



# *SOLID WASTE PROGRAM FUNDING OPTIONS*

*Solid Waste Advisory Committee  
Waste and Hazardous Materials Division  
September 11, 2009*



## *Process Goals*

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- **Assume level of Solid Waste Program activity**
- **Define level of funding necessary**
- **Evaluate funding options**
- **Draft funding proposal for Fiscal Year 2011 by mid-November 2009**



## *Today's Objectives*

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- **Overview of the Solid Waste Program and its funding challenge**
- **Refine funding criteria**
- **Narrow list of funding options to pursue**
- **Set agendas for subsequent meetings**



## *Chronology of Events*

- **Fall 2006:** Recognizing the surcharge will sunset and fund balance will be depleted, the DEQ begins laying groundwork to increase and extend the surcharge to continue funding the Solid Waste Program.
- **January 2007:** DEQ presents funding proposal to stakeholders (e.g., surcharge increase from \$0.07/cubic yard or \$0.21/ton to \$0.30/ton, and extended sunset). After discussion with stakeholder group, a graduated increase over five years is recommended.
- **May 2007:** Updated Solid Waste Policy is signed
- **September 30, 2007:** Solid waste surcharge is extended (but not increased) to October 1, 2011.
- **November 2008:** Staff presents funding proposal to stakeholders (graduated increase in surcharge from \$0.07/cubic yard to \$0.37/ton over 4 years).
- **May 2009:** The mid-year state budget crisis requires prioritization of program activities in case program reductions are necessary.
- **July 2009:** SWAC suggests criteria for new funding source and brainstorms funding options, staff research options.



# Solid Waste Program Priorities

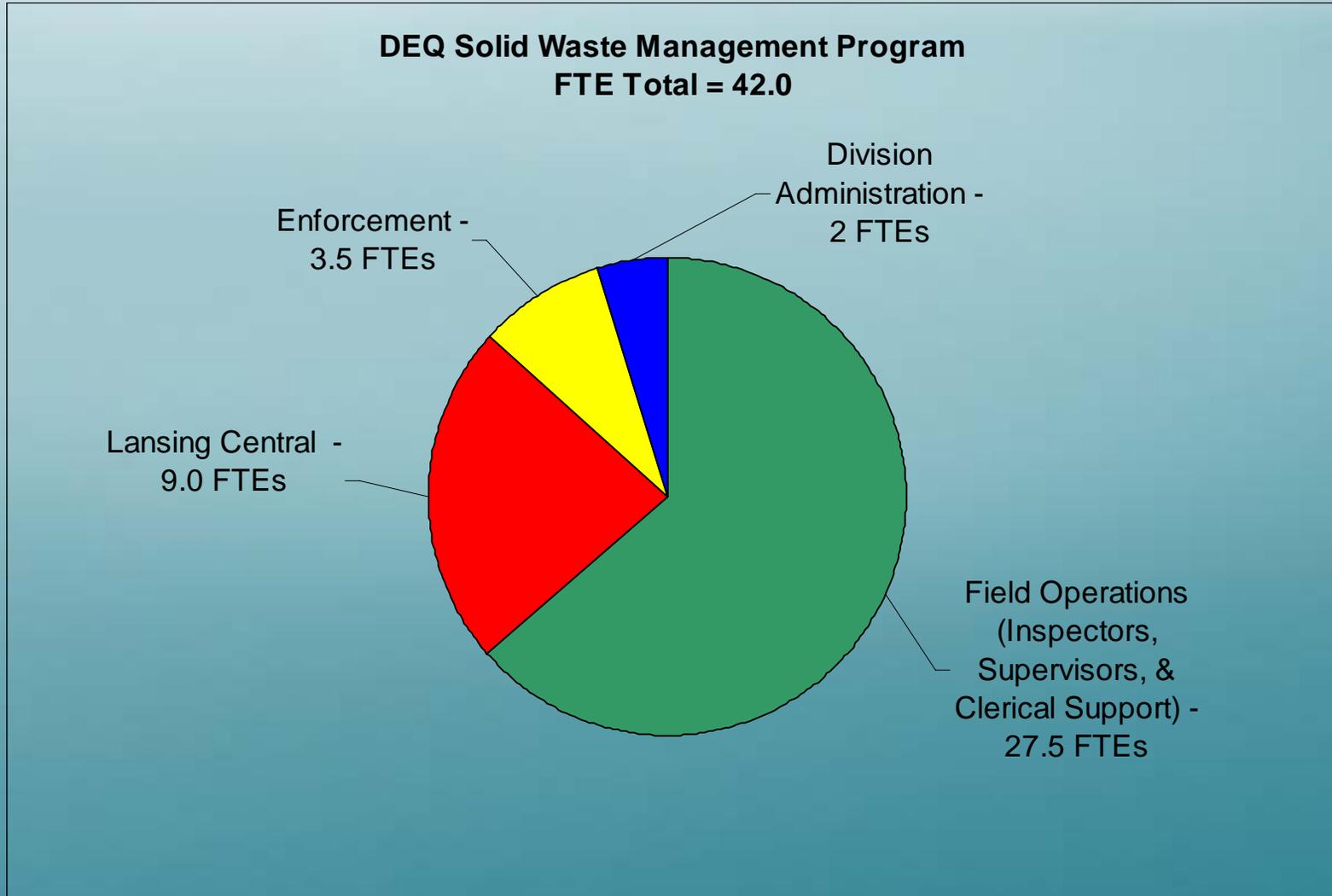
Solid Waste Activities	SWAC votes	SWAC rank	SWMU votes	Staff rank	TSU rank	Mgmt rank
Permits/Licenses (\$) (*)	70	1	12	2	High	High
Solid Waste Planning (*)	49	2	11	3	Low	Low
Technical Reviews (construction certifications, new cells, hydro reviews, HMP)	44	3	10	4	High	Med
Recycling/Composting (tech assistance)	30	4	10	4	Low	Low
Enforcement (escalated)	27	5	4	8	High	High
Inspections (compliance) (*)	26	6	13	1	High	High
Complaint response	21	7	6	7		Med
Waste approvals (beneficial reuse, inert designations, etc.)	21	8	6	7	Med	Med
Outreach (web, env. ed, FAQ's, etc.)	20	9	13	1	Low	
SWAC	20	10	5	7		Low
Policy & Rule Development	15	11	7	6	Med	
Internal/ External Committees	13	12	1	10	Low	
RAPs	10	13	4	8	Med	Med
Yard Clippings/ Compost Registrations (\$)	7	14	8	5	Low	Low
Legislative Reports (Annual Receipt, Activities Report, etc.) (*)	5	15	6	7	Low	Low
Financial Assurance Reviews (*)	3	16	7	6	High	Med
SWAP Grants	3	17	0	11	Low	Low
Technical Support for other Divisions	2	18	2	9	Med	
Solid Waste Surcharge Collection (\$) (*)	0	19	10	4	High	High
SWMU Added- Legislative Assistance			6	7		
Staff Training					High	
Legislative Bill Analysis						Low
Environmental Monitoring/ Sampling						Med

\$ = generates funding \* = required by statute



## *FY 08 Overview*

- 150 regulated facilities--landfills, transfer stations, and processing plants (SWAC priority #1)
- Reviewed and approved 4 county Solid Waste Management Plan amendments (SWAC priority #2)
- Processed 18 operating license applications and 11 construction permit applications for solid waste disposal areas (SWAC priorities # 1 and 3)
- 96 violation letters issued (SWAC priority #5)
- Ongoing enforcement actions (SWAC priority #5)
- FY 08: 784 compliance inspections; 138 complaint inspections of 255 complaints received (SWAC priority #6)
- 99 registered composting facilities; 20 registered composting facility inspections (SWAC priority #14)
- As of FY 08, 23 Type II facilities had groundwater contamination
  - 20 of these sites have approved Remedial Action Plans (SWAC priority #15)
    - 6 are in the process of revising
  - 3 sites are under investigation





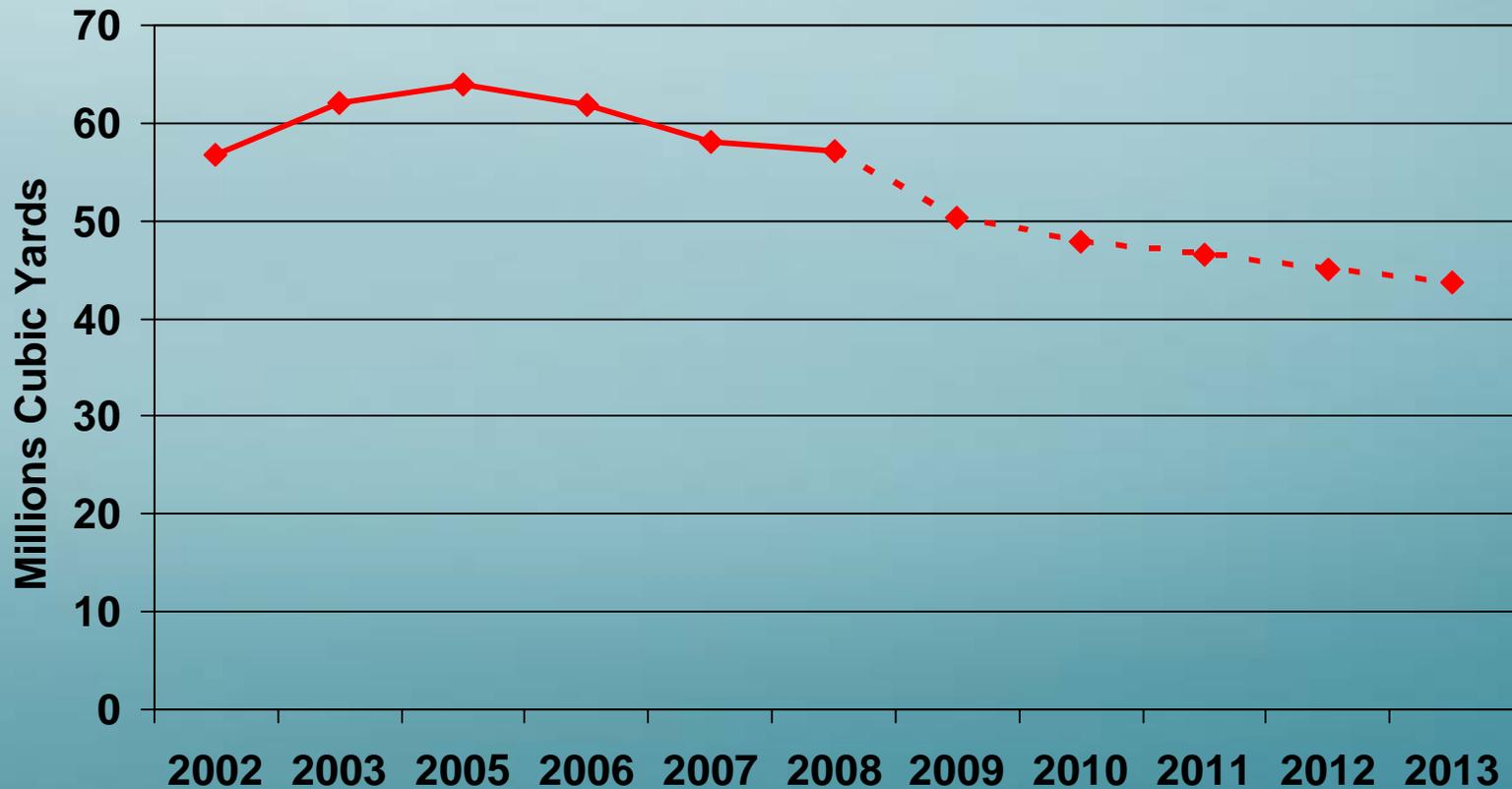
## *Solid Waste Program Revenue*

<b>Revenue Source</b>	<b>FY 07</b>	<b>FY 08</b>	<b>FY 09</b>	<b>FY 10</b>
<b>General Fund</b>	\$0	\$510,500	\$488,900	\$0
<b>Waste Reduction Fees</b>	\$71,800	\$74,600	\$74,900	\$76,500
<b>Surcharge Fees</b>	\$4,055,000	\$4,100,000	\$3,100,000	\$3,100,000
<b>Compost Registration Fees</b>	NA	\$59,400	\$8,000	\$8,000
<b>Electronic Device Manufacturer and Recycling Registration Fees</b>	NA	NA	NA	\$245,000
<b>Total</b>	\$4,126,800	\$4,685,100	*\$3,671,800	*\$3,429,500

*\*Estimated*

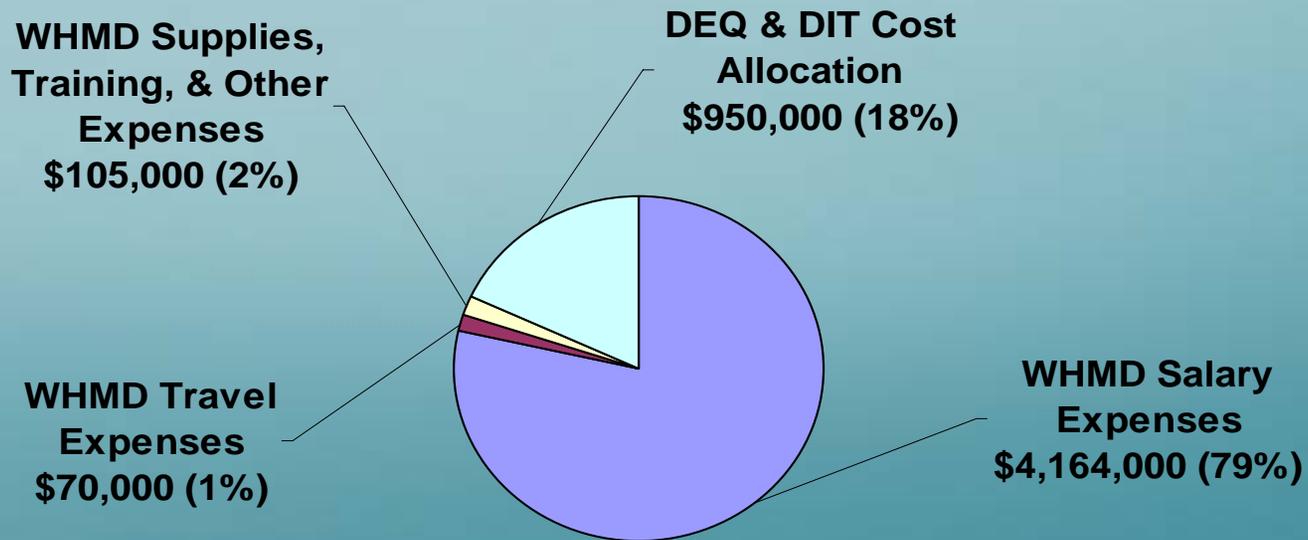


# *Solid Waste Disposed of in Michigan Landfills*



As solid waste in Type II landfills decreases, Solid Waste Program Funding decreases

## DEQ Solid Waste Management Program Projected FY 09 Expenditures



**Sources of Program Funding:**  
Solid Waste Management Fund (90%)  
GF/GP (9%)  
Waste Reduction Fee Revenue (1%)



## *SWAC criteria for new funding source:*

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- Equitable: fair
- Broad Based: spread across all users
- Reliable and Enforceable: will be stable source of funding and can be determined who is (and isn't) paying
- Easy to pay and collect
- Sustainable: will provide long term funding
- Marketable: will have public support
- Funds an effective/comprehensive program
- Sufficient funding for program
- Encourages choices consistent with the goals of the Solid Waste Policy



# SWAC and Staff Funding Suggestions

## Tax

- Property tax on waste management systems
- Dedicated sales tax on products that generate waste
- Dedicated sales tax on events that generate waste
- Penny Plan
- Plastic bag tax
- Garbage bag/ compost bag tax

## Deposit

- Expanded half-back deposit
- Deposit escheats
- Expanded bottle bill

## DEQ Driven fees

- Increased application fees
- Incomplete, withdrawn or denied applications
- Review fees
- License waste haulers
- Inspection fees
- DEQ consulting fees

## Chasing Waste

- Fees on processing scrap metal
- Land application fee
- Beneficial reuse fee
- Fee on diverted materials
- Fees to other disposal areas

## Other

- Generation fee
- Solid Waste Surcharge
- Local fees back to state



## Description:

Property tax assessed on all waste management systems. Could include:

- land only,
- Land and value of the system including equipment.

## Primary Payer:

Waste management system owners.

## Total Estimated Revenue:

unknown- total facilities in table

Facility Type	Number of Facilities
Type II	49
Type III – non captive	4
Type III - captive	21
Transfer Stations (Type A)	63
Transfer Stations (Type B)	128
Processing Facilities	29
MRFs	56
HHW collection points	42
Registered Compost Sites	113
Scrap yards/ junkyards	301
County recycling drop off locations*	58



**Description:** A 6% sales tax would be assessed on the cost to dispose of waste

**Primary Payer:** All residents and businesses who have waste disposal services

**Total estimated revenue:** Assuming each household pays \$200 a year for waste disposal services, sales tax would be \$12 a year generating \$46,680,000 annually.

Businesses unknown.



## *Dedicated Sales Tax*

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*Dedicated sales tax on products that generate waste.*

**Description:** dedicated sales tax (1%?) on all products that will generate waste.

**Primary Payer:** everyone who purchases products that will become waste.

**Estimated total revenue:** difficult to estimate, as the scope would need to be defined.

*Dedicated sales tax or fee on events that generate waste.*

**Description:** increased sales tax or fee on event tickets

**Primary Payer:** event, game or concert-goers

**Estimated total revenue:** other “ticket taxes” of 6% have been estimated at an annual revenue of \$100 million

**Description:** adds an additional \$0.01 tax to all retail transactions over \$2.

**Primary Payer:** Anyone making a purchase over \$2

**Total estimated revenue:** \$42 million

As currently proposed revenue would go towards supporting recycling programs. The current language would need to be altered to allow it to be used to fund DEQ programs.



## *Bag Taxes*

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### *Plastic Bag Tax*

**Description:** Other states and cities have proposed a \$0.05 to \$0.20 tax on plastic bags from retail, grocery and liquor stores.

**Primary Payer:** Anyone making a purchase and not using a reusable bag.

**Total estimated revenue:** a five cent per bag tax in Michigan could result in approximately \$120.4 million.

### *Garbage Bag/ Compost Bag Tax*

**Description:** Similar to pay as you throw program

**Primary Payer:** Anyone using trash or compost bags.

**Total estimated revenue:** unknown



## *Deposit Programs*

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### *Expanded Half-Back Deposit*

**Description:** A \$0.10 deposit is paid on an expanded list of beverage containers and \$0.05 is returned at time of redemption.

**Primary Payer:** Anyone purchasing a beverage container

**Estimated Total Revenue:** \$400,000,000/year

### *Deposit escheats*

**Description:** Current escheats (unclaimed deposits) re-distributed from Cleanup and Redevelopment Trust fund.

**Primary Payer:** Anyone who pays a deposit on a beverage container and does not return it.

**Estimated Total Revenue:** \$15,000,000/year

### *Expanded bottle bill*

**Description:** Expand the current bottle bill to include juice, tea and sports drinks in the definition of a beverage container.

**Primary Payer:** Anyone who pays a deposit on a beverage container and does not return it.

**Estimated Total Revenue:** \$30,000,000/year



## Increased Application Fees

**Description:** Increase construction application fees to be more aligned with those of the other states in the region.

Require annual license fee as opposed to one fee every five years.

Remove discount if renewal fee is license is renewed one year prior to expiration.

**Primary Payer:** Landfill owners

**Total Estimated Revenue:** unknown

	Annual average	current fees	other states' fees
<b>Construction Permits</b>			
<i>Type II</i>	12	\$750-\$1,500	\$1,000- \$80,000
<i>Type III</i>		\$250-\$1,000	\$1,000- \$20,000
<i>Processing Plants/Transfer Stations</i>		\$250-\$1,000	\$2,500- \$12,500
<b>Operating Licenses</b>			
<i>Type II</i>	47	\$250- \$30,000	\$7,700- \$60,000*
<i>Type III</i>		\$2,500	\$1,500- \$7,700*
<i>Processing Plants/Transfer Stations</i>		\$500	\$750- \$2,000*



## Review Fees

### Description:

- **Remedial Action Plans** (2-3 a year). Current language exists in the legally enforceable agreements included in most RAP that allows the DEQ to provide a Summary of Response Activity Costs to the facility along with a demand for payment of those costs within thirty days of the notice, however the DEQ has chosen not to bill for these costs.
- **Construction documentation** (approx. 31 last year)
- **Quarterly monitoring reports** (for both active and closed facilities),
- **Plan revisions** (leachate recirculation plans, minor plan revisions and hydro geological monitoring plan revisions).

**Primary Payer:** Landfill owners

**Total Estimated Revenue:** If the DEQ began charging \$1,500 for each RAP review, \$4,500 would be generated annually. Charging \$1,000 for each construction documentation review would generate \$31,000 annually

	Annual average	current fee	other states' fees
<b>Closure Plan Reviews</b>	unknown	\$0	5500+
<b>Remedial Action Plan Reviews</b>	2-- 3**	\$0	\$1,650+
<b>Construction Documentation Reviews</b>	31**	\$0	\$1,000+
<b>Annual Report Reviews</b>	unknown	\$0	\$500+
<b>Compliance Inspections</b>	877	\$0	\$500+



## *Other DEQ Fees*

### *Incomplete, Withdrawn or Denied Applications*

**Description:** If a construction fee is not complete the fee is returned to the applicant, if it is withdrawn or denied, 1/2 of the fee is returned to the applicant. A legislative change could end this practice.

**Primary Payer:** Landfill owners

**Estimated Total Revenue:** unknown

### *Inspections*

**Description:** an average of 877 compliance inspections are conducted each year (includes inspections beyond quarterly inspections).

- currently 166 licensed solid waste facilities in Michigan including landfills, solid waste impoundments, transfer stations, and processing facilities.
- If each of these facilities was inspected four times a year, this would result in 664 annual compliance inspections.
- 82 construction inspections and other closing and post closure inspections were reported last year.

**Primary Payer:** Facility owners

**Estimated Total Revenue:** unknown



## *Other DEQ Fees*

### *Licensing Waste Haulers*

**Description:** Some counties in the state (Emmet, Grand Traverse) already have a waste hauler licensing program in place. Unsure cost to implement but would require program to license, inspect.

**Primary Payer:** Waste Haulers

**Estimated Total Revenue:** unknown

### *DEQ Consulting Fees*

**Description:** a consulting fee would be assessed technical assistance phone calls and visits provided by DEQ staff.

- requires increased tracking of time by the DEQ employee, as well as a billable system to be put in place.
- may be a flat hourly rate, or may vary depending on the experience or class of the employee (similar to private consulting fees).

**Primary Payer:** Anyone seeking DEQ consult

**Estimated Total Revenue:** If we assume half of all SWMP employees spend one hour a day providing technical assistance to customers, the DEQ would log 43,680 consulting hour a year. Billed at a very conservative rate of \$50 an hour, this amount of consulting would generate \$2.1 million annually,

*Fees on processing scrap metal.*

**Description:** The volume of scrap metal processed in Michigan is unknown.

**Primary Payer:** Scrap metal processors

**Estimated Total Revenue:** unknown

*Beneficial reuse application fees.*

**Description:** Approximately 10 requests to beneficially reuse material are made each year. A quick survey of other states that charge an application fee for beneficial re-use (approx. 7 states) charge anywhere from \$50- \$5,000

**Primary Payer:** Anyone applying for beneficial reuse

**Estimated Total Revenue:** unknown

### *Land application fees*

**Description:** The volume of material land applied in Michigan is unknown

**Primary Payer:** Anyone land applying waste

**Estimated Total Revenue:** Assessing a \$0.21 per ton fee on this waste would generate \$3,300 annually.

### *Fees on all diverted material*

**Description:** Very little data due to generic exemptions.

**Primary Payer:**

**Estimated Total Revenue:** known materials would generate \$91,700 annually at current \$0.21/ton surcharge rate.



## *Beneficial Reuse*

<b>Material</b>	<b>Recycled (tons)</b>	<b>Percent Recycled</b>	<b>Disposed (tons)</b>	<b>Number of Facilities</b>
Pulp/ paper/ wood sludge	95,325 (+18,529 from Canada)	24.2%	298,644	6
Shingles	18,089	Unknown	Unknown	3
Scrap Wood	15,990	Unknown	Unknown	2
Cement Kiln Dust	37,116	425,047	8.7%	2
Foundry Sand	90,182 (+115,446 Landfill)	69,670	32.8% (74.7% landfill)	118
Food Processing	15,709	Unknown	Unknown	20
Coal Ash	164,600	Unknown	Unknown	19
Drywall	Unknown	Unknown	Unknown	3
Slag	Unknown	Unknown	Unknown	121
Wood Ash	Unknown	Unknown	Unknown	6
Metal	Unknown	Unknown	Unknown	Unknown
Water Softener lime residuals	Unknown	Unknown	Unknown	15
<b>Totals</b>	<b>437,011</b>			



## *Surcharge assessed on waste disposed at other disposal areas.*

**Description:** Currently the solid waste surcharge is only assessed on waste in landfills, it is not charged on waste sent to municipal solid waste incinerators or materials sent to Material Recovery Facilities (MRFs).

- While Michigan's 3 municipal solid waste incinerators currently are not required to report waste volumes to the DEQ, the DEQ understands that the volumes represent approximately 5 percent of the total volume of solid waste disposed of in Michigan each year.
- It is unknown how much material is sent to MRFs each year, however we are aware of 56 MRFs in the state which would need to report volumes received and pay a surcharge.

**Primary Payer:** Incinerators and/or MRF owners

**Estimated Total Revenue:** If the current surcharge was extended to include waste sent to municipal solid waste incinerators it would generate approximately \$200,000 annually.

MRF revenue is unknown



## *Solid Waste Surcharge*

**Description:** Current solid waste surcharge for Type II landfills is \$0.07 per cubic yard or \$0.21 per ton. As waste goes down, so does surcharge revenue.

**Primary Payer:** Landfill owners

**Estimated Total Revenue:** varies based on amount:

- Increase to \$7.50/ton would provide \$142.8 million based on 2008 waste data.
- Increase to \$0.30 per ton would provide \$5.1 million based on 2008 waste data
- Annual surcharge for captive Type III landfills would also be increased.



### *Generation fees.*

**Description:** Waiting for SWAC input

**Primary Payer:** unknown

**Estimated Total Revenue:** unknown

### *Local fees given back to state.*

**Description:** A suggestion was made that local units of government impose a tax or fee for solid waste management and direct a portion of that tax back to the state to fund the SWMP. It is unknown what this structure would look like, or the revenue it would generate.

**Primary Payer:** unknown

**Estimated Total Revenue:** unknown

- **Future meeting dates**
  - **Wednesday, September 30**
  - **Friday, October 23**
  - **Friday, November 6**
- **Times? All day or half day?**
- **Agendas?**