



TO: Elizabeth Pauli, City Manager
FROM: Andy Cherullo, Finance Director
COPY: Government Performance & Finance Committee
PRESENTER: Danielle Larson, Tax & License Manager
SUBJECT: Amendments to Chapter 6A.130 – Local Solid Waste Customer Excise Tax
DATE: March 7, 2023

PRESENTATION TYPE:

Request for Ordinance

SUMMARY:

Tacoma Municipal Code (TMC) Chapter 6A.130 – Local Solid Waste Customer Excise Tax requires solid waste collection businesses to collect a 6% excise tax from their customers on charges for the collection and disposing of solid waste. To be consistent with the exemption offered to City disposal service facilities, staff is proposing amendments to exempt private disposal service facilities from collecting the customer excise tax.

BACKGROUND:

The Local Solid Waste Customer Excise Tax was passed by the City Council in December 2022 with an effective date of April 1, 2023. The tax is based on solid waste collection and disposal services and intended to provide a sustained local revenue source for waste clean-up throughout Tacoma.

ISSUE:

Chapter 6A.130 exempts the City's disposal facility (recovery and transfer center) from collecting the tax from their customers but does not provide an exemption to private disposal facilities from collecting the customer tax.

In addition, as Tax & License staff have contacted effected businesses to notify and educate them of the new customer excise tax, the question of when the excise tax should be collected has been asked. Should it be collected at the time of service to the original person generating the solid waste or at the time of disposal at a facility?

The private disposal services located in Tacoma are primarily recycling and/or hazardous waste facilities. They have a mix of customers that bring solid waste collected from both inside and outside Tacoma. Some of the facilities customers may have collected the tax from the original person generating the solid waste and others may not have been required to collect the excise tax. The City's disposal facility has a similar mix of customers.

At this time, staff is recommending that when solid waste is disposed of at a private disposal facility, the tax not be collected from their customers to be consistent with the requirement for the City's disposal facility. This provides clarification to the solid waste industry that the tax should be collected from the original person generating the solid waste when being picked up and hauled away.

Staff will monitor and determine whether to propose a future amendment that requires public and private facilities to collect the tax from customers that have not already collected the tax from the original source of solid waste.



ALTERNATIVES:

The alternatives are: 1) require the private disposal service facilities to collect the tax from their customers and/or 2) apply the requirement equitably and require both public and private disposal service facilities to collect the excise tax from the customers who have not already collected the tax on the solid waste.

FISCAL IMPACT:

The tax is not effective until April 1, 2023. The impact to future revenues is estimated as minimal.

RECOMMENDATION:

Staff is recommending the proposed amendments to exempt private disposal service facilities from collecting the excise tax from their customers.