



Solid Waste Special Permits and Recycling Tax Incentive

City of Tacoma | Environmental Services
Government Performance & Finance Committee
August 20, 2024



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OVERVIEW



- Solid Waste Management (SWM) and Tax & License collaborated on a tiered recycling tax deduction for solid waste businesses
- Existing reporting requirement in SWM Special Permits program will be used to collect recycling data
- Objectives: Incentivize recycling, tax fairly, and increase Special Permit participation

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BACKGROUND



- Ordinance 28933 passed in January of 2024
 - Equal taxation for public and private solid waste collection
 - 100% tax deduction for recycling
 - Special Permit required to receive recycling tax deduction
- Intent was to establish a tiered recycling tax deduction structure in Fall 2024
- SWM has redeveloped the Special Permits program and increased enforcement in 2024

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ISSUES



Environmental Impacts

- Natural resource extraction is causing resource scarcity and environmental degradation
- Our regional landfill (Land Recovery Inc.) is projected to reach its capacity by 2030
 - Future disposal methods may be more energy intensive and costly

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ISSUES



- Currently we are not collecting Solid Waste Collection Business tax from recyclers
 - Recommended changes would generate an estimated \$765,000 annually for General Fund
- Special Permits code does not require a data report for low-percentage recyclers
 - Fee may be necessary to recover costs of permit administration and data review

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OUTREACH



- Two stakeholder meetings held in 2023 to incorporate feedback from private sector waste haulers
 - Main areas of concern were ability to track and enforce, financial impacts to businesses, and tax on Alternative Daily Cover (ADC)
- Ongoing stakeholder feedback during permitting process
 - Data reporting requirement considered burdensome
- Consulted with other municipal recycling permit programs in 2024

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OUTREACH



Stakeholder meeting held on July 30, 2024

- Private sector representatives requested clarification on the following:
 - Tax deduction schedule
 - Permit fee amount
 - Additional justification for ADC recycling percentage
 - Option for lengthening the 1-year permit cycle (code update required)
- Follow-up stakeholder meeting is planned for September 2024

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RECOMMENDATIONS



- Amend TMC 6A.50 and 6A.100 to include the following tiered recycling tax deduction structure:

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%

- Alternative Daily Cover (ADC) will be considered 50% recycling and 50% waste by weight
 - Chapter 173-350 WAC excludes ADC from definitions of recycling and reuse
 - Benefits the landfill and conserves resources

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RECOMMENDATIONS



- Amend TMC 12.09.070 to include optional recycling reporting for all recyclers in order to receive a tax deduction.
- Adopt a permit fee in the range of \$100-\$150 for each permit
 - Reduced fee for permittees that do not report recycling (opt out of tax deduction)

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NEXT STEPS



- Stakeholder meeting – September 2024
- Draft ordinance and determine fee amount – September/October 2024
- Council Committee Review – October/November 2024
- City Council Consideration – October/November 2024
- Additional Education & Outreach – November/December 2024
- Ordinance Effective Date – January 1, 2025

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