Solid Waste Funding Mechanisms

Waste 2 Resources Advisory Committee

May 16, 2017

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Today’s Agenda

▶ Background and Overview
▶ Key Findings
▶ Recommendations for Consideration
  – Statewide Mechanisms
  – Local Mechanisms
▶ Next Steps
▶ Discussion
Solid Waste Funding in WA: What’s the Problem?

- Ecology heard concerns from local governments about the need to **strengthen funding for solid waste management**
  - New, better funding mechanisms; more funding
- Funding to local governments has been **cut in recent years**, particularly for Coordinated Prevention Grants (CPG)
- State funds have been **redirected** to non-waste-related uses
- **Tip fees are unsustainable**, as we reduce garbage quantities
- Raising taxes and fees is **politically unpopular**
Study Overview (3 parts)

1. Assess current funding mechanisms used in Washington State
2. Identify potential funding mechanisms (beyond WA, other utility types)
3. Preliminary consultant recommendations for further consideration
   - Research
   - Initial analysis
   - Stakeholder input via survey
Stakeholder Input on Potential Funding Options
Survey respondent demographics

- **Western WA**: 11%
- **Eastern WA**: 33%
- **Both**: 11%
- **Other**: 19%
- **Private company**: 13%
- **City or town**: 19%
- **Local public health department**: 11%
- **County**: 33%
- **State agency**: 11%
- **Industry association or advocacy organization**: 2%
- **Member of the public**: 2%
- **Other**: 10%

111 total respondents
Key Findings
Greatest Gaps in Funding, per Stakeholders

- Education, outreach, and technical assistance
- Permitting, enforcement, and regulatory programs
- Recycling and composting collection system & infrastructure
- Moderate risk & household hazardous waste (MRW & HHW)
- Litter & illegal dumping prevention & clean-up
- Waste prevention
- Monitoring, maintenance, and remediation of closed landfills
State funding has decreased as funds have been redirected & fluctuate with economy

- State grants a key source of funding, especially for rural areas and Eastern Washington
- Coordinated Prevention Grants reduced since 2013
- Solid Waste Collection Tax not dedicated to solid waste uses
- Litter Tax funds redirected to other uses since 2009
Extended producer responsibility (EPR) is used in Washington and elsewhere

- Washington State and counties have EPR for targeted products
- Other states have EPR programs for targeted products
- Jurisdictions in Canada and Europe use EPR for common recyclable products
Local funding mechanisms exist but may be underutilized by cities & counties

**Counties**
- Solid waste districts
  - Collection mandates
  - Excise taxes & disposal fees
- SWMP fees
- Local health dept. fees
- Minimum standards for collection & handling

**Cities**
- Contract provisions & fees
- Rate structures
- Ordinances for mandatory collection
Solid waste rate structures could be more transparent & sustainable

- Models exist from other utility types
- “Free” recycling could make collection fee structures unsustainable in the future
Recommendations for Consideration
Criteria for Recommendations

- Financial strength & stability
- Solid waste nexus
- Stakeholder feedback
- Feasibility
- Tested mechanism
- Environmental & social sustainability
Statewide

Recommended Options
Solid Waste Collection Tax

Excise tax of 3.6% on collection charges for solid waste disposal

- Dedicate existing tax to solid waste uses
  
  Less desirable: raise tax and dedicate increase to waste
  
- Consider expanding to additional material streams (potentially at differential rates)
Hazardous Substance Tax (for CPG)

Excise tax of 0.7% on wholesale cost of hazardous substances

- Re-dedicate historic funding levels for solid waste purposes (e.g., CPG)
- Consider updating product and substance list
- Consider the surtax to support funding stability (proposed in 2017 legislature)
Litter Tax
Excise tax of 0.015% on products likely to become litter

- Re-dedicate funding to solid waste uses
- Update list of covered products
Extended Producer Responsibility
Statewide E-Cycle and LightRecycle programs | County medicine programs

- Explore:
  - Expanded E-Cycle Washington
  - Statewide pharmaceuticals program
  - Programs for hard-to-handle & hazardous products.

- Monitor packaging & printed paper programs elsewhere

*Less desirable: advanced recycling or disposal fees (ARFs/ADFs)*
Local Mechanisms

Recommended Options
Expand use of existing local mechanisms

Existing mechanisms are available but not widely used

- Ecology: support training to counties on how to use these options to support sustainable funding
- Local governments: (re)consider available mechanisms
County-Level Mechanisms

- Counties can charge fees on collection to pay for meeting SWMP requirements
- Counties can establish Solid Waste Disposal Districts and Solid Waste Collection Districts in unincorporated areas
  - SWDDs can establish excise taxes on waste collection
  - SWCDs can mandate collection
- Board of Health permit fees and other fees
Solid Waste Management Planning Fees

Example from Franklin County

- Can fund compliance with state SWMP requirements (RCW 70.95.090)
- Charged on collection of solid waste in unincorporated areas
  - 3% on annual gross revenues from garbage collection
- Funds 25% match for CPG and other county solid waste activities
County Solid Waste Districts

Example from Whatcom County

- Established collection and disposal districts in 1990
- Mandates collection (with exceptions)
- Excise tax on garbage collection: $8.50/ton
- Interlocal agreements with cities
- Funds a range of solid waste services not funded by CPG
Board of Health Fees

Example from Local Hazardous Waste Management Program (LHWMP) in King County

- Local boards of health have authority to establish fees for services that protect public health
  - Commonly used for facility permitting
  - May be used for other waste-related activities
- Established fee on solid waste and wastewater entities to fund LHWMP’s activities
City- & County-Level Mechanisms

- Tip fees
- Contract fees & embedded services
- Recycling revenue sharing agreements
- Service level standards & service mandates
- Collection fees
Recycling Revenue Sharing Agreement
Example from Snohomish County

- Support special research & pilot studies to promote residential recycling
- County approves plans submitted by solid waste collectors
- Agreements with Waste Management & Republic Services
- Used for multifamily recycling, Spanish-language recycling campaigns, waste-free cooking demonstrations, school curricula
Designing Sustainable Collection Fees
Lessons from other utility types (e.g., energy, water)

Base/services fees ▶ stability
Variable usage fees ▶ incentives
Decouple revenues from garbage tons
Next Steps
Recommended Next Steps

- Build out a preliminary package of state-level funding options
  - Take the package on a “roadshow” to engage stakeholders face-to-face, gather feedback, and build support
  - Revise funding package as needed
  - Advance supported legislative & regulatory changes
- Support trainings for local government partners on local funding options & sustainable rate structures
- Continue to monitor relevant activities elsewhere (BC, OR, CA)
Discussion
Thank you!

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