



TO: Hyun Kim, Interim City Manager
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John Henderson, SWM Business Services Analyst
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SUBJECT: Solid Waste Special Permits and Solid Waste Tax Update
DATE: November 4, 2025

DS
RC

Initial
GMS

PRESENTATION TYPE:

Please select the type of presentation you will be making to the Council Committee.
Informational Briefing

SUMMARY:

In December 2024, City Council adopted amendments to Tacoma Municipal Code (TMC) Section 12.09.070 – Special permits and TMC Chapters 6A.50 and 6A.100 related to the tax deduction for hauling recyclable materials to with the goal to divert waste from our regional landfill. Staff is providing a current state of licensed solid waste haulers and solid waste utility tax revenues.

BACKGROUND:

Effective January 2025, TMC 12.09.070 was updated to:

- Define Recycling Rate
- Require an annual recycling report to receive the tax deduction in TMC 6A.50 and 6A.100
- Establish that Alternative Daily Cover hauled before the year 2027 is reported as 50% recycling
- Establish 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

Effective January 2025, the tax deduction for hauling recyclable materials in TMC 6A.50 and 6A.100 was updated to a tiered structure based on a hauler's Recycling Rate calculated by SWM.

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%

**ISSUE:**

There has been a small decrease in the number of special permits issued in 2025 so far compared with in 2024, owing to a number of factors. We have determined that some businesses do not require a permit, and some businesses that are not eligible for the recycling tax deduction have not applied for a permit. The City is working on developing more consistent processes for identification, notification, and audit and enforcement of businesses that are required to be permitted that have not applied. This includes identifying businesses that are hauling to the Recovery and Transfer Center for disposal of solid waste, new business licensees when applying for permits, or businesses that are not permitted observed providing solid waste services within the City of Tacoma.

We are also reviewing the data from the first round of permitting since the code changes in 2024 to establish a baseline for the recycling activities reported in Tacoma to measure progress in subsequent years. We may review the permit fee after we have established a better understanding of the level of effort that is needed to be dedicated to enforcement of the permit process to be effective.

ALTERNATIVES:

Informational Briefing

FISCAL IMPACT:

In 2025 it was estimated that solid waste tax received from private haulers would be \$975,000 and \$125,000 from SWM for a total of \$1.1M in annual revenues. The annualized revenues based on actuals through 8 months of reporting are currently lower than originally projected. However, SWM is still working on an established audit and inspection process to ensure recycling reporting and established rates are accurate and T&L is working with a handful of businesses to either correct their tax reported this year or determine their tax liability.

Solid Waste Collection Tax	Estimated Annual Revenue	2025 Actual Revenue Year to Date*	Annualized Revenue Based on Actuals
Tacoma Solid Waste Management	\$125,000	\$125,000	\$190,000
Private Collectors/Haulers	\$975,000	\$415,000	\$610,000
Total	\$ 1,100,000	\$540,000	\$800,000

* YTD includes: 8 monthly tax periods and 2 quarterly tax periods

RECOMMENDATION:

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