



Solid Waste Special Permits and Recycling Tax Incentive

City of Tacoma | Environmental Services | Finance
Government Performance & Finance Committee
November 5, 2024



1

OVERVIEW



Solid Waste Management (SWM) and Tax & License (T&L) collaborated on a tiered recycling tax deduction for solid waste businesses, with the goal to divert waste from our regional landfill.

2

2

BACKGROUND & ISSUES



Solid Waste Collection Business Tax

- 8% Gross Earnings Tax
- Currently all solid waste businesses engaged in recycling may deduct 100% of gross earnings (Ord. 28933)

Special Permits

- Special Permits program tracks solid waste collection businesses to enforce SWM's solid waste franchise
- Recycling tax incentive requires standard calculation to measure recycling and established processes and timelines to submit data, certify data, and implement deductions

****GPFC Informational Briefing provided August 20, 2024****

3

3


OUTREACH



- Fourth Recycling Roundtable held September 24, 2024
- Areas of concern -
 - Ability to track and enforce against bad actors
 - Financial and compliance burden
 - Delayed tax benefit from increasing recycling
 - Tax on Alternative Daily Cover (ADC)

4

4




RECOMMENDATIONS

TMC 12.09.070 Special Permits

- Define **Recycling Rate**
- Require an annual recycling report in order to receive a tax deduction
- ADC hauled before the year 2027 may be reported as 50% recycling
- A permit reporting fee of \$150
- First-time applicant may submit an estimated Recycling Rate
- Annual Recycling Report amendments may be submitted each year (November 1 deadline)
- SWM may audit and inspect as needed to certify Recycling Rates

5

5



RECOMMENDATIONS

TMC 6A.50 and 6A.100

- Establish Recycling Tiers:

Tier	Recycling Rate	Tax Deduction
0	0%-1%	None
1	2% - 25%	12.5%
2	26% - 50%	37.5%
3	51% - 75%	62.5%
4	76% - 100%	100%

- Special Permit holder's Recycling Rate will be certified by SWM each year and apply to tax filings during the subsequent calendar year
- Recycling tiers and tax deduction will apply to public solid waste utilities under 6A.100 to comply with City Charter

6

6

FISCAL IMPACT



Recycling Rate	Tax Deduction	# of Private Businesses	2025 Est. Revenue
0-1%	0%	16	\$350,000
2-25%	12.5%	0	-
26-50%	37.5%	3	\$500,000
51-75%	62.5%	11	\$125,000
76-100%	100%	3	\$0
Total Private SW			\$975,000
City SWM - GET	12.5%		\$125,000
			\$1,100,000

7

7


OTHER TITLE 6 AMENDMENTS



- Change refund look-back period from 2 years to 4 years
- Align tax deductions throughout the utility tax chapters
- Changes to Gross Earnings Tax Deductions (6A.100)
 - Remove deductions no longer utilized
 - Clarify deduction for taxes collected as trust funds to include customer excise tax
 - Amend deduction for Interdepartmental Rent to include all utilities
 - Remove the deduction for Contributions in Aid of Construction (CIAC)
 - Remove the deduction for Sale of Capital Assets
 - Remove the deduction for Interest on Bond Proceeds
 - Add new deduction for Grants

8

8



NEXT STEPS

- Additional Education & Outreach – November/December 2024
- City Council First Reading – December 3, 2024
- City Council Second Reading – December 10, 2024
- Recycling Tiers Effective Date – January 1, 2025

9

9



Solid Waste Special Permits and Recycling Tax Incentive

City of Tacoma | Environmental Services | Finance
Government Performance & Finance Committee
November 5, 2024



10