sup>10</sup> Read the Beyond Plastics analysis of the New Jersey law [here](#).

a new reusable bag is free or just ten cents, where is the motivation to actually make a lifestyle shift? Although SB1872 does one excellent thing - ban single-use plastic bags in a majority of Illinois retail establishments beginning in 2029 - there are four major problems with the bill.

- 1) As we mentioned, **SB1872 allows retailers to give away “reusable” bags for free** (or charge a nominal amount, if they want to). Creating a “No Free Bags” policy was a cornerstone in the Chicago Checkout Bag Tax, and SB1872 flaunts that. Back in 2015 we already went through this once in Chicago, when single-use bags were banned and thicker “reusable” plastic bags became the new single-use bag. The definition of “reusable” bags is stronger in SB1872 than it was in the 2014 Chicago ordinance - requiring that reusable bags have threaded and stitched handles - but this will not stop a flood of cheap, flimsy “reusable” bags from supplanting single-use bags. We can look to New Jersey as a recent case study.
- 2) Retailers must charge \$.10 for paper bags, but they can keep all of the revenue. This will be a significant revenue stream for retailers because a \$.10 charge is becoming less and less effective at changing consumer behavior. **When a bag charge is implemented primarily as a revenue stream and not a mechanism for behavioral change, it is more likely to increase waste than decrease it.**
- 3) Once the retailers take these policies away from all the municipalities in the state, they will most likely never have another chance to pass their own laws due to being preempted from doing so. **We will have no access to data to measure how a policy is working**, like we currently do in Chicago. We cannot FOIA a private company.
- 4) Not only will they lose their freedom to pass their own laws, **municipalities will lose all the revenue that a bag policy can bring both in the short and long term, by handing it over to the retailers.**

IRMA has been a strong supporter of SB1872 and here’s why: SB1872 would put IL statewide policy exclusively in the hands of retailers - wiping out the seven existing bag fees and taxes in the state including Chicago’s - and **retailers could receive well over \$200 million in gross revenue annually from this policy. Cities and the state would receive nothing.**

Here’s how that would work. Let’s assume that with a ban on single-use plastic bags and a ten-cent fee on paper would cause a statewide “loss aversion” response similar to Chicago’s in 2017, and would reduce per capita statewide annual bag usage from the national average (365 bags) to the Chicago average (162 bags). With a statewide population of approximately 12,710,000, each Illinoisan would be paying \$16.20 annually for paper bags. This calculates to **\$205,902,000 in annual gross revenue for retailers, just from paper bags** (which many plastic bag manufacturers are now producing). Let’s also not forget that per the bill, retailers are allowed to give away thicker plastics bags that meet the specifications of “reusable” in the bill for *free* and many consumers will simply switch to the “free” bag. Over \$200 million in revenue from paper bags could easily help to cover the costs of free “reusable” bags - at least initially upon roll-out - and the retailers could also choose to charge a small amount for “reusable” bags as well - such as \$.10 - further increasing their annual revenue. We put “reusable” bags in quotations because there is very little incentive to actually reuse them more than once or a few times at best if they are free and/or cheap.

We have already seen through eight years of data in Chicago that \$.07 - \$.10 is either too low to significantly change behavior or if it does, it won’t last over time: consumers will adapt to paying it and a bag fee will simply become a revenue stream. We see this happening all over the country at this time with bags fees overwhelmingly stagnant around \$.10. IRMA is consulting their associates in California and New Jersey, and know that a low bag fee is excellent at generating profits. Retaining the option to provide “free” bags in Illinois is even better.

**SB1872 will be a windfall in annual profits for retailers, will leave cities with nothing, and most importantly will not change consumer behavior.** After SB1872 goes into effect in four years - 2029 - it will be several more years before the law is revisited, and retailers will very likely not be motivated to be mandated to *increase* the fee to actually change consumer behavior, because the more bags they sell - single-use paper or “reusable” bags - the higher their profits.

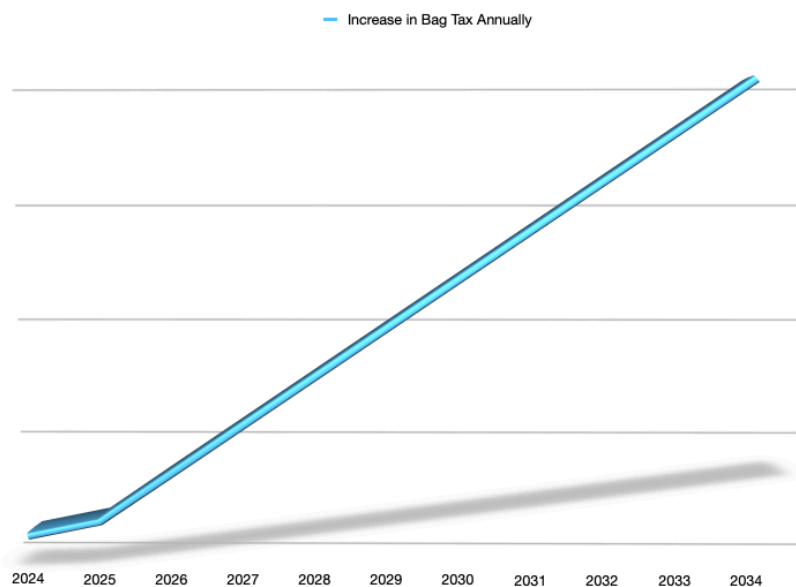
## So if Keeping the Chicago Checkout Bag Tax at \$.07 - \$.10 Isn't the Answer, and Neither is SB1872, What Is?

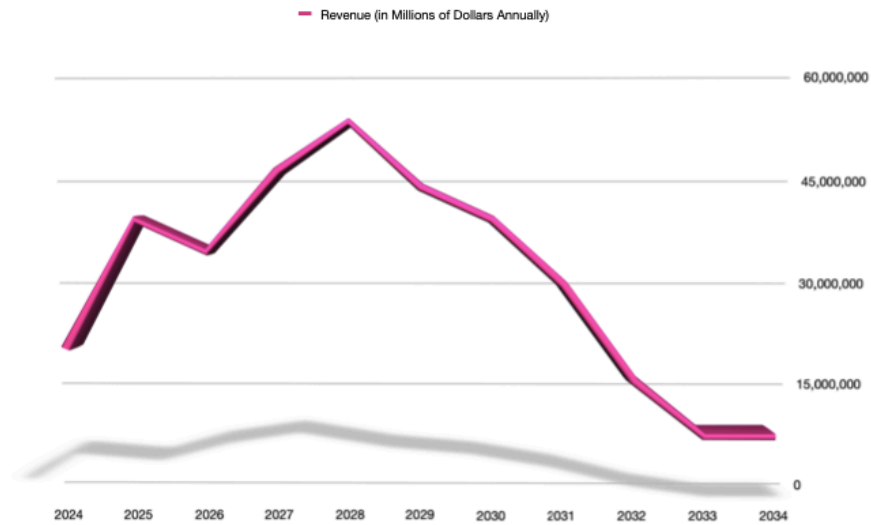
We have designed a concept for a bag policy we are calling the “Progressive Bag Policy” that will effectively change human behavior, generate significant revenue over a ten-year period, and support a small long-term revenue stream. The municipality and retailers would split the tax evenly. Also, this same model can be used for other single-use plastics, such as coffee cups and lids and various other problematic single-use plastics that can easily be replaced by reusables.

One of the biggest problems we see is people adapting to stagnant fees and taxes and absorbing them over time. In order to maintain their effectiveness, these fees and taxes need to **continually be increased**. Our policy would implement a \$.05 or \$.10 increase in the bag fee annually. The following model is based on a \$.10 increase in the bag fee annually over a ten-year period.

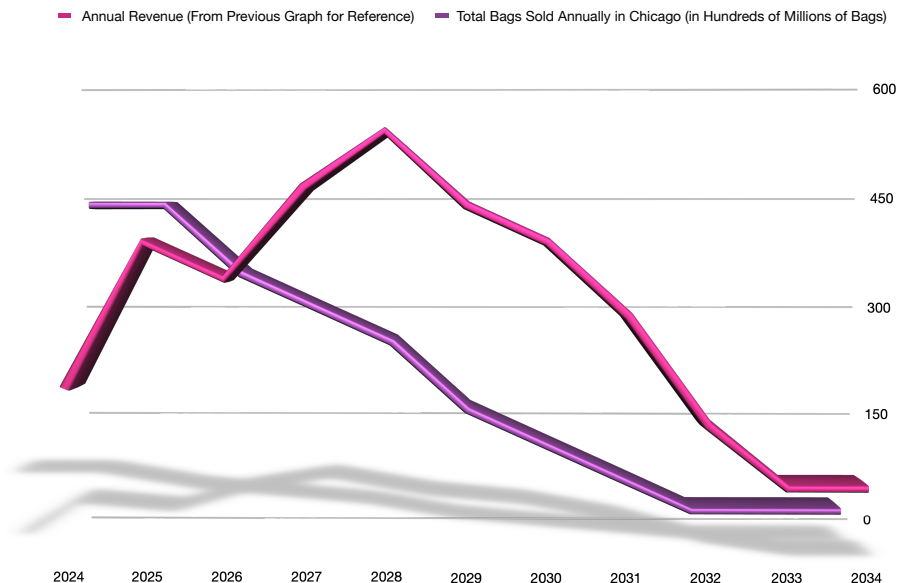
Through a steadily increasing bag tax in small increments of \$.05 to \$.10 a year, we will effectively capture a larger and larger pool of people who experience **loss aversion** and

decide to change their behavior to avoid the tax. We can project bag purchases that might look like the following graph over a ten-year period: assuming no change between 2024 and 2025 (a \$.03 increase), we could expect to see a projected 20% reduction in bag purchases when the tax is increased to \$.20, a 10% reduction when it is increased both to \$.30 and \$.40, and another 20% reduction when the tax is increased to \$.50. Again, \$.05 increments could also be used, and we would simply have to look at the data to observe the effectiveness.





As you can see in this graph, **as the total amount of bags being purchased *decreases*, the revenue *increases*** following an arc while consumer behavior changes over time. After several years the revenue decreases itself as consumers largely shift to either refusing bags or using reusable bags repeatedly without purchasing new ones, and will stabilize at a small usage: creating a small consistent revenue stream indefinitely.





## Conclusion

The Chicago Checkout Bag Tax has not been a failure. It's easy to come to this conclusion when we look at the data - it is a shocking amount of single-use bags being used every year and the amount continues to increase. Since 2017, over *1.8 billion bags* were sold in Chicago, which translates to *430 bags used and disposed of every minute* for the past eight years. If an increase of \$.03 doesn't motivate behavioral change in Chicago consumers, the predicted revenue for 2025 is \$39,711,100: an increase of 80%.

We would argue, however, that **this policy will work if the revenue is continually increased - incrementally - over time.** Also, this is *not a regressive tax* because the tax is always optional: if we can remember our keys and phones when leaving the house, we can remember reusable bags to avoid paying the tax. **Plus people on government assistance would be exempt from paying the tax.** Practically speaking, sturdy reusable bags hold more than flimsy bags and are more reliable on mass transit.

Instead of handing over our policy to the retailers before it's had a chance to work, what if we held onto our Checkout Bag Tax and kept increasing the tax annually, just \$.05 or \$.10? The policy has been in place now for over eight years, so no one will be blindsided at this point about paying for a product that does immense harm to our environment and bodies, and languishes in landfills that are already near capacity. We would be *internalizing* the true cost of an item with a fatal design flaw: it is used for a few minutes but remains in our world for thousands of years (either in bag form, or as microplastics and nanoplastics).

What if we made good on Mayor Rahm Emanuel's promise to earmark some of that revenue for the Department of Environment, sustainability projects throughout the city, or for grants to small businesses that want to switch to reusable dishes or healthier alternatives to polystyrene?

What if, at the end of the shift, we banned single-use plastic bags and required retailers to charge a minimum of \$.50 or \$1.00 for paper bags, and a minimum of \$2-\$3 for a reusable bag? Not only would this ensure that most people were in fact using reusable bags, it would be a steady revenue stream into the indefinite future.

Through using the marketplace, we can both change behavior and generate revenue. It's another win-win-win: consumers develop sustainable habits, the city has a revenue stream, and the retailers receive an equal amount. This basic concept could be executed any number of ways, on the local level *or* the state level. We just need a progressive, forward-thinking City Council or General Assembly to take a chance on something new that could work for *everyone*.

If you're interested in discussing this idea further, please do not hesitate to contact us.

Contact: Jordan Parker  
Executive Director, Triveni Institute  
[www.triveniinstitute.org](http://www.triveniinstitute.org)  
[jordan@triveniinstitute.org](mailto:jordan@triveniinstitute.org)  
773.569.5821

